Balkan Civil Society Acquis
Strengthening the Advocacy and Monitoring Potential and Capacities of CSOs
Monitoring Matrix on Enabling Environment for Civil Society Development
-Country Report-

Country Report for Croatia
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I. Executive Summary

1. Civil Society and Civil Society Development in Croatia

Croatia has well developed institutional mechanisms for creating enabling environment for civil society development – it has comprehensive and participatory developed National Strategy for Creating Enabling Environment for Civil Society Development which regulates relationship between State and Civil Society. Bodies, specially established to support the Civil Society development are Office for Cooperation with Civil Society Organizations of the Croatian Government (Governmental Office for CSOs) which is excellently performing its duties under current leadership, the Council for Civil Society Development as the Governmental advisory body and National Foundation for Civil Society Development, public foundation established to independently allocate a part of public recourses to civil society and support its development. Croatia has well-arranged legal environment, the Law on Association that will be changed in 2014, the Law on Foundations, it has Code of Consultation with Interested Parties/Public in the process of adopting legal documents, whose implementation is increasing on the national level, it has Law on volunteering and numerous other documents among which we will point out two, important for this document – “Code of good practice, standards and criteria for financial support to programs and projects of CSOs” and the “Law on games of chances” and associated “Regulation on criteria for determining the users and the distribution of income from games of chance”. First document is not binding for governmental bodies on all levels in Croatia, but due to tremendous efforts of the Governmental office for CSOs it is more and more taken in consideration in public funding of projects and programs of CSOs in Croatia. Second one is the law and it is binding and it is one of the greatest improvement in financial support of civil society in Croatia because it set up, on the annual level, precise amount of money that from the games of chance income to public budget, that will be allocated to civil society and in which purposes. That regulation brought possibility for a part of co-financing of the EU funds needed, to be covered to the CSOs, from the games of chance income which is for Croatian CSOs very important and improving their chances to use EU funds as the chances for better financial sustainability. In terms of educational services, CSOs are given the opportunity to provide informal educational service, usually according to their own mission and activities, but formal education system, from preschool to university level and including various certified programs of qualifications for adults are still reserved for formal public and private institutions that are subjects of other different legislation and are not connected to provision of social service per se.

According to the information available from the Ministry of Public Administration, in Croatia there are about 50,000 registered associations and just over 800 deleted from the establishment of the Registry, which certainly does not correspond to the real situation. Associations that have income less than 13,300 EUR three years in the role are not obliged to file financial statements to the Ministry of the Finance. Information of only 21,500 associations registered in the register of non-profit organizations at the Ministry of Finance, who are obliged to enroll all registered organizations and associations as well as around 12,500 of them bonded by submission of financial statements, can be a good indicator to a large discrepancy between the number of registered and active associations in Croatia or at least associations financially active on the way to have annual income higher than 13,300 EUR. When it comes to the legal structure of organizations of civil society in Croatia, we are talking about associations which are registered more than 46,000, than 181 foundations and 12 funds, more than 600 private institutions, more than 500 trade unions and employers` organizations, all kind of organizational forms of religious communities and many entities they established. At the same time Croatia has high number of different types of informal civic initiatives. Croatian civil society sector is dominated with small size CSOs, with annual budget below the 13,000 EUR.

According to the data of the Governmental office for CSOs (publication, CRO in the Croatia in the year 2012.) and the National foundation for civil society development (publication, Assessment of the capacity of the civil society in the Croatia in the year 2011, the total number of employees in the civil society organizations at 2012. was 20.138 which accounted for 1.8% of all employed persons in Croatia. At the same time 50% of civil society has no employees, while the average is five employees per organization and only 4,8% of organizations are employing more than 10 people. The participation of young people in leading organizations/top management is very low, almost half of the organizations are led by the people over 50 years of age.

Croatia civil society and its institutional environment is often treated as role model in the Region of Western Balkans. With all steps forward it has taken in last 2 decades, now again it is facing many challenges and the new transition.
2. Key Findings

The Law on Associations from 2001, meant to be a liberal one, determines 3 individual or legal persons as minimum of founders to establish association, without discrimination, but with limitations for youth under age of 18 and persons with limited legal capacity. Registration is not mandatory, and in cases when organizations decide to register, the registration rules are clearly prescribed and allow for easy, timely and inexpensive registration and appeal process. Online registration is still not available. Altogether, legal framework for freedom of association is existing and freedom of association is guaranteed. However, during more than a decade of application of the Law, a number of difficulties in its application emerged. In 2013, proposal of the new Law on Association is drafted and open for consultation. It should better define the principles of the association (the principle of independence, transparency, internal democratic organization, non-profit principle and the principle of free participation in public life), introduce antidiscrimination measures related to age and legal capacity of founders. Special emphasis is placed on the publicity and the larger scope of data which should be entered in the Register of associations. Thus, according to this law, all the data entered into this Register and the statutes of the associations have to be public in accordance with special regulations and publicly available on the website of the Ministry of Administration. Bearing in mind that soon expect changes in the regulations governing non-profit accounting are envisaging that the Register of associations will be linked with the Register of non-profit organizations of the Ministry of Finance, where are publicly available financial reports of associations, with the related documentation, it is to expect that this will contribute to the transparency of CSOs’ work for the common good. Comprehensive report on public money allocated to the different purposes and different organization, all of which are in Croatia considered as the “civil society”, is published every year from the Governmental office for CSOs, that is investing a lots of efforts into improving procedures of transparent distribution of public funds on all levels. Croatia, on all levels of the governments (state, county, cities and municipalities) allocate significant amount of money to support work of the civil society – on the annual level, altogether it is approximately 200 million EUR (1.500.000.000 kn). The budget allocations for CSOs are not separate from allocations to other non-profit entities, such are, for example sports’ clubs or organizations. The state claims support for civil society, but it is in fact supporting sports or other causes with the biggest part of that amount. The exact amount of money which ends up in CSOs is not clear and it is much less than the numbers often mentioned in the public. That creates problems with the public image of CSOs and trust of citizens, who are rightfully asking, misinformed like that, if the CSOs are receiving that large amount of public money, why they are not offering more services to them.

Another relatively new and big problem that CSOs are reporting about are miss-functions of contracting bodies for EU funds - their administrative incapacity to do their job in timely and correct manner, as well as their different interpretation of the PRAG provisions. Contracting bodies are not prepared to apprise interim and final reports of implemented actions for longer than a year- year and a half after its submitting, not because contractual disputes and to undertake final payment to CSOs. Delays with payments are usually higher than 20-25% of the total costs of the Action, which is putting CSOs into position to struggle with financial gap for longer than year and the half and take commercial loans (from commercial/ private banks!) with the high, commercial interest, on the long term periods, to overcome that gap, which is directly damaging them financially and decreasing their sustainability. Diversity of CSOs funding is not high and it is decreasing. There are still some activities which are unfunded with domestic public money, for example burning issues for Croatia democracy are still hard to fund from the state budget, not to mention that watch dog activities are generally almost without domestic funding and now loosing even EU funds. Those are some of the problems emerging in new transitions and the structural problems, that can cause weakness in each of the Matrix’s domains are of the more structural nature - even with good institutional framework, inadequate capacity of the public servants in different bodies on the local, regional or state level can cause functionality problems in all covered domains in this report. Weakness in management of public funds in Croatia are also related to that – Croatia lacks participatory and clear priorities settings, still experiencing shortcomings in procedures (lack of transparency) and it completely lacks impact assessment.
3. Key Policy Recommendations

In Section 4 of this report, under the each standard that the Matrics is questioning, we have mentioned recommendations which all needs to be done in order to improve status and assure sustainability of the CSOs in Croatia. Improvement of the tax regime or further work on liberalisation of the social services, promotion of philanthropy or corporate social responsibility and similar recommendations are all important. However, in this section we decided to mention recommendations that either reflect emerging high risks for CSOs sustainability or those that are structural and long term problems of the Croatian young democracy that have capacity to cause difficulties in each of the standards mentioned in this tool. Recommendations like this are the next ones: “Extensive education of the public servants on all levels should be implemented in order to secure democratic values/rights and procedures and reform of public administration in Croatia pushed forward.” and “Management of public funds in Croatia generally needs to be improved – with introducing participatory and clear priorities settings, transparent procedures of funding and impact assessment.” For all of which, besides political will, reformed and informed authorities are needed.
countries of the Western Balkans and Turkey. They rely on the internationally guaranteed freedoms and rights and best regulatory practices at the European Union level and in European countries. The Matrix aims to define an optimum situation desired for civil society to function and develop effectively and at the same time it aims to set a realistic framework which can be followed and implemented by public authorities. Having in mind that the main challenges lies in implementation, the indicators are defined to monitor the situation on level of legal framework and practical application.

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**II. Introduction**

1. About the Monitoring Report

As part of EU- and BTD-funded project the “Balkan Civil Society Acquis – Strengthening the Advocacy and Monitoring Potential and Capacities of Civil Society Organizations”, Association for promotion of human rights and media freedoms CENZURA PLUS / CENSORSHIP PLUS from Croatia have carried out country monitoring report based on the Monitoring Matrix on Enabling Environment for Civil Society Development.

Association Cenzura Plus / Censorship Plus (in following text Cenzura Plus) is a non-profit civil society organization from Split (Croatia) that through methods of independent media (TV, radio and web portal) production, out-institutional education and public events as well as advocacy promotes human rights, media freedoms and works on development of civil society, with an aim of building modern and democratic society in Croatia. We have four main programs/strategic directions of development: Improving the status of media and European informing; Combating discrimination and improving the status of human rights; Combating corruption; and Promoting social entrepreneurship and developing social cooperative in the area of economic empowerment of women.

In order to realize this monitoring report, Cenzura Plus followed a set of methodological tools, including desktop analyses by Cenzura Plus staff in acquiring data and information with the overall goal of monitoring findings on the legal framework in Croatia which is now in the process of changing (Law on Associations and Account Act on non-profit organizations), and practice also, for which we have organized several meetings and interviews with CSOs, that we are cooperating with, representatives across the Croatia.

During November and December 2013, Cenzura Plus conducted data entry and analysis in order to prepare the findings presented in this monitoring report.
2. The Monitoring Matrix on Enabling Environment for Civil Society Development

This Monitoring Report is part of the activities of the “Balkan Civil Society Acquis-Strengthening the Advocacy and Monitoring Potential and Capacities of CSOs” project funded by the EU and the Balkan Trust for Democracy (BTD). This Monitoring Report is the first of this kind to be published on a yearly basis for at least the 48-month duration of the project. The monitoring is based on the Monitoring Matrix on Enabling Environment for Civil Society Development (CSDev). It is part of a series of country reports covering 8 countries in the Western Balkans and Turkey. A regional Monitoring Report is also available summarizing findings and recommendations for all countries and a web platform offering access to monitoring data per country and sub-area will be available as of March, 2014.

The Monitoring Matrix presents the main principles and standards that have been identified as crucial to exist in order for the legal environment to be considered as supportive and enabling for the operations of CSOs. It underscores the fact that enabling environment is a complex concept, which includes various areas and depends on several factors and phases of development of the society and the civil society sector.

The Matrix is organized around three areas, each divided by sub-areas:
1. Basic Legal Guarantees of Freedoms;
2. Framework for CSOs’ Financial Viability and Sustainability;

This Matrix does not aim to embrace all enabling environment issues, Rather it highlights those that the experts have found to be most important for the countries which they operate in. Therefore, the standards and indicators have been formulated with consideration of the current state of development of and diversity in the countries of the Western Balkans and Turkey. They have been drawn from the experiences of the CSOs in the countries in terms of the legal environment as well as the practice and challenges with its implementation. The development of the principles, standards and indicators have been done with consideration of the internationally guaranteed freedoms and rights and best regulatory practices at the European Union level and in European countries.

The areas are defined by key principles which are further elaborated by specific standards. In order to enable local CSOs, donors or other interested parties to review and monitor the legal environment and practices of its application, the standards are further explained through indicators. The full Matrix is available in VI. Findings and Recommendation section.

The development of the Monitoring Matrix on enabling environment for CSDev was part of a collective effort of CSO experts and practitioners from the BCSDN network of members and partners and with expert and strategic support by ECNL. The 11-member expert team spanned a variety of non-profit and CSO specific knowledge and experience, both legal and practical, and included experts from 10 Balkan countries. The work on the Matrix included working meetings and on-line work by experts, which was then scrutinized via stakeholder focus group and public consultations. The work on the development of the Matrix was supported by USAID, Pact Inc, and ICNL within the Legal Enabling Environment Program (LEEP)/Legal Innovation Grant and Balkan Trust for Democracy (BTD).

3. Civil Society and Civil Society Development (CSDev) in Croatia

Croatia has went through the transition processes for the past 20 years and is still going through it, as it has been part of the ex. Yugoslavia 24 years ago, than has gone through the war which has resulted with terrible circumstances that is still facing even today, and has been struggling for a years to fulfill the Political Copenhagen Criteria for EU membership - stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities. Finally, when Croatia became an EU member state on 1st July 2013, nothing has changed much regarding practice, except some legislation have been adopted but in one of the latest Progress Reports of the EC for Croatia stated: “greater efforts are needed to ensure the independence and sustainability of CSOs”.

1. Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Serbia and Turkey.

First Law on society organizations and civic associations was adopted at 1985, but freedom of assembly was not guaranteed as the Law was prepared on the basis of political system of former Yugoslavia Republic. In 1997, the first Law on Associations was adopted with several articles that were contrary to the Constitution of the EU and also European Convention, what was put in procedure of constitutional review and at the beginning of 2000 Federal Constitutional Court has abolished those articles. So, during 2000s there were several changes of the Law on Associations, but only this one that will enter into the force on 1st January 2014 has been discussed in public and all interested parties were consulted, although not all changes that CSOs proposed were adopted. The crucial momentum in the development of civil society began building the institutional and legislative framework at the end of 90s and throughout the first few years of 2000s, and institutions such as the Office for Cooperation with civil society organizations of the Croatian Government (founded in 1998), The Council for Development of Civil Society (founded 2002) and the National Foundation for Civil Society Development (founded in 2003), that were/are support of future development of civil society sector in Croatia. A whole series of laws and strategic documents was adopted: the Law on Foundations 1995, The Law on Associations 1997 and in 2001, Program of cooperation of the Croatian Government and non-governmental, non-profit sector in Croatia in 2001, The National Strategy of creating an enabling environment for civil society development from 2006 to 2011, The Law on the organization of games of chance and prize games in 2002 and 2009, The Law on Volunteering 2007, The Code of Good Practice, Standards and Criteria for financial support to programs and projects in 2007, Code and consultation with the interested public in adopting laws, regulations and legislation from 2009 and 2012; and other strategic documents and programs: National Strategy of Equalization of Opportunities for Persons with Disabilities, Anti-Corruption Strategy and Action Plan, the National Programme for the Protection and Promotion of Human Rights, the National Policy for the Promotion of Gender Equality, Programme of activities for the prevention of violence among young people, the National Programme for Youth, the Strategy of Social Welfare Development – which recognizes the importance of values and needs of civil society and provides for civil society organizations as sharing a number of enforcement actions.

According to the information available from the Ministry of Public Administration, in Croatia there is about 50,000 registered associations and just over 800 deleted from the establishment of the Registry, which certainly does not correspond to the real situation. Associations that have income less than 13,300 EUR three years in the role are not obliged to file financial statements to the Ministry of the Finance. According to the data of the Governmental office for CSOs (publication, CSO in the Croatia in the year 2012.) and the National foundation for civil society development (publication, Assessment of the capacity of the civil society in the Croatia in the year 2011, the total number of employees in the civil society organizations at 2012. was 20.138 which accounted for 1.8% of all employed persons in Croatia. Information of only 21,500 associations registered in the register of non-profit organizations at the Ministry of Finance, who are obliged to enroll all registered organizations and associations as well as around 12,500 of them bonded by submission of financial statements, can be a good indicator to a large discrepancy between the number of registered and active associations in Croatia. When it comes to the legal structure of organizations of civil society in Croatia, we are talking about associations which are registered more than 46,000, than 181 foundations and 12 funds, more than 600 private institutions, more than 500 trade unions and employers’ organizations, all kind of organizational forms of religious communities and we have 52 registered religious communities and more than 2,000 legal entities established by Catholic Church, more than 400 organizations established by Orthodox Church, but also different types of informal civic initiatives. There is no data available on the exact number of associations (active, in-active, liquidated or deleted from the Registry of associations), also there is no available exact information on the fields of work of registered associations, but some indicators that were used in some official documents such as the National Strategy for the Creation of an Enabling Environment for Civil Society Development by 2016, which is based on a broad consensus among civil society and government representatives, that have been adopted by Croatian Government in July 2012, in the period when Croatia was preparing to join the EU, are mentioning about 16.000 associations registered in the field of sport and recreation, 7.000 associations in the field of culture and artistic creativity, more than 4.000 associations in different business branches, 4.000 associations in the field of technical education, more than 4.000 associations in the field of social and health activities also dealing with protection of children, youth and families, also more than 1.000 associations emerged from the war and more than 6.000

3. Information on laws and strategies that are listed here were included into the National Strategy for the Creation of an Enabling Environment for Civil Society Development by 2016 available on http://www.uzuvrh.hr/userfiles/file/Nacionalna%20strategija%20FINAL.pdf
Most civil society organizations are situated into the four major cities in Croatia, more than 21,000 organizations and most foundations. There is no doubt that the very large differences in citizens’ standards between the Croatian regions are directly related to the development of civil society in general in these regions.

Just to compare this information with those ones available from 1980s or 1990s: at 1985 there were 10,844 registered organizations and 547 associations of citizens in Croatia; at 1997 around 22,000 organizations were registered. So, generally CSO sector in Croatia is relatively young, with majority of organizations founded after 2000. Although the number of associations in constantly increasing, the ratio of participation of citizens which is measured by membership of citizens in associations and the level of volunteering, is considered to be the weakest aspect of civil society in Croatia. Report on the Index of civil society in Croatia from 2010 shows that only 17% of citizens are members of some associations, while about 7% of them are volunteers⁴. There is no relevant research about the volunteering in Croatia, but based on the some findings of National Foundation for Civil Society Development from 2005, more than half of people who participated in research do not even think about the volunteering and only between 5-10% of them are regularly volunteering, and also according to the research results of students volunteering work conducted 2007 on University of Zagreb⁵ only 5.7% of students are active in the students organizations.

Numbers mentioned above are clearly showing that there are lots of sports clubs (one third of all registered associations), especially professional ones which are registered as associations of citizens, even regulation of transforming from status of sport clubs/associations to sport corporations has enter into the force few years ago, but only few of them have respect it. According to the available data, the total number of employees in associations (sport clubs, different organizations and also civil society) at 2011 was 19,610 which accounted for 1.73% of all employed persons in Croatia. However, the data available in the survey “Assessment development of civil society in the Republic of Croatia in 2011” conducted by the National Foundation for Civil Society Development, show that 50% of civil society has no employees, while the average is five employees per organization, and only 4.8% of organizations are employing more than 10 people. Taking into account only civil society organizations, in 2012 CSOs employed 9,757 persons and increase number of employees in relation to 2 years before (2010.) for 18%, The participation of young people in leading organizations/top management is very low, almost half of the organization are led by the people over 50 years of age.

Croatia has developed a system of financial support for programs and projects of civil society organizations at the national and local levels, and according to the data which are regularly collected and analyzed since 2007 by the Government Office for Cooperation with NGOs, the annual programs and projects of civil society organizations from public sources allocate an average of about 200 million EUR, while the third is related to the state budget and the budgets of counties, cities and municipalities, the remaining two-thirds of the allocated grant

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⁴. www.civicus.org
⁶. Office for NGOs: http://www.uzuvrh.hr/userfiles/file/udruge_u_republici_hrvatskoj_letak.pdf
resources. Analyses of the allocated funds by the area of financing, shows that for the sport organization an annual basis is allocated nearly a quarter of the total amount of mentioned money. The following is an area of support to people with disabilities and socially disadvantaged groups, which was financed with about 20% of annual appropriations for projects and programs, and almost an equal share in the total amount of projects to protect and promote the cultural, historical and cultural resources and nature conservation. The participation of national minorities in the public life of the country is represented with 10%, and projects in the field of democratization, civil society development and volunteerism, strengthening social cohesion and the development of philanthropy in the total amount accounted for about 7%. Other areas, in relation to the total amount of public funds allocated to projects and programs of civil society organizations, have a share of less than 5%.

On the other hand the EU pre-accession funds allocated considerable funds to CSO projects, but due to the procedures of the EU, CSOs beneficiary have increasingly problems in raising funds for interim financing and co-financing, related to their own contribution. To help CSOs to bridge the financial gap, the Office for Cooperation with NGOs has been allocating a part of money from the portion of revenue from games of chance and prize games, starting at 2011, which is accepted as a good practice that should be continued even when Croatia become a beneficiary of a much larger funds.

An additional challenge is the mismatch of funding projects and programs of organizations from EU funds and the state budget which is often called into question the viability of significant investment in programs and services that are set up and developed some associations on the one hand, and leads to uncontrolled fragmentation of the allocated grant from the other side.

State funding doesn’t follow priorities of the Strategy for Croatia approaching to the EU, or from the Joint inclusion memorandum of the Croatia and the EU (JIM), priorities that were commonly recognized as such, from the national level and from the EU. It often happens that large investments of the EU funds into the social care programmes end up lost because the State didn’t continue to follow those investments after ending of the EU funding. Another problem that happens is that it was difficult for CSOs to find co-financing for the pre-accession EU funds, since the State haven’t funding projects and programmes with similar purpose, even the purpose was jointly recognized priority. For example, burning issue on the way to EU accession in Croatia was corruption, all along the way, and it was recognized both from the national level and the EU level. EU funded anti-corruption programmes, but State funding wasn’t available for similar purposes at all, because of the lack of the political will to really deal with the issue.

It is important to note that the associations in Croatia so far take advantage of almost 100% of available EU funds intended for the civil society sector, which are funded education for all sectors of society, providing a variety of social services when the state could not provide, environmental protection, social entrepreneurship, the fight against corruption etc.

According to the research of CSOs’ status, such is The Assessment of development status of civil society organizations in Croatia, conducted by National foundation for civil society development with help of research agency Target, in 2007 and repeated later, civil society lacks of knowledge, skills, methodology and recourses, as well as citizens’ support and citizens’ participation – civil society status is still too weak to play an active role in addressing so relevant problem, and on other side citizens are not participating in the work of CSOs and not contributing to further development and enhancing the effectiveness of CSOs in the society. Civil society is weak in the monitoring the governments (watch-dog roles) and in mobilizing citizens into the public discussions on relevant issues for their lives. CSOs in Croatia do not have enough policy advocacy capacities, especially those related to monitoring. There are no substation educational programs offered to them on for example different methods of the citizens’ participation in decision making and benefits of civil dialogue on local levels, than on policy advocacy skills and on analyzing community problems and designing community interventions, in cooperation with relevant stakeholders, that will contribute to the socio-economic development of their communities. Locally oriented CSOs in Croatia have weak management capacities which are undermining their influence and sustainability as well as the operational capacity. This data can be supported by the research The Assessment of development status of civil society organizations in Croatia, conducted by National foundation for civil society development with help of research agency Target, in 2007 and repeated later.

Last few years, the common actions of the Council for Civil Society Development, the Office for Cooperation with NGOs and the National Foundation for Civil Society Development as well as other institutions involved in the implementation of measures of operational Plan of the Strategy for creating an enabling environment for civil society from 2007 to 2011, have resulted with significantly increased awareness of state

7. Governmental Office for NGOs: http://www.uzuvrh.hr/userfiles/file/udruge_u_republiki_hrvatskoj_i_letak.pdf
administration about the value of work of CSOs as well as the many processes associated with democratization and transparency of public authorities. Civil society organizations has been recognized as important states partners and also private sector partners, that implement numerous activities of common good and contribute to development of equal opportunities for all and socio-economic development in general. Although, there is still fundamental lack of understanding amongst the public what term “non-governmental organization” means and CSOs are still perceived only as voluntary organizations that deal with charity and social welfare system, hobbies or environment protection or discrimination and monitoring of election processes. For the past few years national TV station has included representatives of civil society into its daily programme, especially in informative and educational TV shows, which have higher viewership and are more open to cooperation.

4. Specific features and challenges in applying the Matrix in Croatia

The process of monitoring of the civil society development in Croatia by using the Matrix was quite complex especially as we had some difficulties with methodology of Matrix in general and in some indicators were not applicable by using the desk research and interview assessment, that we find important to improve in the future. Indicators that are structured on the way to say, for example like Practice indicator 1 in the Area 1.1. Freedom of association, Standard 1: “Every individual or legal entity in practice can form associations, foundations or other non-profit, non-governmental organizations offline or online.” were unclear to us on the way that if we have information that some individuals experienced serious obstacles in forming organizations, in the sense that the procedure was delayed unreasonably or repeatedly returned to make changes in, for example, section of the association activities, even they were acceptable, what does it mean really – that the Freedom of association in practice is experiencing difficulties in Croatia?

5. Acknowledgements and thanks

We are very grateful to the Office for Cooperation with CSOs in Croatia as most of the information and reports were available on their web-site, and are used them for monitoring process purpose. Also, thanks to CSOs that have provided us with useful information and their experiences which was very valuable in this process.

III. Methodology

1. Overview of the methodological approach

The process of the development of the Monitoring Report for Croatia was developed during second part of 2013 by Cenzura Plus, and it combined desk research of all available data (date collection and analyses) of existing legal framework and strategic documents mentioned in the paragraph before (Law on Associations from 80s till today, and all related laws and regulations, strategies and action plans, reports from governmental bodies, CSOs and international institutions such as for example Croatian Progress Reports, Croatian Needs Assessment from November 2013 etc.), and analysis of some processes that Cenzura Plus and other CSOs are currently going through and discussion is consistent among them as well as some media reports or main articles that are mentioning civil society organizations in positive or negative context; also partly field work - interviews that were conducted for this occasion with representatives of CSOs on experience and examples on practice of implementation of existing laws and how some strategies and action plans were implemented (especially in rural areas of Croatia), which were analyzed and presented into this document.

Cenzura Plus staff is experienced in civil society development issues from early 90s till today, it was included in most of the processes of transition of civil society, and because of almost daily communication with all relevant stakeholders from national and local level, as well as consultants and CSOs from different areas of Croatia (from biggest cities to small local communities in rural war affected areas and areas of special state concern), we acted as a resource center for CSOs especially for those ones from the South Croatia Region (from Lika to Dubrovnik).

2. Participation of the CSO community

The Monitoring Matrix on Enabling Environment for Civil Society Development has been published on Cenzura Plus web site and distributed among CSOs in Croatia. We were in daily communication with different CSOs who approached us with questions and their experiences on different issues. Based on interviews with CSOs and also based on discussion that we held in December 2013 by organizing event “Possibilities for Civil Society
in Croatia in Structural and Cohesion Fund of the European Union and Future Funding of the Human Rights Activities” were the focus was on civil dialogue between public institutions and civil society. A large number of representatives from institutions, civil society organizations from Croatia and EU member states were present at the venue as well as on-line through social networks (as we broadcasted “in-live” the event), independent consultants and all other interested parties, actively participate at the event and discussed the challenges of catching up with the EU as well as the involvement of CSOs in decision-making regarding EU policies, the role of civil society in the implementation of the EU Structural and Cohesion Policy 2014-2020, experience in EU funding – especially human rights activities in other EU countries and finally readiness of CSOs for managing the EU funds for the next period in Croatia.

3. Lessons-learnt

Most of the lessons learnt are related to the experience of overcoming the challenges listed in the Summary of the findings and recommendations, but as highlighted above, the process of monitoring of the civil society development in Croatia by using the Matrix was quite complex especially as we had some difficulties with methodology of Matrix in general and in constructions of some indicators.

For the next period we propose to have focus groups with different stakeholders, and to develop more concrete and in depth discussion among social partners.

IV. Findings and Recommendations

I. Basic Legal Guarantees of Freedoms

Sub-area 1.1: Freedom of association

STANDARD 1: All individuals and legal entities can freely establish, join and participate in informal and/or registered organizations offline and online

Findings:

Croatian Constitution in its Article 43 guaranty right of association to all, as a fundamental civil right.

Croatian Law on associations in its Article 10 says that any individual or a legal person can be one of the association’s founders.

The Law on Associations from 2001, meant to be a liberal one, in comparison to Law from 80s and 90s were freedom of assembly was not guaranteed as the Law was prepared on the basics of political system of former Yugoslavia Republic; determines 3 individual or legal persons as minimum of founders to establish association, without discrimination, but with limitations for youth under age of 18 and persons with limited legal capacity, as the Law provided their participation only as passive members without any possibility to participate in decision making processes or as a members of any associates’ body with legitimacy to make decisions. Registration is not mandatory, and in cases when organizations decide to register, the registration rules are clearly prescribed and allow for easy, timely and inexpensive registration and appeal process. The process is easy because of quite simple formal procedure of registration as only few documents need to be filled and delivered to body in-charged for registration in each county in Croatia, for example, minutes from the Constituent Assembly with decisions, the Statute, list of founders with their copy of ID card and Decision to initiate the procedure for registration of association; timely in the context of the period from which the documents are submitted to the body in-charged for registration to getting the Registration Act which is no more than 30 days; and inexpensive as only about 10 EUR taxes needs to be paid before you submit the documents. The law allows for networking among organizations in the countries and abroad without prior notification. Online registration is still not available. Basically, we can say that legal framework for freedom of association is existing and freedom of association is guaranteed.

However, during more than a decade of application of the Law a number of problems and difficulties in its application have been observed. The lack of clarity in terms of the association’s management bodies, association of associations into alliances, membership, respecting the principles of democratic representation and democratic expression of the will of its members in the internal structure of the association, the acquisition and disposal of assets and performing economic activities in practice often lead to different interpretations and uneven application of the provisions of the Law. The Law is not clear in following definition, thus more general: “Two or more associations may associate freely. Such a form of association may have a legal personality and it is appropriately applied the provisions of this Act.” A statement “may have a legal personality” is not clear and from this definition we do not know when this is applicable and when not, and who would decide on that. Even the freedom of association is generally introduced within the Croatian Constitution and Law on Associations, the Law does not define the principles of the association like the principle of independence, transparency, internal democratic organization, non-profit principle and the principle of free participation in public life, and although it may imply they are often wrongly interpreted or neglected when not included into the Law.

Information of only 21,500 associations registered in the register of non-profit organizations at the Ministry of Finance, who are obliged to enroll all registered organizations and associations as well as around 12,500 of them bonded by submission of financial statements, can be a good indicator to a large discrepancy between the number of registered and active associations.

Still not sufficiently developed terms of providing financial support from public sources to CSOs, at both the state and local level as there are no relevant criteria for applying for the support, than the whole process of awarding is not transparent, in most cases the information who evaluates and decides on the amount of financial support is not available, if the special Committees are formed than its members are not familiar or they are familiar but are nominated by associations who can apply on the same program line were they are deciding on the grant what is conflict of interest, and also decisions of the Committees are not public as you can’t find them on the web page of some national institutions but in most cases on local level (counties, cities and municipalities) or even if you ask for them you will not get them so some associations have initiated court proceedings against the institutions which did not allowed them access to tender documentations i.e. decisions of Committees. There is also a lack of the sufficient control of the financial support allocated, because public authorities do not practice detail financial revision on the way that all claimed costs must be supported by invoices and events by participant lists etc., they just ask short narrative and financial report without any supporting documents as evidences. So there is an open space for possibility of various abuses in the use of funds from the public sources, earmarked for the implementation of programs and projects of concern for the common good.

As an additional problem in practice proved to be inadequate classification in the Register of associations according to their field goals and activities, because the associations in the Register of associations are classified according to very arbitrarily established groups and subgroups activities, to which the associations have no influence in determining. Besides, classification of the associations according to the goals and activities of the common good doesn’t exist, which is additional difficulty and creates confusion on annual bases when the amount of money allocated to CSOs, from the public sources, is discussed. Majority of the money is still allocated for the sports clubs, some of which are professional sports clubs and the exact amount of money which ends up in the “real”, democratic civil society association is not clear and it is much less than the numbers often mentioned in the public. That creates problems with the public image of CSOs and trust of citizens, who are rightfully asking, misinformed like that, if the CSOs are receiving that large amount of public money, why they are not offering more services to them.

In 2013 proposal of the New Law on Association was drafted and open for consultation. The New Law should better define the principles of the association (the principle of independence, transparency, internal democratic organization, non-profit principle and the principle of free participation in public life). It should have antidiscrimination measures related to age and legal capacity of founders - founder of the association will be able to be a minor from the age of 14 years and adult with limited legal capacity in taking actions related to personal and property rights, but with the procedure prescribed by law. Special emphasis is placed on

the publicity and the larger scope of data which should be entered in the Register of associations. Thus, according to this law, all the data entered into this Register and the statutes of the associations have to be public in accordance with special regulations and publicly available on the website of the Ministry of Administration. Bearing in mind that soon expect changes in the regulations governing non-profit accounting are envisaging that the Register of associations will be linked with the Register of non-profit organizations of the Ministry of Finance, where are publicly available financial reports of associations, with the related documentation, it is to expect that this will contribute to the transparency of CSOs’ work for the common good.

One of the biggest problems of the first draft of the New Law on associations that CSOs in Croatia were warning is formulation in Article 27 that says that religious communities and parties will be excluded from the minimum obligations on publication of the annual report for spending of public funds.

Legal limitation of the number of organizations which have similar purposes, doesn’t exist but it is important to emphasize that there are often voices, from the official levels (of the local governments, for example) and in public, that there are too many associations existing in Croatia, that they are spending a great amount of the public money and that, if there is already existing CSO dealing with one scope of work, other similar CSOs shouldn’t be allowed to registered – which is showing basic widespread misunderstanding of the civil sector, its problems, locus of responsibility to arrange better and clearer environment for that sector and the very freedom of association as the fundamental civil right. That basic misunderstanding which is indicator that it is not invested enough into civic education of the public servants, can lead to functionality problems related to the exercises of the very right to association, defined by the Croatian Constitution in its Article 43 guaranty right of association to all, as a fundamental civil right and Croatian Law on associations in its Article 10 says that any individual or a legal person can be one of the association’s founders. We can say that registration of the CSO in Croatia is accessible within the legally prescribed deadlines, as CSOs must deliver all needed documents for registration within three months of the date of Constituent Assembly together with about 10 EUR taxes, and relevant bodies shall publish a decision and send the Registration Act within 30 days, and authorities decide on cases in a non-subjective and apolitical manner, but such a lack of knowledge and understanding from the public servants working on that registration can sometimes cause delays and unnecessary changes in proposed statutes of he new CSOs (some small CSOs in rural areas of the Croatia are reporting that they experienced some problems of delaying of registration of their CSO, based on lack of understanding and information of the public servants they communicated with, related to the scope of activities and field of work of CSO, as well as lack of understanding regarding the possibilities of associations to associate in alliances). On the other hand there are good practices existing, too - there are unregistered organizations in society, they are present in public life, and cooperate with other CSOs or state bodies (one of the more visible unregistered initiatives is Right to the City who initiated first mass protests in Croatia with an aim of preserving public space in the Zagreb city center for public use as the Mayor of Zagreb decided to give the public space for the commercial private purpose).

Recommendations:

1. The Law on associations should be improved, it should define the principles of the association like the principle of independence, assure that larger scope of data are entered in the Register of associations and that Register (including statutes of CSOs) is public and available on the Ministry of Administration. Data from the Ministry of administration and the Ministry of finance Register of non-profit organizations (with financial reports) should be interrelated, in order to contribute to transparency of the whole civil society sector.

2. Stronger oversight of the Register of associations should be assured by the Ministry of administration, as well as supervision of fulfilling basic legal requirements of the registered CSOs in order to be in the position to better approximate the real number of functioning CSOs. Provisions related to the status of the organizations dealing with common good goals and activities should exist and be implemented, in order to be able to better approximate number of those belonging to the more “narrow” civil society.

3. All non-profit organization receiving public funds should have same goals and activities should exist and be implemented, in order to be able to

12. Source: http://pravonagrad.org/
13. This is recognized in the document named Assessment and main issues to governing law and consequences that would ensure adoption of the Law of Associations in Croatia, available on link: http://www.uzuvrh.hr/userfiles/file/Nacrt%20prijedloga%20Zakona%20o%20udrugama_Vlada.pdf
4. Extensive education of public servants working in the offices of the state administration, on the freedom of association, existing laws, role of civil society in democratic societies and their job developments, should be done.

STANDARD 2: CSOs operate freely without unwarranted state interference in their internal governance and activities

Findings:
The current legal framework for work of CSOs, besides stating that CSOs are independent in work on their goals define by statutes and that by the internal matters of the association are governing their members (Articles 5 and 6. of the Law on associations) doesn’t provide separate guarantees against state interference in internal matters of associations. In 2013 proposal of the New Law on Association is drafted and open for consultation and it explicitly define the principle of independence. This means that completely new segment on principles of association have been introduced in draft of the new Law, which define explicitly principle of independence, which means that the association independently sets its field of activity, objectives and activities, its internal structure and independently carries out activities that do not conflict with the Constitution and laws. Also, principle on public, democratic and non-profit acting, as well as on free participation in public life has been defined separately. When asked about cases of state interference in internal matters of associations, some CSOs mention cases such as: some provisions that some contracting bodies are trying to impose them like that CSOs cannot increase salaries of the staff while the financing of the project that is contracted with them is lasting or situation of the obvious conflict of interest when in the top governing of the CSO is person that is public official in the line of work which can be influential to decisions on allocation of the public money for CSOs, which is basically conflict of interest.

Financial reporting rules really vary from those which are completely reasonable for the size of the grant to those that are administrative burden to organizations, considering their size and purpose. Accounting rules take into account the specific nature of the CSOs and are proportionate to the size of the organization – small organization have more simple accounting rules and requirements related to annual financial reports toward the state. The current Regulation on accounting defines the annual budget limit for having to submit final account to state authorities on about 13.000 EUR. But, new accounting law for non-profit organizations which is currently in public discussion process, will limit economic activities of CSOs on the way that all CSOs who have annual income more than 30.000 EUR per year will have to establish separate entity, i.e. profit company. Restrictions and the rules for dissolution and termination meet the standards of international law and are based on objective criteria which restrict arbitrary decision-making.

Recommendations:
1. To improve code of conduct of the public officials and servants to avoid conflict of interest in allocating public money for the work of CSOs in Croatia – to introduce limitation for engaging in CSOs for those whose public position can represent conflict of interest when the allocation of money for the work of CSOs is in question.
2. To work further in the harmonization of accounting and financial reporting rules to take more into account specific nature of CSOs and different sizes of those organizations, as according to the new proposed Accounting law this was completely neglected.

STANDARD 3: CSOs can freely seek and secure financial resources from various domestic and foreign sources to support their activities

Findings:
Legislation allows CSOs to engage in economic activities. They can set up companies for that purpose or directly engage. When engaging in economic activity, CSOs are only subject to any licensing/registration or other specialized regime if it is required for everybody that engages in the respective field of work. CSOs are allowed to receive foreign funding. Main foreign source of funding is (or was until Croatia become member state) European Union and its funds are according to a bilateral agreements and

15. Regulation on accounting of non-profit organizations: http://www.mfin.hr/adminmax/docs/procisceni%20tekst.pdf
17. Regulation on accounting of non-profit organizations: http://www.mfin.hr/adminmax/docs/Uredba.pdf
the policy of decentralization of EU funds, channeled through state controlled bodies – agencies which are **contracting bodies in Croatia for EU funds**. This fact by itself wouldn’t be negative if many CSOs that are receiving EU funds in Croatia are not reporting about miss-functions of those bodies - their administrative incapacity to do their job in timely and correct manner, as well as their different interpretation of the PRAG provisions.

Contracting bodies are not prepared to apprise interim and final reports of implemented actions for longer than a year- year and a half after its submitting and to undertake final payment to CSOs (and not because contractual disputes but because the state bodies administrative inefficiency!!!). Delays with payments are usually higher than 20-25% of the total costs of the Action, which is putting CSOs into position to struggle with financial gap for longer than year and the half and take commercial loans (from commercial/private banks!) with the high, and unfair commercial interest, on the long term periods, to overcome that gap, which is directly damaging them financially and decreasing their sustainability, not to mention favoring the commercial banks, on the account of the public money and public service.

Not only that contracting bodies are not able to process final reports of CSOs in reasonable time manner, but they are delaying for over than year or more with signing the contracts for new grant schemes, too. Such delays leading them to non-respecting “N+2 rule”, which is for Croatia already the “N+3 rule” (Croatia, as a New Member State got additional year as a grace period for de-commitment of any funds not spent by the end of the second year following the year to which they were allocated), and to difficulties in EU funds absorption.

It has now become often practice amongst state contracting authorities to find ways to classify staff salaries as ‘ineligible costs’ in the pursuit of reducing the amounts that they should pay after the final report approving. Knowing that this money is sometimes already returned to EU (de-committed after not being spent by the end of the third year following the year to which it was allocated), making us believe that by this unfair way the state contracting bodies are reducing the amounts that they are obliged to pay by the signed contracts after the braking the N+3 rule and de-committing money, now pay from the state budget of Croatia.

Classifying staff salaries as ‘ineligible costs’ appears to be the quickest and easiest way to reduce the amount of money already contractually committed to CSOs by contracting authorities as it is intangible ‘service-

**Recommendation:**

Public administration reform needs to be implemented fully and work of the Croatian contracting bodies for EU funds, which are the biggest “foreign” funds in Croatia, needs to be harmonized among each other on the expectable measure of demands and significantly improved in general.
Sub-area 1.2: Related Freedoms

STANDARD 1: CSO representatives, individually or through their organizations, enjoy freedom of peaceful assembly

Findings:
The legal framework is based on international standards and provides the right for freedom of assembly for all without any discrimination. The exercise of the right is not subject to prior authorization by the authorities, but at the most to a prior notification procedure, which is not burdensome. There are possibilities within the Law on Public Gatherings (Article 12) to organize spontaneous peaceful assemblies and public protests without formal registration, i.e. prior notification to the authorities, if the local representative body of the city with more than 100,000 inhabitants designates one place for all assemblies and protests. But, it is not implemented in the practice.

Last problems that Croatia formally had related to exercising the fundamental human right of citizens to peacefully assembly was until 2012, when the public space in front of the Government and Parliament was forbidden by law for peacefully, public assembly. Still, CSOs are reporting that some units of the local governments are demanding to receive request for permission of the assembly even up to the 30 days prior to it, even the Law on public assembly says that it is only notification that has to be sent to police office (Ministry of Internal Affairs) minimum of 5 days prior to assembly. Any restriction of the right based on law and prescribed by regulatory authority can be appealed by organizers, as it is proscribed by the Law.

Recommendation:
Extensive education of the public servants on all levels, related to this and all other issues when limitations of freedoms guaranteed by laws is happening, as well as to decrease prejudices among that staff toward CSOs, needs to be implemented.

STANDARD 2: CSO representatives, individually or through their organizations enjoy freedom of expression

Findings:
The legal framework such as Croatian constitution article 14 and 38 and Media law provides freedom of expression for all. Restrictions, such as limitation of hate speech, imposed by legislation as Criminal law in article 147,148,149,150 and 151 are clearly prescribed and in line with international law and standards such as European Convention on Human Rights and The Universal Declaration of Human Rights.

Unfortunately, wide lack of understanding what the hate speech is and what are its negative effect for the whole community, leads to rear penalization of the hate speech in Croatia. Libel in Croatia is part of the Penal code, of its Article 200, which harms mostly journalists, but in Croatia CSOs are not reporting that their work and freedom of expression related to it is significantly affected with it.

Recommendations:
1. Provisions related to hate speech in Croatian Penal code should be used more consistently and used in educational purposes for the wider population to learnt to recognize hate speech and its negative consequences and combat it
2. Libel should be misdemeanor and not part of the Penal code.

STANDARD 3: Civil society representatives, individually and through their organizations, have the rights to safely receive and impart information through any media

Findings:
There are no cases in practice where restrictions are imposed on accessing any source of information, including the Internet or ICT. The right to access information held by public authorities is one of the fundamental human rights. The Law on Freedom of Information from the 2003rd year provides citizens the right to access information of state bodies who are responsible for setting up directory information that they hold, dispose of, or controlled by and provide access to such information. Central State Office for Administration is responsible for monitoring the implementation of the Law on Freedom of Information and regularly reports to Croatian Government about it.

In order to ensure publicity of the court case law is available on the Internet which provides public information about court decisions. The media regularly use of this opportunity.

Recommendation:
In other public services is also exercised the right to information. For example, all citizens are able to access the waiting list on the website of hospitals.
Central public administration portal Mojauprava.hr was established to access information on how to exercise rights and fulfill obligations of citizens and entrepreneurs and also availability of electronic public administration services. New bulletin public procurement system and electronic public procurement allow the general public access to comprehensive, organized and structured source of information on public procurement in Croatia. The internet is widely accessible and affordable. Legal framework prohibits unjustified monitoring of communication channels, including Internet and ICT, or collecting users’ information by the authorities. There are no cases of police harassment of members of social networking groups. Last occasion of testing this standard was in February 2011 when the organizer of the “Anti-governmental” demonstrations, who organized them over the social network, was shorty arrested and questioned.

The organizer of the protest urged citizens to overthrow the government. In their opinion government led the country into economic ruin and therefore there were no longer grounds for them to represent citizens. After the demonstrations police arrested the organizer of protest as well as other participant’s claiming that they committed violation of article 6 and 17 law on offences against public order and peace. Specifically, participants were accused of insulting citizens in particular, brash and rude manner and insulted state organs as well as the officials during the exercise of service.

**Recommendations:**
Slight improvements in Croatia need to be done in general level of IT literacy of the population, as well as citizens involved in work of CSOs, to be able to use better possibilities of access to information through different media and exercise their role of correctives to the elected governments.

II. Framework for CSO Financial Viability and Sustainability

**Sub-area 2.1: Tax/fiscal treatment for CSOs and their donors**

**STANDARD 1: Tax benefits are available on various income sources of CSOs**

**Findings:**
Gifts and donations to non-profit organizations that provide no counter-services to providers of such donations are not taxable. Nonprofit organizations can receive donations of cash, goods, services and other forms of assets that have a market value, as well as the grants, what is not subject to taxation. The laws provide tax free treatment for all grants and donations supporting non-for-profit activity of CSOs - direct or indirect tax on received grants doesn’t exist.

But, if non-profit organizations are engaged in economic activities and if the non-taxation of these activities leads to unfair advantages in the market, the Tax Administration Office can make a decision for those CSOs to become obliged by an income tax, but only on their direct income revenue and not on other non-profit donations. When a non-profit organization, which is not subject to income tax, earns income from interest on accounts held with commercial banks, savings banks and savings and credit organizations (demand deposits, term deposits, foreign currency or HRK), interest income is not taxable. However, if a non-profit organization decision was declared subject to income tax, and if the performance of economic activities realized interest income, that income is taxable, but not automatically at the time of acquisition interest, but the taxable difference between realized total revenue and total expenditure the taxation period (usually a calendar year).

In this case, the revenue generated by economic activity establishes the basis for the payment of income tax, according to the Law on Corporate Income Tax, as well as related to any other entity that is subject to income tax.

Most nonprofit organizations are not liable to value added tax (VAT), on their economic activity, up to a certain level of income. Nonprofit the amount of ...
organization becomes subject to value added tax if its value of shipments (sales) of goods and services provided, which are exempt from VAT, exceeds 30,000 EUR per year (01/01/2013 amount of 11,000 EUR replaced by the amount of 30,000 EUR). The law allows the establishment of and provides tax benefits for endowments on the same base as for the other non-profit organizations.

The only organizations that have a kind of “Public Benefit Status” are the charities organizations in Croatia that deals with certain form of the humanitarian help\(^1\) (mostly the religious organizations, such as Caritas). Those organizations are gaining that status by the special decision of public administration, based on the Law on humanitarian help, if they have clearly visible in their statutes that one of their major tasks is collecting and redistribution of the humanitarian aid. They have additional tax benefits in the way that they are not obliged to pay the value added tax (VAT) on all goods and services they are purchasing.

**Recommendations:**

As the measure of supporting the civil society sustainability, **tax benefits should be increased for economic activities of the CSOs and introduced for passive investments** planned to gain revenues that will serve for assuring the CSOs’ sustainability.

**STANDARD 2: Incentives are provided for individual and corporate giving**

**Findings:**

The law provides tax deductions for individual and corporate donations to CSOs – up to 2% of the individual or corporate annual income may be donated to CSOs and treated as an expense that will decrease final income tax. There are clear requirements/conditions for receiving deductible donations and these include a wide range of publicly beneficial activities, but still citizens rarely practice that possibility. State policies regarding corporate social responsibility don’t exist and the whole concept is in its beginnings.

Web page named ZaDobroBIT.hr has been established in Croatia as a virtual space for philanthropic initiatives and actions, which opens the way for innovative financing and supporting projects and initiatives of CSOs. There is no relevant research on the philanthropy in Croatia, and some available information\(^2\) is showing that philanthropy is not yet developed in Croatia enough, although very often in media can be found different types of philanthropy actions such as more individual help than corporate.

According to the World Giving Index Report 2013\(^3\) which presents giving data from across the globe and includes data from 135 countries, Croatia is ranked as 133rd country with score of only 16%.

**Recommendations:**

Concepts of philanthropy and corporate social responsibility, both, can be very important for increasing the sustainability of the whole civil society. Strong campaign for promotion of the individual and corporate philanthropy needs to be implemented and policies for their improvement develop (considering the needs of CSOs).

**Sub-area 2.2: State support**

**STANDARD 1: Public funding is available for institutional development of CSOs, project support and co-financing of EU and other grants**

**Findings:**

Among numerous other documents that we can mention, we will mention two – “Code of good practice, standards and criteria for financial support to programs and projects of CSOs” and the “Law on games of chances” and associated “Regulation on criteria for determining the users and the distribution of income from games of chance”. First document is not binding for governmental bodies on all levels in Croatia, but due to tremendous efforts of the Governmental office for CSOs it is more and more taken in consideration in public funding of projects and programs of CSOs in Croatia. Second one is the law and it is binding and it is one of the greatest improvement in financial support of civil society in Croatia because it set up, on the annual level, precise amount of money that from the games of chance income to public budget, that will be allocated to civil society and in which purposes. That regulation brought possibility for a part of co-financing of the EU funds needed, to be covered to the

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\(^1\) The Law on humanitarian need, [http://www.zakon.hr/z/418/Zakon-o-humanitarnoj-pomo%C4%87i](http://www.zakon.hr/z/418/Zakon-o-humanitarnoj-pomo%C4%87i)


\(^3\) [https://www.cafonline.org/PDF/WorldGivingIndex2013_1374AWEB.pdf](https://www.cafonline.org/PDF/WorldGivingIndex2013_1374AWEB.pdf)
CSOs, from the games of chance income which is for Croatian CSOs very important and improving their chances to use EU funds as the chances for better financial sustainability!

Croatia, on all levels of the governments (state, county, cities and municipalities) allocates significant amount of money to support work of the civil society – on the annual level, altogether it is approximately 200 million EUR (1.500.000.000 KN). If we look into the amount which is quite constant and without drastic decreases we can say that state support of CSOs does not depend on changes in political power or of government. Third part of that amount (for example in 2011.) was and is, usually, allocated to CSOs from the national level and the rest, approximately 65% from the levels of the local and regional governments. From the national level 25% of mentioned funds usually goes into the sport purposes, 22% to associations and programmes for people with disabilities, 20% goes into culture and protection of the cultural, historic and the natural heritage, 9% into participation of the national minorities in the public life of the Republic of Croatia, some minor amounts into different other purposes and only approximately 12,5% into purposes related to the democratization activities of the CSOs that are consider as the “narrow”, democratization part of the civil society. On the local levels – in counties, cities and municipalities, amounts directed to sports’ activities are even higher, on the level of approximately 70% and allocation for other purposes are proportionally decreasing! Comprehensive report on public money allocated to the different purposes and different organization, all of which are in Croatia considered as the “civil society”, is published every year from the Governmental office for CSOs, that is investing a lot of efforts into improving procedures of transparent distribution of public funds on all levels. Problem is obvious, the budget allocations for CSOs are not separate from allocations to other non-profit entities, and such are, for example sports’ clubs or organizations. The state claims support for civil society, but it is in fact supporting sports or culture or social services (which itself should provide and therefore contract them) with the biggest part of that amount.

In Croatia, the mechanism to distribute public funds is partly centralize and for that purposes the National foundation for civil society development (NFCSD) was established, but it is important to emphasize that all funds on the national levels are not distributed to it, but big amounts are still managed managed by ministries. With all difficulties with transparency of processes in public bodies when it comes to financing and other kind of support to CSOs, those procedures are improving and the one of the most significant support, that democratization CSOs in Croatia use, besides possibility to co-fund the EU funds with public money, is possibility of the institutional grants (on the position of National foundation for civil society development). That amount is about 810.000 EUR per year, and definitely it should be increased, but in the sense of sustainability of the sector, is very important.

The bodies responsible for grant-making (no matter was it NFCSD, ministries, agencies, counties, cities or municipalities) also have the obligation to monitor the implementation of the funded projects. That monitoring still is mostly focused on some formal indicators and financial management, but much less on the real impact of the projects (impact assessment still almost doesn’t exist in Croatia). Formal approach and rigidity related to it is often something what represent the real burden to CSOs, because even procedures for adaptation of the actions and reallocation of related budgets exist, contracting bodies are unwilling to allow them without any relevant explanation and tend to overburden the CSOs with unnecessary bureaucracy procedures, sometimes even not with bureaucracy procedures, but with endless unnecessary explanations of the context or rules which should be well known to everybody. Significant number of project managers in CSOs communicated with while producing this report are stating that significant amount of their time is spent regularly in endless exchange of letters (with less meaning in relation to some other issues arising in project management) with contracting bodies.

There is a recommendation for Government to consults with CSOs over funding priorities and programs for CSOs and some consultations exists (current one is, for example, in planning the structural EU funds in Croatia), but the fact is that public funding in Croatia, for years was completely un-harmonized with for example EU funding and the joint Croatia (and EU) priorities on the Croatian way to EU membership, defined in many domestic strategic documents. That was the reason why it was incredibly hard to find co-financing for the EU funds in Croatia (before “Regulation on criteria for determining the users and the distribution of income from games of chance”) as well as

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24. Report of Office for cooperation with NGOs
26. Governmental Office for NGOs: http://www.uzuvrh.hr/userfiles/file/izjesce%202012.pdf
that was the reason also that for the burning issues of Croatia democracy, for years pointed out in EU Progress reports for Croatia, on its readiness for EU membership, such are for example fight against corruption and fight against discrimination, there were never domestic money for. There is no requirement that CSO representatives participate in monitoring and evaluation phases of project/program implementation. The case with CSOs dependence on state funding is Croatia is very twofold – from the one side, big part of civil society is very dependent on domestic public money (smaller organizations, organizations in domain of health and social care, for example) and from the other side, smaller part of civil society (bigger organizations dealing with democratization issues) is not dependant on those funds, but on EU funds (which are becoming also public funds for Croatia, since it is now the EU member state). Diversity of funding is not high and it is decreasing. That fact has many risks for the CSOs sustainability and freedom of work and development. There are still some activities which are unfunded with domestic public money – as already mentioned, some burning issues for Croatia democracy are still hard to fund from the state budget, not to mention that watch dog activities are generally almost without domestic funding and now loosing even EU funds. With becoming the member of EU it is obviously considered by EU, that all major democracy issues are solved in Croatia, so majority of future EU structural funds available for CSOs, will be available through European social fund that will mostly fund social inclusion and job market related issues. The problem in domestic, public funding in Croatia that remains is, as it is already mentioned in the section 1 of this part of report, that the budget allocation for CSOs are not separate from allocations to other non-profit entities, such are, for example sports clubs or organizations. The state claims support for civil society, but it is in fact supporting sports or culture or social services (which itself should provide and therefore contract them) with the biggest part of that amount. The exact amount of money which ends up in the "real", democratic civil society association is not clear and it is much less than the numbers often mentioned in the public. That creates problems with the public image of CSOs and trust of citizens, who are rightfully asking, misinformed like that, if the CSOs are receiving that large amount of public money, why they are not offering more services to them.

Recommendations:
1. Separate allocation from public funds to the different groups of organizations – for example to sports clubs or organizations, to be able to have more precise data how much of the citizens’ of Croatia money was allocated to the CSOs dealing with democratization issues.
2. Improve further procedures of the public funds allocations to civil society, on all level of governments in Croatia, in the sense of its transparency, equal opportunities, but also participatory setting up of priorities for funding. Improve control of the public funds allocations to civil society, especially on the local levels in Croatia.
3. Improve procedures of the monitoring and evaluations of the funded projects and programmes and start to implement impact assessment.
4. Increase the total budget allocated to institutional support to CSOs and number of its beneficiaries.
5. Improve administrative procedures of the relation in between contracting bodies and CSOs during the projects and programmes implementation – decrease unnecessary administrative burdens based on the lack of professional experience of the staff in contracting bodies.
6. Improve consultations process with CSOs in general and in particularly in domain of priorities setting for allocation of public funds to CSOs (across different ministries and other governmental units).
7. Secure funds for watch dog activities of the CSOs in monitoring of the governments and preservation and improvement of democratization achievements.

STANDARD 2: Public funding is distributed in a prescribed and transparent manner

Findings:
Transparency of the public funding distribution really varies among different bodies of the state level government, not to mention among them and governments on the local levels, and among local levels themselves, but still not sufficiently developed terms of providing financial support from public sources to CSOs, at both the state and local level as there are no relevant criteria for applying for the support, than the whole process of awarding is not transparent, in most cases the information who evaluates and decides on the amount of financial support is not available or even if
you ask for them you will not get them so some associations have initiated court proceedings against the institutions which did not allowed them access to tender documentations i.e. decisions of Committees.

Croatia, since 2007, has the “Code of good practice, standards and criteria for financial support to programs and projects of CSOs”, set of good practices in distribution of the public funds which are not legally binding. As already mentioned, the Governmental office for CSOs invested great efforts to promote that Code and to improve practices of public funds distribution and many improvements are achieved. But today, with some governmental bodies that respect Code entirely, we have some that are not respecting it at all. Even National foundation for civil society development, which is leading practice on the Western Balkans when it comes to institutional mechanisms for support of the civil society, had difficulties in clarity of criteria for project proposal evaluation and related indicators, sufficient enough to provide to its beneficiaries reasonable explanation why one project proposal is accepted and the other is refused of granted with the smaller amount of money. So, there is still enough room for improvements in this domain, as there is also still enough room for improvements in public funds management, in general, in Croatia.

The Croatia has procedures addressing issues of conflict of interest in decision-making but the whole concept of conflict of interest tend to be underestimated and not understood and often is not treated as it should be! One example for not understanding the concept of conflict of interest is enough – for EU pre-accession funds IPA, its component 4 Human Recourses, for one of contracting bodies in Croatia, Croatian Employment Service (HZZ) was appointed, while at the same time its branches (branches of the same organization) were eligible to apply to its call for proposals. Regulation of conflict of interest in Croatia needs to be improved further.

Recommendations:
1. Transform the “Code of good practice, standards and criteria for financial support to programs and projects of CSOs” into a binding document, invest in and insist on building capacities of all, even local, cities and municipalities governments to implement it and increase control on distribution of public funds in Croatia.
2. Improve treatment of conflict of interest in Croatia and public understanding of its negative effects.

STANDARD 3: There is a clear system of accountability, monitoring and evaluation of public funding

Findings:
As already pointed out in previous section, if “Code of good practice, standards and criteria for financial support to programs and projects of CSOs” has been respected by all governmental bodies, on all levels, that are distributing public funds, procedures for distribution of public funds would prescribe measures for accountability, monitoring and evaluation. But, that is not the case. Field visits in the context of monitoring and the evaluation, when the governmental bodies on all levels are in question, as contracting bodies, are rare or often missing point, since the staff performing them is not prepared for the job. Public authorities do not practice detail financial revision on the way that all claimed costs must be supported by invoices and events by participant lists etc., they just ask short narrative and financial report without any supporting documents as evidences. So there is an open space for possibility of various abuses in the use of funds from the public sources, earmarked for the implementation of programs and projects of concern for the common good. Impact assessment is almost completely missing and the state administration doesn’t carries out regular, in longer-term periods (3-5 years) evaluation of the public funding, to realize is it accomplishing its goals and how to improve the funding together with its own efficacy and effectiveness.

Recommendations:
1. From the position of the clear strategic investing of public money through different programmes and projects, assure regular monitoring and evaluation of programs and projects’ implementation, as well as impact assessment of the invested public funding.
2. Increase capacities of public servants working on public funds distribution to civil society to perform tasks of comprehensive and meaningful monitoring and evaluation.

STANDARD 4: Non-financial support is available from the state

Findings:
The criteria, standards and procedures for the award of space owned by the Republic of Croatia on the use of civil society organizations, were adopted by Croatian Government in October 2013, but the Register of properties/assets will be prepared at the beginning of 2014, so will see how this will work in practice. Legislation allows state and local authorities to allocate non-financial support, such as state property, renting space without financial compensation (time-bound), free training, consultations and other resources, to CSOs. Many CSOs are using, for example, local governments’ premises for their offices, under the favorable conditions, which is useful and significant for them, also contributing to their sustainability. But it is not the case that non-financial authorities support is provided under clearly prescribed processes, based on objective criteria. Some authorities even don’t publish contest for renting their premises and some that do publish such contest, don’t have clear criteria for selection of applicants. Case of City of Split, for example, which is second town by its size in Croatia, is that the City administration doesn’t even know for all premises that belong to it and doesn’t have clear register. That leads us to the next fact that – if they don’t know what all they have, same they don’t know who is using it and under which criteria. Often premises that are classified to be rented under the favorable conditions to non-profit entity, ends up to be rented to a profit entity under the same favorable condition. Even the sub-renting of such premises is forbidden, it is widely happening without any oversight and consequences. Still there are cases when CSOs critical towards local government are not able to realize any non-financial support from that local government (which is a case of Cenzura Plus, itself). One of examples of how the local leaders are used to dispose with city, public assets is the recent case when the Mayor of the Croatian Capital, over the night, without content and criteria, without procedure, decided to give premises for work of the new initiative “In the name of the family” that initiate recent referendum in Croatia, to put the marriage into the Constitution, to minimize possibilities for gay persons to politically fight further for equalization of their rights. And that was not the case with other initiatives like for example Citizens vote against in the same Referendum, or already mentioned the most visible citizens’ initiative Right to the City, etc. At the second part of the 2013., related to mentioned problems, CSOs from Zagreb, the Capital, started initiative to establish the transparent procedures for allocating the non-financial support of the City of Zagreb and it is obvious that CSOs in Croatia will have to form coalitions and to push in their local communities to implement the procedures that will make authorities to dispose with other types of public assets more transparent and responsible, too.

Recommendations:
The area of non-financial support of different levels of authorities, to CSOs, has to be improved and transparent procedures developed and implemented. It will be very useful to make at least set of recommendations from the state level to all authorities in Croatia (as it is done with “Code of good practice, standards and criteria for financial support to programs and projects of CSOs”) to facilitate improvements in this area.

Sub-area 2.3: Human resources

STANDARD 1: CSOs are treated in an equal manner to other employers

Findings:
CSOs are treated in an equal manner to other employers in the sense that there are no additional requirements or registrations for employed in CSOs as compared to commercial companies, but they are not treated equally in state incentive programs for employment. CSOs can’t receive support from the state on an equal basis to other sectors of the economy, for the different programs for employment. This discriminatory provision last for several years already and staff employed on the implementation of incentive programs for employment on the Croatian Employment Service in 2 biggest cities in Croatia are not able to offer any relevant explanation of such discriminatory measure. Attempts toward the Ministry of labor were made, last year, to change this discriminatory provision, but it still didn’t happen.

According to data from the Ministry of Finance in the last three years in the NGO sector has been a rise in employment of 13.4%. In 2011 CSOs employed 19 600 persons and increase number of employees in relation to 3 years before for 13,4%, and the total number of employees in all civil society

organizations (sports clubs, associations, civil society etc.) accounted for 1.73% of all employed persons in Croatia. According to the Office for Cooperation with NGOs of Croatia Government, one of the reason for the growth of the number of employees in CSOs is that civil society in recent years has showed the ability to draw money from European funds, where it was withdrawn virtually all of which is for civil society was intended, and in previous years, associations for democratization, human rights, environment, women’s rights ... withdrew from the European funds about ten million.

However, 50% of civil society has no employees, while the average is five employees per organization, and only 4.8% of organizations are employing more than 10 people euros.

**Recommendations:**
Change Croatian Employment Service (Ministry of labor) discriminative policies when state incentive programs for employment are in matter and assure that CSOs are treated in an equal manner to other employers in possibility to use those incentives.

**STANDARD 2: There are enabling volunteering policies and laws**

**Findings:**
Law on Volunteering was adopted 2007th, and amendments of Law the 2013th, to ensure social environment favorable for the development of volunteering, to prevent possible abuse, protect volunteers and organizers of volunteering and edited the position of all natural and legal persons involved in organized volunteering at the legal level. Public Hearing on Amendments to the Law on Volunteering lasted a very short-two weeks (from 5-20.12.2012.), and the amendments were adopted on an expedited basis. Amendments were adopted on February 8 2013th. CSOs consider that a public hearing should last longer than two weeks due to a number of changes, but also because of the importance of the adoption of this law in order to get as many stakeholders involved in the process of consultation with the interested public.

At the institutional level, except the Law on Volunteering, there is also a National committee for the development of volunteering, an advisory body of the Croatian Government, whose work is public and which implemented measures and activities aimed at promoting and the further development of volunteering, and in which are involved representatives of the ministries, the Office for Cooperation with CSOs, representatives of CSOs and the academic community. Significant amendments to the Law on Volunteering are relating to: long-term and short-term volunteering, volunteering for the crisis, definition of volunteers, the definition of the organizer of volunteering, the principle of inclusive volunteering, situations in which the mandatory signing of the Agreement on volunteering is obligatory, rights and obligations of volunteers and volunteer organizers, competencies acquired volunteering.

During the consultation process CSOs pointed specifically to the social and inclusive dimension of volunteering that cannot be understood only as a means of improving human resources in the labor market, but should be evaluated beyond-like activity that directly contributes to the development of active citizenship and building a democratic system of values in young people. Also, the relevant ministry had an obligation within six months from the entry into force of the Amendment to the Law on Volunteering to bring approximate criteria of recognition of competencies, skills and experience gained through volunteering which defines the broad outline of the certificate of competence gained through volunteering.

The form is made which is very important for the promotion of volunteerism among young people in this way that they for their volunteer internship receive some confirmation.

As the promotion of voluntary work for the benefit of the community there are different bidding patterns that require from applicants specifications on the number of volunteers and volunteer hours as an integral part of application which proving competence of the organization in the field of volunteering.

Organizations are in accordance with the Regulations on the contents of the report on the activities performed or services of volunteers are obliged to submit a report to the Ministry of Social Policy and Youth (MSPM) about activity volunteer hours in their organizations. The report is submitted annually to the end of February for the previous year.

**Recommendations:**
1. Revise the problematic provisions of the Law on Volunteering such as: difference between volunteering and other types of work without compensation as vocational training without employment, and with the
programs of volunteering do not solve the problem of unemployment
2. Provide institutional recognition of volunteer work
3. Define the model of recognition of volunteer work in the education system, health care facilities and social services

STANDARD 3: The educational system promotes civic engagement

Findings:
Although non-formal education is promoted through strategies, politics and laws, and the educational system provides the possibility for civil society organizations to disseminate information and knowledge in educational system about volunteering, civic engagement, non discrimination, etc., CSOs are still not recognized, by the Ministry of Education, as partners and as one of the major organizers and providers of non-formal education programs. Non-formal programs which are implemented by civil society organizations, are mainly focused on the acquisition of knowledge and skills in the field of human rights, non-discrimination, gender equality, non-violent conflict resolution, cross-cultural understanding, democratic citizenship; and are an important educational resource, which the Croatian education system did not adequately recognized, whereby the Croatian differs significantly from the developed democratic countries in which there is close cooperation between formal and non-formal education in achieving the educational goals to promote equality, intercultural sensitivity, social responsibility and social cohesion. Still, Croatian education system does not prepare students for active citizenship.

Ministry of Science, Education and Sports and the Agency for Education have created a draft curriculum of civic education for elementary and secondary schools, but the CSO were only partially included in the process of drafting of curriculum, which is uncoordinated and does not sets out clear long-term goals and does not have a vision for the quality introduction of curriculum in school. Ministry of Science, Education and Sports has adopted the Curriculum of Civic Education which was in the public debate during the 2012th. Civil society organizations and Agency for education were carried out in parallel during the school year 2012/2013 an experimental program of civic education in several primary and secondary schools in Croatia.

For programme of civic education in schools the quality assurance system must be accomplished through annual evaluations within each school. Also, in order to gain insight into the current state of quality of non-formal education it is necessary to establish criteria for the evaluation, validation and possible certification and also create stimulating environment that will enable civil society organizations the establishment of institutions that would implement certificate programs of civic education.

In the educational system, there is no systematic civic education, only an experimental program in several schools, which contributes to low levels of literacy and democratic political culture of citizens and the low level of awareness about the importance of participatory democracy.

National Youth Programme 2009 – 2013 and the National Strategy for the creation of an enabling environment for civil society development 2012 – 2016, emphasize the importance of cooperation between civil society organizations and the educational system and institutions, in particular in the introduction of civic education in the formal education curriculum.

Recommendations:
1. Introduce civic education in the regular education system and create a system of quality assurance (implementation) in all schools
2. Supporting of non-formal education programs implemented by civil society organizations, and representatives actively involved in creating curriculum, strategies and action plans
3. Establish the criteria for evaluation of non-formal education which CSOs implements.

III. Government – CSO Relationship
Sub-area 3.1.: Framework and practices for cooperation
STANDARD 1: The State recognizes, through policies and strategies, the importance of the development of and cooperation with the sector

Findings:
Republic of Croatia has recognized the importance of civil society and inter-sectoral cooperation as a prerequisite for a strong democratic society, and through a variety of strategies and policy aims to create conditions for quality development of sector.

The crucial momentum in the development of civil society began building the institutional and legislative framework at the end of 90s and throughout the first few years of 2000s, and institutions such as the Office for Cooperation with civil society organizations of the Croatian and throughout the first few years of 2000s, and institutions such as the
Office for Cooperation with civil society organizations of the Croatian Government (founded in 1998), The Council for Development of Civil Society (founded 2002) and the National Foundation for Civil Society Development (founded in 2003), that were/are support of future development of civil society sector in Croatia. A whole series of laws and strategic documents was adopted, and we will mention only the most important: The Law on Associations, Program of cooperation of the Croatian Government and non-governmental, non-profit sector in Croatia in 2001, The National Strategy of creating an enabling environment for civil society development from 2006 to 2011 and new one till 2016, The Law on the organization of games of chance and prize games in 2002 and 2009, The Law on Volunteering 2007, The Code of Good Practice, Standards and Criteria for financial support to programs and projects in 2007, Code and consultation with the interested public in adopting laws, regulations and legislation from 2009 and 2012; and other strategic documents and programs: National Strategy of Equalization of Opportunities for Persons with Disabilities, Anti-Corruption Strategy and Action Plan, the National Programme for the Protection and Promotion of Human Rights, the National Policy for the Promotion of Gender Equality, Programme of activities for the prevention of violence among young people, the National Programme for Youth, the Strategy of Social Welfare Development – which recognizes the importance of values and needs of civil society and provides for civil society organizations as sharing a number of civil rights.

So, all these documents are dealing with the state-CSO relationship, but we will focus more only on few documents (mostly on National strategy for creating an enabling environment for civil society development) that we find important to describe in detail as they are strategic documents with included goals and concrete measures, or action plans developed in consultation with CSOs, and its implementation is monitored and reports available.

An official evaluation/assessment of the previous National Strategy to Create an Enabling Environment for Civil Society 2006th - 2011th is not accessible, because assessment is not done yet, only the evaluation of the implementation of the operational plan of strategy.

An office for Cooperation with NGOs coordinates the implementation process of the operational plan of the national strategy, and reports the Government of Croatia about the implementation process.

In the period from 2007th to 2011th the largest numbers of measures planned for implementation were related to the section that relates to the improvement of the system of funding of civil society organizations from the state budget and EU pre-accession funds, and all the measures envisaged in this area are timely manner conducted. The least a measure of the Strategy was conducted in the area covered by the non-profit enterprise, social economy and regional development. Given the measures in the strategy, it is clear that the national strategy for the period 2006-2011 is development strategy, and the main reason why some of the measures are not filled is social context, and because they were descriptive nature, while operating plan is not clearly prescribed indicators of implementation.

For the Strategy 2012th to 2016th, in the evaluation report on the implementation of the Operational Plan strategy of 2007th - The 2011th, there is a recommendation that the new strategy and operational plan must provide realistic deadlines, accurate budgetary commitment and clear indicators for monitoring implementation, in the process needs to involve as many stakeholders, and the text of a new strategy harmonize with the existing and planned strategic documents to maximize the effectiveness of the implementation of new measures.

In the evaluation period of 2007-2011, in the operational plan of the National Strategy of 2006th-2012th, there is 103 planned implementation measures, and it is the original 58 measures and 45 resulting from revising activities that should be carried out 2011. National strategy for creating an enabling environment for civil society development from 2012 to 2016, is very important document in which on the strategic level are trying to determine objectives of Croatia in the sphere of development of civil society in the future at least five-year long period. The Strategy contains four parts: a value-based relations between the state and civil society, the development of civil society in Croatia, areas of the National Strategy and the implementation of the National Strategy. The most important and most extensive part of one of the identified core areas of the National strategy, whereby the document sets out four such areas: institutional framework for support the development of civil society, civil society and participatory democracy, empowerment the role of civil society organizations for socio-economic development and further development of civil society in the international context. For each of these areas are determined objectives and measures that they want to
accomplish in the National Strategy, implementation activities necessary to achieve these goals and measures, and co-holders of these activities, deadlines and resources needed to implement activities and indicators on the basis of which should be evaluated progress in the implementation. The document specified by a total of 26 goals, 27 measures and 91 implementing activity.

We also have to mentioned that CSOs and all interesting public was included in consultations of the new Law on Associations that will enter into the force 1st January 2014, as most of amendments proposed by civil society were adopted and those ones which were not adopted, the concrete explanation was provided.

For the past few years strategic documents embrace measures or some amendments are included into the laws, that have be proposed by CSOs or have been developed in consultation with CSOs. CSOs are not invited in all cases to participate in all phases of the strategic document development, implementation and evaluation.

Recommendations:
Existing documents have to be implemented and evaluated their implementation, but cooperation must be regulated not only on the level of recommendations and strategic documents but also on the level of law(s).

STANDARD 2: The State recognizes, through the operation of its institutions, the importance of the development of and cooperation with the sector

Findings:
As mentioned in previously paragraph, there are institutions such as the Office for Cooperation with civil society organizations of the Croatian Government (founded in 1998), The Council for Development of Civil Society (founded 2002) and the National Foundation for Civil Society Development (founded in 2003), that were/are supportive to CSOs and future development of civil society sector in Croatia on national level and especially Office for Cooperation with CSOs is a great facilitator of cooperation with CSOs.

Office for NGOs was established by the Regulation of the Office for the association 1998th, for the purpose of performing professional duties within the scope of the Croatian Government in connection with the creation of conditions for cooperation and partnership with non-governmental and non-profit sector, in particular with organizations in the Republic of Croatia, and has a wide range of activities: from cooperation in designing and proposing new legal framework for action NGO sector in the Republic of Croatia, monitoring the implementation of the National Strategy for creating an enabling environment for civil society and of the Operational plan for the Implementation of the Strategy, to the programming standards and guidelines for financing activities of civil society organizations from the state budget and other public sources, as well as from pre-accession and structural funds of the European Union.

According to the Decree on the Office for Cooperation with CSOs, the Office coordinates the work of ministries, central state offices, the office of the Croatian Government and state administrative organizations and administrative bodies at the local level, concerning the monitoring and improvement of cooperation with non-governmental, non-profit sector in Croatia.

The Office carries out projects to support the development of civil society organizations from the European Union-funded and contracted by Central Finance and Contracting Agency (CFCA). From 2005th on the basis of the Operational Agreement with the Contracting Authority, the Office is responsible for programming and monitoring of projects under the EU’s civil society sector CARDS and PHARE and of the IPA. Since 2007, the Office is the Focal Point for Europe for Citizens program, which opens new possibilities for financing projects of civil society organizations, and local governments with aim to encourage the active involvement of citizens in decision-making processes at European level.

Office for NGOs in the framework of the decentralized implementation of EU programs in the pre-accession period has the role of the PMU, and will be the first level intermediate body for HRD in the proposed new operating structure for the use of the ESF (In accordance with the provisions of the Decision of the Government strategic documents and institutional framework for the use of EU structural instruments in the Republic of Croatia, Official Gazette 116/2010) and the Ministry of Labour and Pension System will be the governing body. In accordance with the Code of Good Practice, Standards and Criteria for financial support to programs and projects (adopted 2007th year), the Office is working to improve standards for program funding from the State budget. Also, the Office cooperates with the Council for Development of Civil Society which provides technical,
administrative, technical and financial support to the work. The Office provides technical and administrative support to the Council initiative Open Government Partnership and monitors the implementation of the Action Plan Initiative Open Government Partnership.

The good practice is service of the Governmental office for CSOs that established a database with all CSOs representatives in different state bodies that are publicly available, which contributed greatly to the transparency of this field [http://www.uzuvrh.hr/vijest.aspx?pageID=1&newsID=834](http://www.uzuvrh.hr/vijest.aspx?pageID=1&newsID=834).

Recommendations:
Continually awareness raising by CSOs and Office for cooperation with CSOs for importance of inclusion civil society in the work of different governmental bodies on all levels, and more concrete pressure to be taken for the implementation of the Code of consultations.

Sub-area 3.2: Involvement in policy-and decision-making processes
STANDARD 1: There are standards enabling CSO involvement in decision-making, which allow for CSO input in a timely manner

Findings:
The adoption of the Code for consultation with the interested public in the legislation processes (Official Gazette 140/2009) in November 2009 created preconditions for strengthening the transparency of the work of public authorities in this area of decision making. On the levels of central state administration bodies and government offices coordinators were appointed for the consistent monitoring and coordination of consultation procedures within their bodies, or offices.

Governmental office for CSOs in 2010 drawn up Guidelines for the application of the Code and started with systematic training program for coordinators. Educational modules enable the appointed coordinators to meet with all aspects and steps in the implementation of consultation with the interested public, of stakeholder analysis, methods of consultation and involvement by providing feedback information to the interested public and making a report on the consultation. On the website of the Governmental office for CSOs special subpages dedicated to consultation with the interested public is set up. It serves as a focus point for informing the public of open or closed consultations processes in different government bodies. As part of the Action Plan for the Open Government Partnership a separate portal dedicated to consultation is planned - on that portal the constant communication between public authorities and the interested parties, related to open legislation processes, will be possible, like it is a case in Great Britain or United States. In 2012., Government, in its rules of procedures, added provision that the central state administration bodies, with drafts of laws and regulations, shall provide Government with all relevant reports on the implementation of consultation, in accordance with the Code consultation with interested public in legislation process, which facilitated further the consultation process in Croatia. According to the data, in 2012 government bodies and government offices conducted the process of consultation with the interested public for 144 laws, regulations and other acts. This is a big step forward in comparison with the 2011 when there were a total of 48 consultations. In addition, during the 2012 government bodies received 4786 written proposals of the interested public on the proposed laws, regulations and acts, which is much higher compared with 173 received written comments in the 2011.

Croatia has clearly defined standards on the involvement of CSOs in the policy and decision making processes, prescribing minimum requirements which every policy-making process needs to fulfill, but, unfortunately, they are not binding. Particular measures had been taken from Governmental office for CSOs in Croatia, since the Code is non-binding document, to ensure that it will star to be implemented – raising awareness about its benefits, monitoring of its implementation and training of those who suppose to implement – raising awareness about its benefits, monitoring of its implementation and training of those who suppose to implement it. Great improvement in this sphere had been achieved, even still it happens that written feedbacks on the received proposals doesn’t provide substantial explanations why certain proposals had not been accepted and options for redressing in such a case are vague. Minimum period for consultations to be open is quite short, 15 days. On the other hand, the Law on the assessment of the effects of laws/regulation, adopted in

33. Source: [http://www.uzuvrh.hr/userfiles/file/izvje%CA%87e%20o%20provedbi%20Kodeksa%20o%202012%20-%20%20final.pdf](http://www.uzuvrh.hr/userfiles/file/izvje%CA%87e%20o%20provedbi%20Kodeksa%20o%202012%20-%20%20final.pdf)
2011, makes significant contribution to consultation processes in Croatia. Improvement on the state level, follows much more modest improvement on the local levels and it is clear that this process of putting the participatory democracy in practice is still on its beginnings with lots of rooms for improvements.

**CSOs in the decisions taken by the competent institutions or mechanisms** and mostly those are Governmental decisions or decisions from ministries or other public bodies, as only in few laws is mentioned that CSOs must be included into the work of certain bodies, but good practice is only existing on the national level (like openness of the majority of parliamentary committees to members from civil society and some governmental bodies on all level of reporting). **On local level CSOs are not consulted in decision-making processes.**

What is interesting, there is an existing Law on the criteria for participation in tripartite bodies and representatives of collective negotiations (NN 82/12), were Ministry of labour and pension system formed a tripartite working group to define criteria on selecting representatives of the social partners, and CSOs are not recognized as an important to be included into some working groups and discussions.

We have previously mentioned **Code of counseling to the interested public in procedures of adopting laws, other rules and regulations** that was adopted 2009, and during 2010 Office for cooperation with CSOs has prepared Guidelines for its implementation as well as systematic training program for Coordinators on local level.

Also, we will highlight one **good example of supporting the global initiative named Partnership for Open Government**, that is supported by Croatia in general (all sectors) at 2012, and were in the process of preparing the Action plan were involved all interesting parties on different occasions and different methods.

**CASE STUDY of constitutional changes initiated by CSO:** It is important to emphasize that recently one CSO in Croatia pushed for a change in the constitutional order but, unfortunately, change is in itself is not compatible with basic democratic principles. Religious CSO “In the name of the Family” used a referendum as a legitimate democratic tool - direct democracy method, to introduce into Constitution changes which were not democratic ones. During last few months in Croatia happened huge regression of the minority rights. First case was a referendum which was basically against possibility for sexual minorities to emancipate further their legal rights and to use standard political patterns of influence in that manner – so the whole Croatian public were manipulated with the extreme right-winged and clerical movement that pushed for organizing referendum to put in Croatian Constitution the marriage as the unity of the man and woman, in order to take to the sexual minorities right to push for the possibility of the gay marriages. Referendum costs Croatia 6,5 million of EUR and opened public space in Croatia for the lots of hate speech against the persons of the different sexual orientation, as well as again increased a level of violence against them.

**Recommendations:**
1. The Code for consultation with the interested public in the legislation processes should develop into a binding document and lots of efforts on education of the public officers on all levels (in particularly on the local levels authorities), to implement consultation processes, should still be invested and the state should secure funding position for that.
2. The time for impute of interested parties should be extended to at least 30 days.

**STANDARD 2: All draft policies and laws are easily accessible to the public in a timely manner**

**Findings:**
Croatia has adopted a Law on Freedom of Information at 2003 which regulates the right of access to information and re-use of information held by public authorities, and changed it 2010 when the right on information was raised on constitutional level, but even then did not have sufficient support in institutions. So, during 2013 was changed and harmonized with the European acquis and it is intended to have Commissioner for informing as an independent body. The new Law proposes to strengthen the function of an independent body to protect the rights of access to information as a second-instance body, its powers are regulated in detail as well as its supervisory role, inspection and misdemeanor authority. The Law is detailed in description what all public authorities must publish on the website in an easily searchable manner, and many of them do not respect that as they did not post it on website in any way. Also, Croatian Government adopted a Code of consultation with the interested public in enacting laws, regulations and laws (NN140/09). The Code provides guidance for effectively advising government agencies and the interested public in the
decision making processes in enacting laws and other regulations, as well as the existing good practices of consultations that has been implemented by individual state authorities. Important is to mention that this Code is not obligatory as it has been adopted as recommendation to all public institutions, but Croatian Government has adopted some changes/amendments of the Code at the end of 2012, which provide potential to increase public confidence in the political processes and institutions and improve quality regulations, thus contributing to the strengthening of the prevention of corruption. In particular, provision is added that the central state administration bodies, with drafts of laws, regulations and laws, shall deliver all relevant reports on the implementation of consultation to the Government procedure.

So **Croatia has one obligatory law (Law on Freedom of Information) and one recommendation (mentioned Code) that make all existing legislations and related policies public.** This new Law, provides clear mechanisms and procedures for access to public information/documents, and in case that public institutions do not know or do not have some information/documentation or even do not want to publicize them, the Commissioner for informing have possibility to prescribe sanctions for civil servants/units for breaching the legal requirements on access to public information. This new Law is still not implemented as it has entered into the force at March 2013, but as the election procedure of Commissioner for informing has lasted for months, we can expect to be implemented with first months of 2014. Regarding the implementation of mentioned legislations, situation has improved for the past two years, as all ministries have opened a new category named “Consultations with interested parties” were in most cases **regularly publish all draft and adopted laws and policies on easily accessible and clear way, with forms for participation at on-line consultations.** Some ministries have practice to publish all proposals of interested parties (amendments) with arguments why some of them are adopted or not. Also, Office for cooperation with CSOs regularly publishes on its website all draft laws and policies with an invitation to participate in public consultations.

Regarding our recent experience were Cenzura Plus has during the period of the 2012 and 2013 sent in total 260 advocacy letters, 4 different types of advocacy letters to different local and regional government units in South Croatia, to see how the Law and Code are implemented on local level, results were not so good: only about 35% of local and regional government units have continuously answered on all our questions, and some of them are not even respecting the obligations under the Law to have person in charged for informing, than published Catalogue of information on their websites etc. We can say that although some of them reluctantly are giving information, a part of local government in South Croatia respecting the law, and as we are monitoring other public activities of LSGU (press releases, press conferences, publishing on the web, ...) we noticed that there is increased level of awareness among advisers for public relations and information officers.

By statistical analyzes of 2.655 reports (from 2011) from different public institutions regarding the access to information, total number of requests was 51.930, and the number has significantly increased for the past few years. According to the available reports Agency for Personal Data Protection has received 312 cases and some of them are available at

**Recommendations:**
1. Important is to start with implementation of the new Law immediately and to have sanctions in cases of violation of the Law.
2. It is crucial **to inform public about the Law and problems in its implementation,** as the public needs to put some pressure in their local communities **also for more transparency.** Also, they need to be informed about their rights under the Law – which documents and information they can ask and which information can be useful in their everyday life and are currently not accessible to them because of their ignorance.
3. **Education of public servants is needed,** especially local and regional representatives as well as person in-charge for informing in each county/city/municipality.

**STANDARD 3: CSO representatives are equal partners in discussions in cross-sector bodies and are selected through clearly defined criteria and processes**

**Findings:**
One of the good practices in Croatia of including representatives of the CSOs into important legislative and policy making discussion is **openness**

of the majority of parliamentary committees to members from civil society. The Croatian Parliament has a total of 29 boards, in which 104 members of total number are not elected from among the deputies in parliament, but from the ranks of academia, professional associations and civil society organizations. Link to the list of committees and members list: http://www.sabor.hr/odbori

Institutional civil dialogue is happening in Council for civil society development and representatives of the CSOs in Croatia are also invited in many cross-sectors bodies where different strategies, policies or the law proposals are discussed. The Council has 27 members, 12 representatives of relevant government bodies and offices of the Croatian Government, 12 representatives of NGOs and other civil society organizations and three representatives of civil society from among foundations, trade unions and employers’ associations. The Council has a President, who is elected by the members of the Council - representatives of NGOs and other non-governmental associations, non-profit entities and representatives of experts from civil society, from its ranks.

Some laws, like the Law on social care, have provisions related to participation of CSOs representatives in different councils (in this case in National social council for social planning) and many recommendations are accepted even on the local levels where local authorities, through different decisions on working bodies of the local governments, envisage a place/s for the CSOs representative/s. Significant improvement in this area has been done, but there are still many improvements need to be done. Some of representatives of the CSOs included in the work of certain governmental bodies on all level are reporting that their presence on those bodies is just to “fulfill the numbers”, without possibilities for any real contribution!

In Croatia, in the recent period the impression is that CSOs’ representatives are mostly selected through selection processes which are considered fair and transparent, no matter is the competition with the clear criteria in case or procedure where CSOs, by themselves, are selecting the candidates (which is more and more often case). Some difficulties in this domain are more present still on the local levels. The good practice is service of the Governmental office for CSOs that established a database with all CSOs representatives in different state bodies that are publicly available, which contributed greatly to the transparency of this field http://www.uzuvrh.hr/vijest.aspx?pageID=1&newsID=834.

Recommendations:
1. Continually openly mentioning of needs and benefits of participation of civil society in the work of different governmental bodies, an all levels – stating it in legislation and in different recommendations and keeping alive joint efforts of the CSOs to push for their participation.
2. Improve transparency of selection of the civil society representatives in different authorities’ bodies on the local levels.
3. Advocate for binding provisions on the involvement of CSOs in decision-making processes on all levels, to be obligatory for all public bodies.

Sub-area 3.3: Collaboration in service provision

STANDARD 1: CSOs are engaged in different services and compete for state contracts on an equal basis to other providers

Findings:
Existing legislation in Croatia allows CSOs to provide services in limited number of areas. CSOs can provide social services, but, for example, not health care or educational services.

Even the social care legislation is liberalized few years ago, in that sense, there is still no more serious implementation of the provision, on liberalization of the social services providers. From one point the State is protecting its large number of public social care institutions and their employees and, on the other hand, it lacks capacity to set clear criteria and standards that potential providers have to fulfill. Thus, even the social care system should be reformed and many of its services require serious reform, this process is still slow in Croatia and number of social services contracted with CSOs is low, but large numbers of small actions are happening through grant giving programs of cities, counties and state.

According to the Social Welfare Act (Article 3), social protection includes prevention, promotion of changes and assistance in meeting the basic means of life and support for individuals, families and groups. Social services may be provided by the CSOs and CSOs, according to the Social Welfare Act, may obtain financial support for those services from the local, regional or state authorities. The terms under which they can provide those services are defined in Articles 158 and 159. The draft of the New Social Welfare Act should be adopted in early 2014 and it will stipulate that CSOs may provide services if they have a license for that, introducing
a system of service ordering and service providing licensing. According to the new Social Welfare Act (article 74), social services that can be provided by CSOs are: domestic assistance, psychosocial support, counseling and assistance for individuals and families, early intervention, residence for specific groups.

According to the mapping of social welfare services, conducted by the UNDP office in Croatia, 30 million EUR is allocated annually for these services – third part of these funds are allocated by cities and counties, third part by the ministries/state and third part by international donors. CSOs were allocated approximately 58% of those funds annually. Most of funds are allocated through different grant schemes for projects and programs of CSOs. Croatian civil society sector is dominated with small size CSOs, with annual budget below the 13.000 EUR (according to research of the National Foundation for Civil Society Development) and the current grant schemes with many small grants to many organizations, support that state and the low level of professionalization of those organizations. Most of funds have been allocated for the following services: assistance at home for elderly persons (13%), other services for persons with physical disabilities (9%), assistance at home and daily accommodation for elderly persons (78%), direct support for poor and socially vulnerable people (6%), the prevention of addiction (5%), personal assistance (4%) and shelters for victims of violence (3%).

The National Strategy for the Creation of an Enabling Environment for Civil Society Development from 2012 to 2016 stresses further need for associations of citizens to actively join the field of provision of social welfare services and there are still lots of efforts that need to be done in this area.

**Recommendations:**

1. Establishing of mechanisms for permanent services financing and contracting, not depending on short term projects, small grants (and big number of them) and the grant giving, in general, but market oriented contracting.
2. Establishing mechanisms for monitoring the activities of CSOs in the sphere of social services providing.
3. Further liberalization of other services in other sectors and deinstitutionalization of the social welfare system that will boost next steps in liberalization in social welfare sector.
4. Building a system of support for the licensing process, having in mind it should not be more of a burden to CSOs than to other potential social services providers.

**STANDARD 2: The state has committed to funding services and funding is predictable and available over a longer-term period**

**Findings:**

In addition to what is already mentioned above, it can be added that there are no legal obstacles for CSOs can sign long-term contracts for provision of services. Such a case is rare because of the difficulties in priorities planning and financial planning on all levels of governments/authorities in Croatia – local, regional and state level. The problem with better planning on all position of governments is also one of the problems that are delaying processes in this sphere. CSOs are service providers currently, but mostly under grant contracts for projects and programs and are reporting on significant delays in payments of their already underestimated costs from an authority, which is bringing them to a difficult situation of insolvency. Situation in Croatia is generally regressing in that domain and majority of payments from the position of all levels of authorities are late, and the insolvency is a growing problem – all of mentioned can represent significant risk for CSOs sustainability. When current grant giving is in question, there is also another difficulty – prejudice from authorities’ side on all levels which underestimates costs of CSOs, because of their belief that CSOs should rely on their volunteer contribution.

Having all stated in mind, tenders for social service provision available for CSOs are still scarce, but are occurring in situations where CSOs have moved forward and established some form of social entrepreneurship (for instance, a Home assistance center), thus being eligible for smaller scale tender, usually by local governments. Through short analysis of Public Procurement Plans of local level governments (such as city of Split), it is evident that areas for tenders in social service provision open to CSOs and their sub-organizations are psychosocial support for family violence victims, psychosocial rehabilitation for alcoholics and gambling addicts, therapy communities for drug addicts and provision of home assistance for the elderly and infirm.
Recommendations:
1. **Education of public servants** in the departments for social care on all levels of the governments on the need and possibility to better plan social care priorities in their area of jurisdiction, to establish cross-sectors Social Councils to support planning closer to the real needs of the beneficiaries and to overcome prejudices that CSOs can’t be equally good services providers as some institution and that their work should rely on volunteering contribution.

2. **Introduce penalty interest for governments on all levels for delays in payment of their obligations.**

**STANDARD 3: The state has clearly defined procedures for contracting services which allow transparent selection of service providers, including CSOs**

**Findings:**
Current problems in this sphere are the same problems already tackled in this report when we were describing the problems with the state funding and still some short comes in implementation of the “Code of good practice, standards and criteria for financial support to programs and projects of CSOs” and quality. Just the procedures of distribution of the public money – the problem of lacking transparency of the authorities on all levels, no matter is it a lack of transparency caused by purpose to favor somebody at the competition or a lack of transparency caused by authorities having no capacity to implement correct procedure of the competition.

Also, in accordance to the Public Procurement Act and other relevant legislation, all levels of public government (local, regional and national level) have put in practice the contracting of certain services from the social service provision domain. At national level, the special Department for finances, budget and contracting with service providers, as a part of Ministry of social politics and youth, are the ones responsible for procurement competitions, but every regional level based government, as well as city administrations, have special departments (usually the ones in charge of social welfare at their own domains) that are in charge of such contracting.

However, it is necessary to stress that only social services stated by the Social Welfare Act, article 74, reserved for CSOs, are available for public procurement, while other services mentioned in that same article are still reserved for institutions (i.e. Centers for social welfare).

Recommendations:
1. **Improve further procedures of the public funds allocations to civil society**, on all level of governments in Croatia, in the sense of its transparency, equal opportunities, but also participatory setting up of priorities for funding – through education of public servants managing public money and better control of the public funds allocations to all, in particularly on the local levels in Croatia.

**STANDARD 4: There is a clear system of accountability, monitoring and evaluation of service provision**

**Findings:**
Current problems in this sphere are the same problems already tackled in this report when we were describing the problems with the difficulties in meaningful monitoring and evaluation of the projects and programs, actions in generally, funded with the public funds, as well as lack of the impact assessment that would help in evaluation the whole multi-annual plans of the authorities on all levels and help them plan better in the future.

**Recommendations:**
1. Improve procedures of the monitoring and evaluations of the funded projects and programs and start to implement impact evaluation.
2. Implement education of public servants needed, as well as the system of rewards and sanctions on work, all in order to increase responsibility and results in this domain.
### V. Findings and Recommendations (Tabular)

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### Area 1: Basic Legal Guarantees of Freedoms

#### Sub-area 1.1.: Freedom of association

**Principle:** Freedom of association is guaranteed and exercised freely by everybody

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2. **CSOs operate freely without unwarranted state interference in their internal governance and activities**

**Legislation:**
1. The legal framework provides guarantees against state interference in internal matters of associations, foundations and other types of non-profit entities.
2. The state provides protection from interference by third parties.
3. Financial reporting (including money laundering regulations) and accounting rules take into account the specific nature of the CSOs and are proportionate to the size of the organization and its type/scope of activities.
4. Sanctions for breaching legal requirements should be based on applicable legislation and follow the principle of proportionality.
5. Restrictions and the rules for dissolution and termination meet the standards of international law and are based on objective criteria which restrict arbitrary decision-making.

**Practice:**
1. There are no cases of state interference in internal matters of associations, foundations and other types of non-profit entities.
2. There are no practices of invasive oversight which impose burdensome reporting requirements.
3. Sanctions are applied in rare/extreme cases; they are proportional and are subject to a judicial review.

- **FINDINGS**
  - The Law on Associations doesn’t provide separate guarantees against state interference in internal matters of associations.
  - Financial reporting rules are not defined by the Law, just by each of donor and accounting rules take into account the specific nature of the CSOs and are proportionate to the size of the organization – small organization have more simple accounting rules and requirements related to annual financial reports toward the state.
  - Some contracting bodies are trying to impose them like those CSOs cannot increase salaries of the staff while the financing of the project that is contracted with them is lasts.
  - When in the top governing of the CSO is person that is public official in the line of work which can be influential to decisions on allocation of the public money for CSOs, which is basically conflict of interest.
  - Restrictions and the rules for dissolution and termination meet the standards of international law and are based on objective criteria which restrict arbitrary decision-making.

- **RECOMMENDATIONS FOR THE STANDARD**
  - To include into the New Law on Association explicitly defined the principle of independence.
  - To improve code of conduct of the public officials and servants to avoid conflict of interest in allocating public money for the work of CSOs in Croatia – to introduce limitation for engaging in CSOs for those whose public position can represent conflict of interest when the allocation of money for the work of CSOs is in question.
  - To work further in the harmonization of accounting and financial reporting rules to take more into account specific nature of CSOs and different sizes of those organizations.

3. **CSOs can freely seek and secure financial resources from various domestic and foreign sources to support their activities**

**Legislation:**
1. Legislation allows CSOs to engage in economic activities.
2. CSOs are allowed to receive foreign funding.
3. CSOs are allowed to receive funding from individuals, corporations and other sources.

**Practice:**
1. Legislation on CSOs engaging in economic activities is implemented and is not burdensome for CSOs.
2. There are no restrictions (e.g. administrative or financial burden, preapprovals, or channeling such funds via specific bodies) on CSOs to receive foreign funding.
3. Receipt of funding from individuals, corporations and other sources is easy, effective and without any unnecessary cost or administrative burden.

- **FINDINGS**
  - Regulation on accounting of non-profit organizations allows CSOs to engage in economic activities. They can set up companies for that purpose or directly engage.
  - CSOs are allowed to receive foreign funding. Main foreign source of funding is (or was until Croatia become member state) European Union and its funds are according to a bilateral agreements and the policy of decentralization of EU funds.
  - Miss functions of the state bodies – agencies which are contracting bodies in Croatia for EU funds - their administrative incapacity to do their job in timely and correct manner, as well as their different interpretation of the PRAG provisions.
  - No restrictions to receive foreign funds, although there are only few foreign donors in Croatia since becoming EU member state.
  - CSO are allowed to receive funding from individuals, corporations and other sources and it is easy, effective and without any unnecessary cost or administrative burden.

- **RECOMMENDATIONS FOR THE STANDARD**
  - Public administration reform needs to be implemented fully and work of the Croatian contracting bodies for EU funds, which are the biggest “foreign” funds in Croatia, needs to be harmonized among each other on the acceptable measure of demands and significantly improved.
### Area 1: Basic Legal Guarantees of Freedoms

#### Sub-area 1.2.: Related Freedoms

**Principle:** Freedoms of assembly and expression are guaranteed to everybody

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| 1. CSO representatives, individually or through their organizations, enjoy freedom of peaceful assembly | Legislation:  
1) The legal framework is based on international standards and provides the right for freedom of assembly for all without any discrimination.  
2) The laws recognize and do not restrict spontaneous, simultaneous and counter-assemblies.  
3) The exercise of the right is not subject to prior authorization by the authorities, but at the most to a prior notification procedure, which is not burdensome.  
4) Any restriction of the right based on law and prescribed by regulatory authority can be appealed by organizers.  
Practice:  
1) There are no cases of encroachment of the freedom of assembly, and any group of people can assemble at desired place and time, in line with the legal provisions.  
2) Restrictions are justified with explanations of the reason for each restriction, which is promptly communicated in writing to the organizer to guarantee the possibility of appeal.  
3) Simultaneous, spontaneous and counter-assemblies can take place, and the state facilitates and protects groups to exercise their right against people who aim to prevent or disrupt the assembly. | • The legal framework (Law on Public Gatherings) is based on international standards and provides the right for freedom of assembly for all without any discrimination.  
• The exercise of the right is not subject to prior authorization by the authorities, but at the most to a prior notification procedure, which is not burdensome.  
• There are possibilities within the Law on Public Gatherings (Article 12) to organize spontaneous peaceful assemblies and public protests without formal registration, i.e. prior notification to the authorities, if the local representative body of the city with more than 100,000 inhabitants designates one place for all assemblies and protests. But, it is not implemented in the practice. | Extensive education of the public servants on all levels, related to this and all other issues when limitations of freedoms guaranteed by laws is happening, as well as to decrease prejudices among that staff toward CSOs, needs to be implemented. |
| | 4) There are cases of freedom of assembly practiced by CSOs (individually or through their organizations) without prior authorization; when notification is required it is submitted in a short period of time and does not limit the possibility to organize the assembly.  
5) No excessive use of force is exercised by law enforcement bodies, including preemptive detentions of organizers and participants.  
6) Media should have as much access to the assembly as possible. | • CSOs are reporting that some units of the local governments are demanding to receive request for permission of the assembly even up to the 30 days prior to it, even the Law on public assembly says that it is only notification that has to be sent to police office (Ministry of internal affairs) minimum of 5 days prior to assembly.  
• Any restriction of the right based on law and prescribed by regulatory authority can be appealed by organizers, as it is proscribed by the Law. |
### Area 1: Basic Legal Guarantees of Freedoms

#### Sub-area 1.2.: Related Freedoms

**Principle:** Freedoms of assembly and expression are guaranteed to everybody

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2. **CSO representatives, individually or through their organizations enjoy freedom of expression**

**Legislation:**
1. The legal framework provides freedom of expression for all.
2. Restrictions, such as limitation of hate speech, imposed by legislation are clearly prescribed and in line with international law and standards.
3. Libel is a misdemeanor rather than part of the penal code.
4. There are no cases where individuals, including CSO representatives, would be persecuted for critical speech in public or private.
5. There is no sanction for critical speech, in public or private, under the penal code.

**Practice:**
1. CSO representatives, especially those from human rights and watchdog organizations, enjoy the right to freedom of expression on matters they support and they are critical of.
2. There are no cases of encroachment of the right to freedom of expression for all.

- The legal framework provides freedom of expression for all. Restrictions, such as limitation of hate speech, imposed by legislation are clearly prescribed and in line with international law and standards.
- Wide lack of understanding what is the hate speech and what are their negative effects for the whole community, leads to rear penalization of the hate speech in Croatia.
- Libel in Croatia is part of the Penal code, of its Article 200, which harms mostly journalists, but in Croatia CSOs are not reporting that their work and freedom of expression related to it is significantly affected with it.

- Provisions related to hate speech in Croatian Penal code should be used more consistently and used in educational purposes for the wider population to learn to recognize hate speech and its negative consequences and combat it, as well as libel should be misdemeanor and not part of the Penal code.

### Area 1: Basic Legal Guarantees of Freedoms

#### Sub-area 1.2.: Related Freedoms

**Principle:** Freedoms of assembly and expression are guaranteed to everybody

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3. **Civil society representatives, individually and through their organizations have the rights to safely receive and impart information through any media**

**Legislation:**
1. The legal framework provides the possibility to communicate via and access any source of information, including the Internet or ICT.
2. The legal framework prohibits unjustified monitoring of communication channels, including Internet and ICT, or collecting users’ information by the authorities.

**Practice:**
1. There are no cases in practice where restrictions are imposed on accessing any source of information, including the Internet or ICT.
2. The internet is widely accessible and affordable.
3. Legal framework prohibits unjustified monitoring of communication channels, including Internet and ICT, or collecting users’ information by the authorities.
4. There are no cases of police harassment of members of social networking groups.

- There are no cases in practice where restrictions are imposed on accessing any source of information, including the Internet or ICT.
- The internet is widely accessible and affordable.
- Legal framework prohibits unjustified monitoring of communication channels, including Internet and ICT, or collecting users’ information by the authorities.
- There are no cases of police harassment of members of social networking groups.

- Slight improvements in Croatia need to be done in general level of IT literacy of the population, as well as citizens involved in work of CSOs, to be able to use better possibilities of access to information through different media and exercise their role of correctives to the elected governments.
### Area 2: Framework for CSO Financial Viability and Sustainability

#### Sub-area 2.1.: Tax/fiscal treatment for CSOs and their donors

**Principle:** CSOs and donors enjoy favorable tax treatment

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| 1. Tax benefits are available on various income sources of CSOs | Legislation:  
1) The law provides tax free treatment for all grants and donations supporting non-for-profit activity of CSOs.  
2) The law provides tax benefits for economic activities of CSOs.  
3) The law provides tax benefits for passive investments of CSOs.  
4) The law allows the establishment of and provides tax benefits for endowments. | • The laws (Law on VAT and Law on Corporate Income Tax) provides tax free treatment for all grants and donations supporting non-for-profit activity of CSOs - direct or indirect tax on received grants doesn’t exist.  
• If non-profit organizations are engaged in economic activities and if the non-taxation of these activities leads to unfair advantages in the market, the Tax Administration Office can make a decision for those CSOs to become obliged by an income tax, but only on their direct income revenue and not on other non-profit donations.  
• When a non-profit organization, which is not subject to income tax, earns income from interest on accounts held with commercial banks, savings banks and savings and credit organizations (demand deposits, term deposits, foreign currency or HRK), interest income is not taxable. However, if a non-profit organization decision was declared subject to income tax, and if the performance of economic activities realized interest income, that income is taxable, but not automatically at the time of acquisition interest, but the taxable | • As the measure of supporting the civil society sustainability, tax benefits should be increased for economic activities of the CSOs and introduced for passive investments planned to gain revenues that will serve for assuring the CSOs’ sustainability. |

#### Practice:

1) There is no direct or indirect (hidden) tax on grants reported.  
2) Tax benefits for economic activities of CSOs are effective and support the operation of CSOs.  
3) Passive investments are utilized by CSOs and no sanctions are applied in doing so.  
4) Endowments are established without major procedural difficulties and operated freely, without administrative burden or high financial cost.

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| difference between realized total revenue and total expenditure the taxation period (usually a calendar year). | • Most nonprofit organizations are not liable to value added tax (VAT). Nonprofit organization becomes subject to value added tax if its value of shipments (sales) of goods and services provided, which are exempt from VAT, exceeds the amount of 30,000 EUR per year (01/01/2013 amount of 11,000 EUR replaced by the amount of 30,000 EUR).  
• The only organizations that have a kind of “Public Benefit Status” are the charities organizations in Croatia that deals with certain form of the humanitarian help (mostly the religious organizations, such is Caritas). Those organizations are gaining that status by the special decision of public administration, based on the Law on humanitarian help, if they have clearly visible in their statutes that one of their major tasks is collecting and redistribution of the humanitarian aid. They have additional tax benefits in the way that they are not obliged to pay the value added tax (VAT) on all goods and services they are purchasing. | • As the measure of supporting the civil society sustainability, tax benefits should be increased for economic activities of the CSOs and introduced for passive investments planned to gain revenues that will serve for assuring the CSOs’ sustainability. |
### Area 2: Framework for CSO Financial Viability and Sustainability

**Sub-area 2.1.: Tax/fiscal treatment for CSOs and their donors**

**Principle:** CSOs and donors enjoy favorable tax treatment

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| 2. Incentives are provided for individual and corporate giving | Legislation:  
1) The law provides tax deductions for individual and corporate donations to CSOs.  
2) There are clear requirements/conditions for receiving deductible donations and these include a wide range of publicly beneficial activities.  
3) State policies regarding corporate social responsibility consider the needs of CSOs and include them in their programs. | • The law provides tax deductions for individual and corporate donations to CSOs – up to 2% of the individual or corporate annual income may be donated to CSOs and treated as an expense that will decrease final income tax.  
• There are clear requirements/conditions for receiving deductible donations and these include a wide range of publicly beneficial activities, but still citizens rarely practice that possibility. | • Concepts of philanthropy and corporate social responsibility both, can be very important for increasing the sustainability of the whole civil society. Strong campaigns for promotion of the individual and corporate philanthropy need to be implemented and policies for their improvement develop (considering the needs of CSOs). |

**Practice:**  
1) There is a functional procedure in place to claim tax deductions for individual and corporate donations.  
2) CSOs are partners to the state in promoting CSR.  
3) CSOs working in the main areas of public interest, including human rights and watchdog organizations, effectively enjoy tax deductible donations. |

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| 1. Public funding is available for institutional development of CSOs, project support and co-financing of EU and other grants | Legislation:  
1) There is a law or national policy (document) that regulates state support for institutional development for CSOs, project support and co-financing of EU funded projects.  
2) There is a national-level mechanism for distribution of public funds to CSOs.  
3) Public funds for CSOs are clearly planned within the state budget.  
4) There are clear procedures for CSO participation in all phases of the public funding cycle. | • “Code of good practice, standards and criteria for financial support to programs and projects of CSOs” and the “Law on games of chance” and associated “Regulation on criteria for determining the users and the distribution of income from games of chance” regulate state support. | • Separate allocation from public funds to the different groups of organizations – for example sports clubs or organizations, to be able to have more precise data how much of the citizens’ of Croatia money was allocated to the CSOs dealing with democratization issues. |

**Practice:**  
1) Available public funding responds to the needs of the CSO sector.  
2) There are government bodies with a clear mandate for distribution and/or monitoring of the distribution of state funding.  
3) Funding is predictable, not cut drastically from one year to another; and the amount in the budget for CSOs is easy to identify.  
4) CSO participation in the public funding cycle is transparent and meaningful. | • Croatia has well developed institutional mechanisms for creating enabling environment for CSDev – it has comprehensive and participatory developed National strategy for creating enabling environment for civil society development which regulates relationship between state and civil society.  
• From, the bodies specifically established, it has Governmental office for CSOs which is excellently performing its duties under current leadership, Council for civil society development as the Governmental advisory body and National foundation for civil society development, public foundation established to independently allocate a part of public recourses to civil society and support its development. |

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### Area 2: Framework for CSO Financial Viability and Sustainability

#### Sub-area 2.2.: State support

**Principle:** State support to CSOs is provided in a transparent way and spent in an accountable manner.

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| • Croatia has well-arranged legal environment, it has Code of consultation with interested parties in the process of adopting legal documents, it has Law on volunteering, Laws and procedures in the financial and tax regime which are quite adopted to the needs of the civil society (tax deduction to support philanthropy, for example), etc. and numerous other documents like “Code of good practice, standards and criteria for financial support to programs and projects of CSOs” and the “Law on games of chances” and associated “Regulation on criteria for determining the users and the distribution of income from games of chance”.

• A part of needed co-financing of the EU funds, that needs to be covered by CSOs, is available from the games of chance income.

• The state claims support for civil society, but it is in fact supporting sports or culture or social services (which itself should provide and therefore contract them) with the biggest part of that amount. |
| • Improve administrative procedures of the relation between contracting bodies and CSOs during the projects and programmes implementation – decrease unnecessary administrative burdens based on the lack of professional experience of the staff in contracting bodies.

• Improve consultations processes with CSOs in general and in particularly in domain of priorities setting for allocation of public funds to CSOs (across different ministries and other governmental units).

• Secure funds for watchdog activities of the CSOs in monitoring of the governments and preservation and improvement of democratization achievements. |

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| • The mechanism to distribute public funds is partly centralize and for that purposes the National foundation for civil society development (NFCSD) was established, but it is important to emphasize that all funds on the national levels are not distributed to it, yet big amounts are still managed by ministries.

• The bodies responsible for grant-making (no matter was it NFCSD, ministries, agencies, counties, cities or municipalities) also have the obligation to monitor the implementation of the funded projects. That monitoring still is mostly focused on some formal indicators and financial management, but much less on the real impact of the projects (impact evaluation still almost doesn’t exist in Croatia).

• There is also no requirement that CSO representatives participate in monitoring and evaluation phases of project/program implementation.

• The case with CSOs dependence on state funding is Croatia is very twofold – from the one side, big part of civil society is very dependent on domestic public money (smaller organizations, organizations in domain of health and social care, for example) and from the other side, smaller part of civil society (bigger organizations dealing with democratization issues) is not dependent on those funds, but on EU funds (which are becoming also public funds for Croatia, since it is now the EU member state)? Diversity of funding is not high and it is decreasing. |
### STANDARD 2: Transparency of Funding

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<td>1. The procedure for distribution of public funds is transparent and legally binding.</td>
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<td>2. The criteria for selection are clear and published in advance.</td>
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<tr>
<td>3. There are clear procedures addressing issues of conflict of interest in decision-making.</td>
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<td>1. Information relating to the procedures for funding and information on funded projects is publicly available.</td>
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<tr>
<td>2. State bodies follow the procedure and apply it in a harmonized way.</td>
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<td>3. The application requirements are not too burdensome for CSOs.</td>
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<td>4. Decisions on tenders are considered fair and conflict of interest situations are declared in advance.</td>
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<td>- Croatia has a Code of good practice, standards and criteria for financial support to programs and projects of CSOs.</td>
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<td>- There are mechanisms for support of the civil society in the Western Balkans when it comes to institutional mechanisms for support of the civil society.</td>
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<td>- Croatia has procedures addressing issues of conflict of interest in decision-making but the whole concept of conflict of interest tends to be overestimated and not understood.</td>
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<td>- Transform the “Code of good practice, standards and criteria for financial support to programs and projects of CSOs” into a binding document, invest in and insist on building capacities of all, even local, cities and municipalities governments to implement it and increase control on distribution of public funds in Croatia.</td>
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<tr>
<td>- Improve treatment of conflict of interest and public understanding of its negative effects.</td>
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### STANDARD 3: Monitoring and Evaluation of Public Funding

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<tbody>
<tr>
<td>1. The procedure for distribution of public funds prescribes clear measures for accountability, monitoring and evaluation.</td>
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<tr>
<td>2. There are prescribed sanctions for CSOs that misuse funds which are proportional to the violation of procedure.</td>
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<tr>
<td>1. Monitoring is carried out continuously and in accordance with predetermined and objective indicators.</td>
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<td>2. Regular evaluation on effects/impact of public funding is carried out by state bodies and is publicly available.</td>
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<td>- As already pointed out in previous sections, “Code of good practice, standards and criteria for financial support to programs and projects of CSOs” has been adopted but not respected by all public institutions/bodies.</td>
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<td>- Field visits in the context of monitoring and evaluation, are rare or often missing point, since the staff performing them is not prepared for the job.</td>
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<td>- Secure better priorities planning, as a part of the long-term strategic planning of key areas of investments and development in each domain of society life that governmental bodies.</td>
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<td>- Assure regular monitoring and evaluation of programs and projects’ implementation, as well as impact assessment of the invested public funding.</td>
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<td>- Increase capacities of public servants working on public funds distribution to civil society to perform tasks of comprehensive and meaningful monitoring and evaluation.</td>
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### Area 2: Framework for CSO Financial Viability and Sustainability

#### Sub-area 2.2. State support

**Principle:** State support to CSOs is provided in a transparent way and spent in an accountable manner

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<td>4. Non-financial support is available from the state</td>
<td>Legislation: 1) Legislation allows state authorities to allocate non-financial support, such as state property, renting space without financial compensation, free training, consultations and other resources, to CSOs. 2) The non-financial support is provided under clearly prescribed processes, based on objective criteria and does not privilege any group. Practice: 1) CSOs use non-financial state support. 2) CSOs are treated in an equal or more supportive manner compared to other actors when providing state non-financial resources. 3) There are no cases of state authorities granting non-financial support only to CSOs which do not criticize its work; or of cases of depriving critical CSOs of support or otherwise discriminating based on loyalty, political affiliation or other unlawful terms.</td>
<td>• The criteria, standards and procedures for the award of space owned by the Republic of Croatia on the use of civil society organizations, were adopted by Croatian Government in October 2013, but the Register of properties/assets will be prepared at the beginning of 2014, so will see how this will work in practice. • Legislation (National strategy for creating an enabling environment for civil society 2012 – 2016, Code of Good Practice, Standards and Criteria for financial support to programs and projects of NGOs, 2007) allows state and local authorities to allocate non-financial support, such as state property, renting space without financial compensation, free training, consultations and other resources, to CSOs. • Many CSOs are using, for example, local governments’ premises for their offices, under the favorable conditions, which is very helpful and significant for them, also contributing to their sustainability. • It is not the case that non-financial authorities support is provided under clearly prescribed processes, based on objective criteria as some authorities even don’t publish contest for renting their premises and some that do publish such contest, don’t have clear criteria for selection of applicants. • Still there are cases when CSOS critical towards local government are not able to realize any non-financial support from that local government.</td>
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### Area 2: Framework for CSO Financial Viability and Sustainability

#### Sub-area 2.3. Human resources

**Principle:** State policies and the legal environment stimulate and facilitate employment, volunteering and other engagements with CSOs

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<td>• Change Croatian Employment Service (Ministry of labor) discriminative policies when state incentive programs for employment are in matter and assure that CSOs are treated in an equal manner to other employers in possibility to use those incentives.</td>
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<td>2. There are enabling volunteering policies and laws</td>
<td>Legislation: 1) Legislation stimulates volunteering and incorporates best regulatory practices, while at the same time allowing for spontaneous volunteering practices. 2) There are incentives and state supported programs for the development and promotion of volunteering. 3) There are clearly defined contractual relationships and protections covering organized volunteering. Practice: 1) Incentives and programs are transparent and easily available to CSOs and the policy, strategic document or law is being fully implemented, monitored and evaluated periodically in a participatory manner. 2) Administrative procedures for organizers of volunteer activities or volunteers are not complicated and are without any unnecessary costs. 3) Volunteering can take place in any form; there are no cases of complaints of restrictions on volunteering.</td>
<td>• Volunteers Act prescribes precisely who and under what conditions it may be the organizer of volunteering and what conditions must be met in order for volunteering was organized in accordance with the Law. Also, the Law defines the types of volunteering-fold, and long-term volunteering in crisis situations and form of volunteering minors. • It is expected from Ministry to bring soon approximate criteria of recognition of competencies, skills and experience gained through volunteering which defines the broad outline of the certificate of competence gained through volunteering. • As the promotion of voluntary work for the benefit of the community there are different bidding patterns that require from applicants specifications on the number of volunteers and volunteer hours as an integral part of application which proving competence of the organization in the field of volunteering. • Organizations are in accordance with the Regulations on the content of the report on the activities performed or services of volunteers are obliged to submit a report to the Ministry of Social Policy and Youth (MSPM) about activity volunteer hours in their organizations.</td>
<td>• Continuously working on the difference between volunteering and other types of work without compensation as vocational training without employment, this is often mistakenly referred as volunteering, and even from representatives of the institution. • Barriers in an engagement of volunteers can pose Article 10 which states that the organizer of volunteering for the volunteer must obtain a special certificate of criminal records data from the Ministry of Justice but there is no such practice of issuing such a document to associations, and that needs to be changed.</td>
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#### Area 2: Framework for CSO Financial Viability and Sustainability

#### Sub-area 2.3: Human resources

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<td>3. The educational system promotes civic engagement</td>
<td>Legislation: 1) Non-formal education is promoted through policy/strategy/laws. 2) Civil society-related subjects are included in the official curriculum at all levels of the educational system. Practice: 1) The educational system includes possibilities for civic engagement in CSOs. Provision of non-formal education by CSOs is recognized.</td>
<td>• Although non-formal education is promoted through strategies, politics and laws, and the educational system provides the possibility for civil society organizations to disseminate information and knowledge in educational system about volunteering, civic engagement, non discrimination, etc., CSOs are still not recognized, by the Ministry of Education, as partners and as one of the major organizers and providers of non-formal education programs. • Non-formal programs which are implemented by civil society organizations, are mainly focused on the acquisition of knowledge and skills in the field of human rights, non-discrimination, gender equality, non-violent conflict resolution, cross-cultural understanding, democratic citizenship; and are an important educational resource, which the Croatian education system did not adequately recognized. • In the educational system, there is no systematic civic education for human rights, democratic citizenship and participatory democracy, which contributes to low levels of literacy and democratic political culture of citizens and the low level of awareness about the importance of participatory democracy. • National Youth Programme 2009. – 2013. and the National Strategy for the creation of an enabling environment for civil society development 2012. – 2016., emphasize the importance of cooperation between civil society organizations and the educational system and institutions.</td>
<td>• Introduce civic education in the regular education system. • Supporting of non-formal education programs implemented by civil society organizations, and representatives actively involved in creating curriculum, strategies and action plans.</td>
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### Area 3: Government – CSO Relationship

#### Sub-area 3.1.: Framework and practices for cooperation

**Principle:** There is a strategic approach to furthering state-CSO cooperation and CSO development

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<tr>
<td>1. The State recognizes, through policies and strategies, the importance of the development of and cooperation with the sector</td>
<td>Legislation:</td>
<td>• Croatia has different documents (laws, strategies, recommendations) that are on some way dealing with the state-CSO relationship.</td>
<td>• Existing documents have to be implemented and evaluated their implementation, but cooperation must be regulated not only on the level of recommendations and strategic documents but also on the level of law(s).</td>
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<td>Practice:</td>
<td>• For the past few years strategic documents embrace measures that have been developed in consultation with and/or recommended by CSOs.</td>
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<td>• CSOs have not participated in all phases of the strategic document development, implementation and evaluation.</td>
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<td>• State policies for cooperation between state and CSOs and CSDev are based on reliable data collected by the national statistics taking into consideration the diversity of the sector.</td>
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**Practice:**
1) CSOs from different areas of interest regularly participate in all phases of the strategic document development, implementation and evaluation.
2) There are examples demonstrating that cooperation between state and CSOs and CSDev is improved and implemented according to or beyond the measures envisaged in the strategic document.
3) The implementation of the strategic document is monitored, evaluated and revised periodically.
4) State policies for cooperation between state and CSOs and CSDev are based on reliable data collected by the national statistics taking into consideration the diversity of the sector.

### Area 3: Government – CSO Relationship

#### Sub-area 3.1.: Framework and practices for cooperation

**Principle:** There is a strategic approach to furthering state-CSO cooperation and CSO development

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<tr>
<td>2. The State recognizes, through the operation of its institutions, the importance of the development of and cooperation with the sector</td>
<td>Legislation:</td>
<td>• There are institutions such as the Office for Cooperation with civil society organizations of the Croatian Government, The Council for Development of Civil Society and the National Foundation for Civil Society Development, that were/are supportive to CSOs and future development of civil society sector in Croatia on national level and especially Office for Cooperation with CSOs.</td>
<td>• Advocates for binding provisions on the involvement of CSOs in decision-making processes on all levels, to be obligatory for all public bodies.</td>
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<td>• There are recommendations and standards in Croatia to include representatives of the CSOs in the decisions taken by the competent institutions or mechanisms and mostly those are Governmental decisions or decisions from ministries or other public bodies, as only in few laws is mentioned that CSOs must be included into the work of certain bodies, but good practice is only existing on the national level (like openness of the majority of parliamentary committees to members from civil society and some governmental bodies on all level of reporting). On local level CSOs are not consulted in decision-making processes.</td>
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<td>• Advocate for binding provisions on the involvement of CSOs in decision-making processes on all levels, to be obligatory for all public bodies.</td>
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<td>• Continuously awareness raising by CSOs and Office for cooperation with CSOs for importance of inclusion civil society in the work of different governmental bodies on all levels, and more concrete pressure to be taken for the implementation of the Code of consultations.</td>
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### Area 3: Government – CSO Relationship

#### Sub-area 3.2.: Involvement in policy-and decision-making processes

**Principle:** CSOs are effectively included in the policy and decision – making process

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<tr>
<td>1. There are standards enabling CSO involvement in decision-making, which allow for CSO input in a timely manner</td>
<td>Legislation: There are clearly defined standards on the involvement of CSOs in the policy and decision making processes in line with best regulatory practices prescribing minimum requirements which every policy-making process needs to fulfill.</td>
<td>• The adoption of the Code for consultation with the interested public in the legislation processes created preconditions for strengthening the transparency of the work of public authorities in this area of decision making. On the levels of central state administration bodies and government offices coordinators were appointed for the consistent monitoring and coordination of consultation procedures within their bodies, or offices.</td>
<td>• The Code for consultation with the interested public in the legislation processes should develop into a binding document and lots of efforts on education of the public officers on all levels (in particularly on the local levels authorities), to implement consultation processes, should still be invested and the state should secure funding position for that.</td>
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<td>State policies provide for educational programs/training for civil servants on CSO involvement in the work of public institutions.</td>
<td>• On the website of the Governmental office for CSOs special subpages dedicated to consultation with the interested public is set up. It serves as a focus point for informing the public of open or closed consultations processes in different government bodies.</td>
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<td>Internal regulations require specified units or officers in government, line ministries or other government agencies to coordinate, monitor and report CSO involvement in their work.</td>
<td>• There are available data that government bodies and government offices conducted the process of consultation with the interested public and written proposals of the interested public on the proposed laws, regulations and acts, which is in 2012 much bigger that 2011.</td>
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<td>Practice:</td>
<td>• We can say that in Croatia there are clearly defined standards on the involvement of CSOs in the policy and decision making processes, prescribing minimum requirements which every policy-making process needs to fulfill, but unfortunately they are not binding.</td>
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<td>1) Public institutions routinely invite all interested CSOs to comment on policy/legal initiatives at an early stage.</td>
<td>• Great improvement in this sphere had been achieved, even still it happens that written feedbacks on the received proposals doesn’t provide substantial explanations why certain proposals had not been accepted and options for redressing in such a case.</td>
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<td>2) CSOs are provided with adequate information on the content of the draft documents and details of the consultation with sufficient time to respond.</td>
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<td>3) Written feedback on the results of consultations is made publically available by public institutions including reasons why some recommendations were not included.</td>
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<td>4) The majority of civil servants in charge of drafting public policies have successfully completed the necessary educational programs/training.</td>
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<td>5) Most of the units/officers coordinating and monitoring public consultations are functional and have sufficient capacity.</td>
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### Area 3: Government – CSO Relationship

#### Sub-area 3.2.: Involvement in policy-and decision-making processes

**Principle:** CSOs are effectively included in the policy and decision – making process

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<td>2. All draft policies and laws are easily accessible to the public in a timely manner</td>
<td>Legislation: All existing legislation obliges public institutions to make all draft and adopted laws and policies public, and exceptions are clearly defined and in line with international norms and best practices.</td>
<td>• Croatia has adopted a Law on Freedom of Information at 2003 which regulates the right of access to information and re-use of information held by public authorities, and changed it 2010 when the right on information was raised on constitutional level, and again during 2013 was changed and harmonized with the European acquis and it is intended to have Commissioner for informing as an independent body.</td>
<td>• Important is to start with implementation of the new Law immediately and to have sanctions in cases of violation of the Law.</td>
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<td>Practice:</td>
<td>• The new Law proposes to strengthen the public function of an independent body to protect the rights of access to information as a second-instance body, its powers are regulated in detail as well as its supervisory role, inspection and misdemeanor authority. The Law is detailed in description what all public authorities must publish on the website in an easily searchable manner, and many of them do not respect that as they did not post it on website in any way.</td>
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<td>1) Public institutions actively publish draft and adopted laws and policies, unless they are subject to legally prescribed exceptions.</td>
<td>• Croatian Government adopted a Code of consultation with the interested public in enacting laws, and other regulations, as well as the existing good practices of consultations that has been implemented by individual state authorities. It is crucial to inform public about their rights under the Law – which documents and information they can ask and which information can be useful in their everyday life and are currently not accessible to them because of their ignorance.</td>
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<td>2) Public institutions answer the majority of requests for access to public information within the deadline prescribed by law, in a clear format, provide written explanations on the reasons for refusal, and highlight the right to appeal and the procedure for appealing.</td>
<td>• Education of public servants is needed, especially local and regional representatives as well as person in charge for informing in each county/city/municipality.</td>
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<td>3) Cases of violations of the law are sanctioned.</td>
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### Area 3: Government – CSO Relationship

**Sub-area 3.2.: Involvement in policy-and decision-making processes**

**Principle:** CSOs are effectively included in the policy and decision – making process

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Potential to increase public confidence in the political processes and improve quality regulations, thus contributing to the strengthening of the prevention of corruption. In particular, provision is added that the central state administration bodies, with drafts of laws, regulations and laws, shall deliver all relevant reports on the implementation of consultation to the Government procedure.

- Regarding the implementation of mentioned legislations, situation has improved for the past two years, as all ministries have opened...

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**Legislation:**

1) Existing legislation requires public institutions to invite CSO representatives on to different decision-making and/or advisory bodies created by public institutions.

2) There are clear guidelines on how to ensure appropriate representation from civil society, based on transparent and predetermined criteria.

**Practice:**

1) Decision-making and advisory bodies on issues and policies relevant for civil society generally include CSO representatives.

2) CSO representatives in these bodies are enabled to freely present and defend their positions, without being sanctioned.

3) CSO representatives are selected through selection processes which are considered fair and transparent.

4) Participation in these bodies does not prevent CSOs from using alternative ways of advocacy or promoting alternative stand-points which are not in line with the position of the respective body.

- One of the good practices in Croatia of including representatives of the CSOs into important legislative and policy making discussion is openness of the majority of parliamentary committees to members from civil society. Institutional dialogue is happening in Council for civil society development and representatives of the CSOs in Croatia are also invited in many cross-sectors bodies where different strategies, policies or the law proposals are discussed.

- Some of representatives of the CSOs included in the work of certain governmental bodies on all level are reporting that their presence on those bodies is just to “fulfill the numbers”, without possibilities for any real contribution!

- In Croatia, in the recent period the impression is that CSOs’ representatives are mostly selected through selection processes which are considered fair and transparent, no matter is the competition with the clear criteria in case or procedure where CSOs, by themselves, are selecting the candidates (which is more and more often case). Some difficulties in this domain are more present still on the local levels.

- Continually openly mentioning of needs and benefits of participation of civil society in the work of different governmental bodies, on all levels – stating it in legislation and in different recommendations and keeping alive joint efforts of the CSOs to push for their participation.

- Improve transparency of selection of the civil society representatives in different authorities’ bodies on the local levels.
Area 3: Government – CSO Relationship

Sub-area 3.3.: Collaboration in service provision

Principle: The environment is supportive for CSO involvement in service provision

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<tr>
<td><strong>1. CSOs are engaged in different services and compete for state contracts on an equal basis to other providers</strong></td>
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<td>Legislation:</td>
<td>• Existing legislation in Croatia allows CSOs to provide services in limited number of areas. CSOs can provide social services, but for example, not health care or educational services. Even the Law on social care is liberalized few years ago, in that sense, there is still no more serious implementation of the provision, on liberalization of the social services providers.</td>
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<td>Practice:</td>
<td>• Establishing of mechanisms for permanent services financing and contracting, not depending on a short term projects, small grants (and big number of them) and the grant giving, in general, but market oriented contracting.</td>
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**RECOMMENDATIONS FOR THE STANDARD**

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<tr>
<td><strong>2. The state has committed to funding services and the funding is predictable and available over a longer-term period</strong></td>
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<td>Legislation:</td>
<td>• There are no legal obstacles for CSOs can sign long-term contracts for provision of services. Such a case is rare because of the difficulties of priorities planning and financial planning on all levels of governments/authorities in Croatia – local, regional and state level. The problem with better planning on all position of governments is also one of the problems that are delaying processes in this sphere.</td>
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<td>Practice:</td>
<td>• CSOs that are services providers currently, but under the grant contracts for projects and programs are reporting of the significant delays in payments, of their already underestimated costs, from the side of authorities which is bringing them in to difficult situation of insolvency.</td>
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**RECOMMENDATIONS FOR THE STANDARD**

- **STANDARD 2**
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- **FINDINGS**
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- **Education of the public servants in the departments for social care on all levels of the governments on the need and possibility to better plan social care priorities in their area of jurisdiction, to establish cross-sectors Social Councils to support planning closer to the real needs of the beneficiaries and to overcome prejudices that CSOs can’t be equally good services providers as some institutions and that their work should rely on volunteering contributions.**
- **Introduce penalty interest for governments on all levels for delays in payment of their obligations.**
### Area 3: Government – CSO Relationship

**Sub-area 3.3.: Collaboration in service provision**

**Principle:** The environment is supportive for CSO involvement in service provision

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<tr>
<td>3. The state has clearly defined procedures for contracting services which allow for transparent selection of service providers, including CSOs</td>
<td>Legislation:</td>
<td>• Current problems in this sphere are the same problems already tackled in this report when we were describing the problems with the state funding and still some short comes in implementation of “Code of good practice, standards and criteria for financial support to programs and projects of CSOs” and quality and just procedures of distribution of the public money – the problems of lack of transparency of the authorities on all levels, no matter is it lacking of transparency caused by purpose to favor somebody on the competition of lacking of capacity of authorities to implement correct procedure of the competition.</td>
<td>• Improve further procedures of the public funds allocations to civil society, on all level of governments in Croatia, in the sense of its transparency, equal opportunities, but also participatory setting up of priorities for funding – through education of public servants managing public money and better control of the public funds allocations to all, in particularly on the local levels in Croatia.</td>
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<td>4. There is a clear system of accountability, monitoring and evaluation of service provision</td>
<td>Legislation:</td>
<td>• Current problems in this sphere are the same problems already tackled in this report when we were describing the problems with the difficulties in meaningful monitoring and evaluation of the projects and programmes, actions in general, funded with the public funds, as well as lack of the impact assessment that would help in evaluation the whole multi-annual plans of the authorities on all levels and help them plan better in the future.</td>
<td>• Improve procedures of the monitoring and evaluations of the funded projects and programmes and start to implement impact evaluation. • Implement education of public servants needed, as well as the system of rewards and sanctions on work, all in order to increase responsibility and results in this domain.</td>
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Practice:
1) Many services are contracted to CSOs.
2) Competitions are considered fair and conflicts of interest are avoided.
3) State officials have sufficient capacity to organize the procedures.
VI. Used Resources and Useful

A whole series of laws and strategic documents, reports etc.: Croatian Constitution, Law on society organizations and civic associations from 1985, the Law on Foundations 1995, the Law on Associations 1997, 2000, 2002 and draft of Law 2014, the Law on Volunteering 2007 and 2013, the Law on social welfare, Law on Humanitarian Aid, the Labour Law, the Law on the organization of games of chance and prize games in 2002 and 2009 and Regulation on criteria for determining the users and the distribution of income from games of chance, the Law on Corporate Income Tax, Law on VAT, Regulation on accounting of non-profit organizations, draft of the new Law on accounting of non-profit organizations, the Penal code, Criminal law, the Law on Freedom of Information, the Law on the assessment of the effects of laws/regulation, Public Procurement Act, Program of cooperation of the Croatian Government and non-governmental, non-profit sector in Croatia in 2001, The National Strategy of creating an enabling environment for civil society development from 2006 to 2011 and and from 2012 to 2016, The Code of Good Practice, Standards and Criteria for financial support to programs and projects in 2007, Code and consultation with the interested public in adopting laws, regulations and legislation from 2009 and 2012, Law on the criteria for participation in tripartite bodies and representatives of collective negotiations from 2012, the Law on Public Gatherings, Media law, National Strategy of Equalization of Opportunities for Persons with Disabilities, Anti-Corruption Strategy and Action Plan, the National Programme for the Protection and Promotion of Human Rights, the National Policy for the Promotion of Gender Equality, Programme of activities for the prevention of violence among young people, the National Programme for Youth, the Strategy of Social Welfare Development, Assessment development of civil society in the Republic of Croatia in 2011, the Action Plan for the Open Government Partnership, Register of Associations, also reports from Agency for Personal Data Protection, the Strategy for Croatia approaching to the EU, or from the Joint inclusion memorandum of the Croatia and the EU (JIM), Croatian Needs Assessment from November 2013, EU Progress reports for Croatia, PRAG, and results of different surveys that are published on web pages of different CSOs, academic sector or public institutions.

We have also consulted with all available data on different web pages of public institutions or CSOs: Croatian Parliament, Ministry of Public Administration, Ministry of Finance, Ministry of labor and pension system, Ministry of Social Policy and Youth, Ministry of Justice, Ministry of Science, Education and Sports and the Agency for Education, Croatian Employment Service, the Office for Cooperation with civil society organizations of the Croatian Government, The Council for Development of Civil Society and the National Foundation for Civil Society Development, Partnership for Open Government, Civicus, UNDP, GONG, SMART, University of Zagreb, Pravo na grad (Right to the City) etc.

We have also used data available from Cenzura Plus archive as we have conducted in 2012 and 2013 some research in the South Croatia Region focused on regional and local government units, as well as reports from some events (round tables, conferences and meetings) organized with CSOs representatives.
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