

ANALYSIS
OF INSTITUTIONAL
COOPERATION
BETWEEN GOVERNMENTAL
AND NON-GOVERNMENTAL
SECTORS IN BIH

Analysis of institu- tional cooperation



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Fore word

This study is a result of the initiative of the Delegation of the European Commission in Bosnia and Herzegovina (BiH) that has over the last period been very actively involved in supporting the strengthening of the civil society sector and promotion of dialogue and cooperation between the governmental and non-governmental sectors in BiH. The primary aim of the study is to assist the Delegation of the European Commission, but also other participants in this process, and to gain full insight into the current situation in the field regarding the institutional cooperation between governmental and non-governmental sectors. In addition, on the basis of the analysis of the current situation and impact of the existing support, it aims to contribute to improvement of future initiatives and impact of support of the European Commission. Bearing this in mind, the whole process has been focused on learning.

It is hoped that most key actors and stakeholders will find this study useful and that it will assist them in moving forward with increased confidence and determination to face new challenges.

We would like to express our gratitude to all persons and institutions that have actively participated in this research, to thank them for their hospitality, kindness, sharing of information and experiences. Their cooperation has not only assisted this report, but will be invaluable for future work and activities.

Special gratitude is dedicated to Mr Džemal Hodžić who always found time to provide rele-



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vant information in order to enable us to have better understanding of the overall EC programme, to provide answers to all inquiries and to help in getting in contact with relevant informants difficult to reach, as well as to Prof Dragan Golubović whose suggestions based on his immense knowledge of non-for-profit law have provided significant contributions in making the study recommendations more practical and applicable.

Also we would like to express our special gratitude to all colleagues in KRONAUER Consulting. Without their organisational and logistical support this report would not have been accomplished in a timely manner and in this form.

The content of the study and the opinions expressed in it are those of the author and do not necessarily reflect the views of the Delegation of the European Commission in BiH.

Goran Žeravčić
Sarajevo, September 2008

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1. Executive Summary

The Delegation of the European Commission in BiH has initiated this study aiming at researching the main characteristics of cooperation between governmental and non-governmental sectors in BiH and, based on its findings, defining recommendations on how this cooperation can be improved in the future. The specific objectives of the study have been:

- To analyse institutional relations between the governmental and non-governmental sectors in BiH;
- To collect the information from the main stakeholders on the level of satisfaction with mutual cooperation and perspectives for its improvement;
- To measure the impact the non-governmental organisations have on defining development strategies and priorities at all levels of government;
- To analyse the ways and scope of financing of non-governmental organisations from local public funds;
- To define recommendations for the future programming of the Delegation of the European Commission in BiH regarding support to the process of strengthening civil society and establishment of institutional cooperation between the governmental and non-governmental sectors in BiH.

The study has been based on quantitative and qualitative research undertaken with a sample of 142 municipalities, 10 cantonal governments, 2 entity governments, government of the Brčko District and the Council of Ministers of BiH.



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The research has undoubtedly indicated that the cooperation between the governmental and non-governmental sectors in BiH at all levels is still in its infancy. Such a conclusion is based on the following facts:

- 60 municipalities in Bosnia and Herzegovina have signed agreements/protocols on cooperation with NGOs that are active in the territory of their municipalities. This figure represents 42.25% of the total number of municipalities in BiH;
- Most of the interviewed participants from the governmental sector and non-governmental sectors regard the signed agreements exclusively as a mechanism for regulating the distribution of the public funds;
- Only in 31 municipalities has a joint body been established consisting of governmental and non-governmental representatives tasked with defining priorities to be addressed by the activities of NGOs and to be supported from the local public funds;
- In 2007, the governmental sector allocated from the public budgets at all levels of authorities a total of 110,474,802.47 KM for financing civil society;
- The largest amounts of funds are allocated from the municipal budgets (64,559,458.52 KM or 58.44%), followed by the entity budgets (22,667,702.00 KM or 20.52%), and the cantonal budgets (20,854,641.95 KM or 18.88%), while the least amount of funds are allocated from the state budget (2,392,000.00 KM or 2.17%);

- Most of the funds are allocated for sports associations (40.76%), followed by the associations of war veterans (14.96%), associations dealing with social protection issues (9.37%) and culture and art associations (8.92%);
- The least funds are allocated for human rights (0.02%) and protection of the environment (0.28%);
- Most of the funds are distributed through the so-called model “directly from the budget to NGOs of special interest” and the least through the project based approach.

Institutional dialogue at national and entity level practically does not exist since none of the parties have adequate capacities to lead the dialogue and none of the parties indicate full understanding of the meaning and social benefit of institutional dialogue.

The key to the establishment of cooperation between governmental and non-governmental sector should be, primarily, sought in raising awareness on the importance of this process, building their capacities for cooperation and establishment of legal and institutional framework for the development of civil society and dialogue between governmental and non-governmental sectors.

Therefore the recommendations are to initiate the implementation of the following measures:

- To define appropriate legal and institutional framework that will stimulate the development of civil society;

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- To develop a strategy for establishment of an enabling environment for the development of civil society;
- To establish a State office for cooperation with civil society and the Council for Civil Society;
- To build the capacity of the State office for cooperation with civil society to be able to coordinate the EU external aid programmes for civil society development;
- To establish a Foundation for development of civil society;
- To pass legislation on financing of non-governmental sector that will define the ways and criteria for financing NGOs from public funds in BiH;
- To standardise and harmonise local practices regarding NGO financing and project selection procedures (continue the project “Reinforcement of Local Democracy”).
- To support the establishment of sectoral networks (Grant scheme “Support for the establishment of policy dialogue” intended exclusively for sectoral networks and for policy analysis and policy changes);
- To develop and strengthen local resource centres in BiH (Grant scheme for support to the establishment of local resource centres);
- To involve state resources in financing basic research on needs of BiH citizens;
- To develop think tanks that will be dealing with research and analysis of public policies.

2. Introduction

Through a series of documents and declarations, the European Union has clearly offered to the Western Balkan countries a perspective of integration in the European Union (EU) structures. Based on the approach of functionalism that links security with cooperation (according to the thesis that the creation of different forms of cooperation enhances better inter-relations which in turn necessarily leads towards stronger security), the EU has opted to create pre-conditions for accession of the Western Balkan countries to the EU through a regional approach. These include special agreements (Stabilisation and Accession Agreements) followed by the initiation of negotiations towards full membership. The wording “through cooperation to security” clearly sets the EU objectives and offers rewards.

The specific objective of the stabilisation and accession process is to provide support to the Western Balkan countries in order to reach full stability of institutions that guarantee the development of democracy, the rule of law, protection of human rights, respect and protection of minorities, existence and functioning of the market economy as well as capacities to deal with the pressure of competition that the EU market economy brings (1).

Initially, through different instruments, the EU supported mostly individual projects. The result of this was poor harmonisation between the activities funded by the public funds of the EU candidate countries and the activities supported by the EU funds. Having identified that



(1) <http://ec.europa.eu/enlargement>

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the inadequacies of the above system of pre-accession assistance were undermining the desired impact, the EU opted for a reform of financial assistance to the countries that have aspire to full EU membership on the basis of a so-called “programme” approach. The purpose of the programme approach is to establish close cooperation between national, regional and local institutions of government with the European Commission through joint identification of a limited number of priority objectives and harmonisation of all activities towards the accomplishment of these objectives. Instead of a whole spectrum of different external aid programmes available to the developing countries, in October 2004 the European Commission introduced a completely new structure for EU external aid programmes aimed at contributing towards better results and increased cost-effectiveness. Instead of previous 30 programmes, six programmes have been introduced ⁽²⁾ covering the period 2007 – 2013.

The Council of EU Regulation no. 1085/2006 introduces the Instrument for Pre-Accession Assistance to the South East Europe countries (IPA Programme) as one of the above-mentioned six external aid programmes. The total value of the program for this seven-year period is EUR 11.467 billion. The main objectives of the IPA Programme are assistance to the candidate countries and potential candidate countries from South East Europe in harmonising their national legislation and implementation of

⁽²⁾ Council Regulation (EC) No 1085/2006 on establishment of the Instrument for Pre-Accession Assistance (IPA).

the EU *Acquis Communautaire*, as well as preparation for the absorption of the EU structural funds, rural development funds and cohesion fund. IPA has replaced all previous types of assistance in the South East Europe countries³. IPA also differs from the previous pre-accession instruments in its planning and implementation procedures. Since the absorption of the EU pre-accession structural and cohesion funds is one of the IPA priorities, the states beneficiaries are required to take a much stronger role in participation in programming and making proposals for priority interventions, as well as taking responsibility for managing the funds and implementation of the projects. This entails the participation of the states beneficiaries in the development of the Multi-annual Indicative Planning Document (4), followed by the development of the National Development Plan (5). This assumes the existence of sectoral strategies, the establishment of a decentralised system for managing the EU funds (6) and, finally, co-funding of the selected projects. Therefore, within IPA programme programming, it is necessary to have clearly defined sectoral priorities which have to be harmonised with the priorities defined in the strategic documents and with the priorities at local level.

The development of the absorption capacities of the candidate country to full EU membership is of crucial importance. Each candidate country is obliged to prepare its institutions as well as projects for the absorption of funds from different pre-accession funds that

(3) CARDS, PHARE, ISPA, SEPARD.

(4) Multi-annual Indicative Planning Document MIPD.

(5) National Development Plan (NDP).

(6) Decentralised Implementation System (DIS).

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the EU makes available to the candidate countries in order to be able to adapt their economy, institutions and legal system to EU standards.

That this indeed is a problem that should not be underestimated in any ways is confirmed by the estimates that Bulgaria and Romania did not absorb more than 50% of the EU pre-accession funds available to them. It is easy to calculate the costs of this lack of readiness of each candidate country, since it is known that for the period of 2004 – 2006 there were 4.5 billions of EUR planned for Romania and Bulgaria through the pre-accession funds, and 1.05 billions of EUR for Turkey (7). The preparation of the institutions and their capacities to produce sufficient number of quality projects that meet very complex financing procedure is a very important process. This is further supported by the fact that Greece, Spain and Portugal took as many as six years to bring their institutions at a level where they were able to absorb 80% of the allocated financial aid. The experiences of the new EU member states indicate that the development of absorption capacities is a long-term process.

The absorption capacities of a state are the ability of its institutions to absorb and implement the EU funds allocated to the country. There is no state administration in the world that would be capable of absorbing all EU funds allocated to the member states through its own capacities and resources (ministries). Such a task requires coordination and synergic action of all social actors, from different min-

(7) http://ec.europa.eu/enlargement/fiche_projet/index.cfm?page=415392&c=TURKEY

istries to institutions such as local self-government units, development agencies, think tanks, universities and the academic community in general, institutes, consulting agencies, professional associations, and civil society organisations. The absorption capacities of a state are built up by joining the resources of all these institutions and clearly targeted coordination of activities.

To contribute to consolidating all resources of the candidate countries, strengthening civil society and establishment of social and political dialogue between the state and civil society have been identified as one of key priorities of the IPA Programme in Bosnia and Herzegovina (BiH) in the following period (2009-2013).

In order to define the models of provision of support to consolidation of all resources in BiH, as well as strengthening of civil society and establishment of social and political dialogue between the state and civil society, the Delegation of the European Commission in BiH has initiated the development of a study/analysis on institutional cooperation between governmental and non-governmental sectors and ways of financing of the work of non-governmental organisations from the public funds (municipal, cantonal, entity and state budgets).

2.1. General and specific objectives of the study

The final aim of this study is to identify all objective and subjective obstacles in the

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establishment of stronger institutional cooperation between governmental and non-governmental sector and opening up social and political dialogue at all levels in BiH in order to increase the BiH absorption capacities.

The specific objectives of the study are:

- Analysis of the institutional relationships between governmental and non-governmental sectors in BiH;
- Collection of information from the main stakeholders on the level of satisfaction with mutual cooperation and perspectives for its improvement;
- Measuring the impact of non-governmental organisations on defining development strategies and priorities at all levels of authorities;
- Analysis of ways and scope of financing of non-governmental organisations from local public funds;
- Drawing recommendations for future actions of the European Commission regarding support to strengthening civil society and establishment of institutional cooperation between governmental and non-governmental sectors in BiH.

2.2. Methodology

Methodologically, the study “Analysis of Institutional Cooperation between Governmental and Non-Governmental Sector in BiH” has been based on **three methodological approaches**:

- Analysis of secondary sources – available statistical indicators, reports of international organisations and other available analyses and studies on non-governmental sector in BiH;
- Qualitative research of attitudes, opinions and points of view on cooperation between governmental and non-governmental sectors by the participants of the process themselves;
- Quantitative research on ways and amounts of funds allocated and provided to non-governmental organisations from local public funds/budgets;

In this way, the attempts have been made to gain as many facts necessary for drawing qualitative conclusions within the framework set by the project assignment.

The methodology of the study included qualitative and quantitative research methods that can be defined in several methodological forms:

- Defining the research sample;
- Preparation and designing the survey questionnaire on the level of satisfaction with cooperation between governmental and non-governmental sectors at municipal level, amounts of funds allocated and ways of financing of non-governmental organisations from municipal budgets;
- Preparation and designing the survey questionnaire on the level of satisfaction with cooperation between governmental and non-governmental sectors at cantonal level,

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amounts of funds allocated and ways of financing non-governmental organisations from cantonal budgets;

- Preparation and design of the survey questionnaire on the level of satisfaction with cooperation between governmental and non-governmental sectors at entity level, amounts of funds allocated and ways of financing non-governmental organisations from entity budgets;
- Preparation and design of the survey questionnaire on the level of satisfaction with cooperation between governmental and non-governmental sector at the state level, amounts of funds allocated and ways of financing non-governmental organisations from the state budget;
- Preparation and design of a semi-structured interview questionnaire for civil society organisations dealing with the issue of institutional cooperation between governmental and non-governmental sectors; and
- Preparation and design of the methodology for statistical processing of entry data.

The sample of the research has been defined as 142 municipalities, 10 cantons, Brčko District, 2 entities and the state government of BiH. The questionnaires have been addressed towards the offices of the municipal mayors, Cantonal, entity and state level (Council of Ministers) governments of BiH.

Unfortunately, it has to be stated that this methodological approach to defining the sample for a quantitative research has not proved

to be the best methodological solution. Addressing the survey questionnaires to the cantonal/entity governments instead of individual ministries has not proven to be the best approach. When it comes to cooperation with non-governmental sector, it can be freely said, almost all governments at all levels of authorities in BiH are at such a poor level that the collection of the data requested proved to be almost “mission impossible“. The governments of the Posavina Canton and the Republika Srpska took more than six months to collect the data from the ministries and to submit consolidated data. It has proven that not only each canton or entity functions as a state to itself and almost without any sub-ordination, but also that each and smallest of ministry functions operate as completely independent units outside of any common framework when it comes to the cooperation with non-governmental sector. Each ministry is completely independent in pursuing its own policy of cooperation with civil society. Therefore, any future research of the governmental sector should identify as a research sample the ministries instead of governments in order to collect the data on cooperation with the governmental sector.

Due to these institutional limitations, it has not been possible to implement the field research through the application of the face-to-face method. Therefore, a combined method of quantitative research has been selected: e-mail survey and face-to-face survey. Where there has been the readiness for cooperation and

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where the responsible persons were capable of providing the requested information through the questionnaire, the data collection has been completed through internet, fax or regular mailing. Where it was impossible to get the data in this way, the direct visits and fact-to-face interviews have been applied. In both the cases, the same questionnaire as a methodological form for data collection has been used.

The questionnaire consisted of two sets of questions:

- Questions related to the cooperation between governmental and non-governmental sectors (13 questions);
- Questions related to the amounts and ways of distribution of funds to non-governmental organisations (21 questions);

Beside the quantitative research method, the study has greatly relied on qualitative research methods – non-structured and semi-structured interviews. This research method has been applied with 32 representatives of local self-government and competent ministries and 7 representatives of non-governmental organisations dealing with the issue of the development of institutional cooperation between governmental and non-governmental sectors.

From the methodological point of view the greatest challenge has been finding adequate ways of cross-checking and processing the data regarding the financial aspect of the cooperation between governmental and non-governmental sectors. To this regard, the research team has been faced by two problems:

- Defining the notion of a civil society organisation (CSO); and
- Standardising financial indicators.

The aim of the study has not been to enter into a theoretical debate on genesis of the civil society idea and the civil society definition. Therefore, in this part of the study the definitions of the basic notions have been presented only to make the understanding of this study easier.

The notions such as civil society (CS), civil society organisations (CSOs), non-governmental sector and non-governmental organisations (NGOs) have been used frequently in this study. The notion of civil society means the organisation of the overall society under the ideal principles of pluralism, democracy and openness, where civil society organisations represent its concrete entities, and their position, role and treatment are one of the measurements of the level of concretisation of the ideal principles.

The notion of the non-governmental sector has to be differentiated from the notion of civil society. The non-governmental sector entails a wider social space outside of state control where certain forms and certain level of self-organising, independence, privacy, self-regulation and voluntarism exist. It is necessary to make a distinction between the notions of civil society organisations, non-governmental organisations and non-for-profit organisations (NPOs). The notion of non-governmental organisations is usually used to determine all forms

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of voluntary associating, but it does not include political parties, religious communities, trade unions or associations of employers. However, civil society determines a much wider circle of subjects. In addition to non-governmental organisations, it also encompasses religious communities, political parties, trade unions, and various non-formal groups and initiatives within a society.

The term 'cooperation between governmental and non-governmental sector', in this work, refers to each form of "active" cooperation, i.e. all forms of consultations around defining policies or legal provisions, direct financing from the state, entity or local budgets, contracting and transferring the tasks that are traditionally seen as the state responsibility to non-governmental organisations as well as other forms of cooperation.

The term 'institutional cooperation between governmental and non-governmental sector' refers to all forms of cooperation that are normatively regulated and that are undertaken within official institutions whose existence is legally determined, either through a legally binding regulation or a contract. It includes all those forms of cooperation that are clearly legally defined and that do not depend on the good will of an individual, regardless of the party or its function.

For the purpose of the statistical data processing in this study, the term 'non-governmental organisation' means all organisations, associations of citizens and foundations regis-

tered according to the Law on Associations and Foundations at all levels. Such a definition of the main focus of the research has been absolutely justified from the practical point of view, but from the theoretical point of view has been very questionable since it has left out of the scope of this research all civic initiatives, religious communities, political parties, trade unions and informal groups.

Another problem encountered during the development of the study is the fact that the local practice of interpretation of the term 'non-governmental organisation' and 'civil society organisation' is very diverse and varies among the municipalities and institutions. To a great extent, the interpretation of the term 'non-governmental organisation' depends on the development of non-governmental sector in a specific municipality or canton, and the awareness of local officials on the importance of the development of civil sector for the development of state or society. While in some municipalities the organisations of war veterans are not considered as non-governmental organisations and, hence, financed directly from the budget, i.e. separate from the budget line allocated for grants to non-governmental organisations, in other municipalities the centres for social welfare are considered as such and are funded from the budget lines allocated for financing projects of non-governmental organisations. Such a diverse practice is primarily caused by different and non-harmonised legislation on local self-government and the Law on budget im-

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plementation/execution in the Federation of BiH and Republika Srpska. The different interpretations of the terms 'civil society organisations' and 'non-governmental organisations' have certainly influenced the standardisation of the collected financial data.

The financial data on the amounts of funds allocated and distributed from the public funds in support of work of non-governmental sector in 2007 have been collected in two ways: i) directly from the survey questionnaires; and ii) from the reports on implementation/execution of the 2007 budgets and the adopted budgets for 2007.

The financial data gathered through the questionnaire as well as classification of the non-governmental organisations - recipients of the financial support from the public budgets per type represent the individual interpretations of civil servants completing the questionnaire and as such have to be considered with some reserve, scientifically-speaking.

The financial data collected through the analysis of the Reports on the budget implementation/execution also have to be taken into consideration with some scientific reserve. The data from the budgets were primarily collected from the account 6143 – grant to non-for-profit organisations. In several instances, due to lack of data of the account 6143, the data were collected from other accounts. Due to differences in practices of awarding non-governmental organisations as well as different practices in accounting the budget expenditures, there are

considerable funds that have directly or indirectly ended up at the accounts of non-governmental organisations, but have not been noted with this research. For example, the allocations for construction, reconstruction or maintenance of sports venues or premises owned by municipalities or cities that are partially or fully leased without charges to the non-governmental organisations are not registered as financial support to non-governmental organisations. In the same way, for example reconstruction or repair of religious buildings, considerable funds are allocated for religious organisations which, per their structure and mission, belong to the civil society. In order to be able to identify precisely the funding allocated from public funds for financing the non-governmental sector it would be necessary to carry out a complete financial revision of the models of consumption of the public funds of the entire governmental sector.

The cross references on accuracies of the data collected have been carried out in two ways: i) by comparing the submitted financial indicators in the questionnaires with the financial indicators in the available reports on the 2007 budget implementation/execution; and ii) by comparing the collected data with the indicators of the Independent Bureau for Humanitarian Issues (IBHI) ⁽⁸⁾.

The cross-references on accuracy of the data collected on funds provided for the work or projects of the civil society organisations indicate that there are certain deviations, i.e. that

⁽⁸⁾ In the period December 2007 - June 2008, IBHI also collected data related to the funds provided to non-governmental organisations from the local budgets in 2007

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the data are not fully standardised. The reasons are the lack of standardised practice in accounting of the funds as well as lack of standardised practice of analytical reporting. The greatest difference occurs in relation to the funds allocated for the associations dealing with social welfare/protection and culture and art. However, in general, these deviations are in the range of 2 - 3%, which in no way reflect significant statistical inaccuracy.

2.3. Course of action

As emphasised in the previous chapter, having defined the research methodology, the activities related to the development and design of questionnaires followed and were completed in close cooperation with the responsible staff within the Civil Society Development Program of the Delegation of the European Commission to BiH.

After the approval of the questionnaires and completed pilot research phase, the survey questionnaires were sent via e-mail, fax or regular mail to all of the 156 addresses in the period from 15 to 21 April 2008 with a deadline for return of the filled questionnaires within a period of three weeks. Only some 30 filled questionnaires were returned within the set deadline.

Following the expiration of the deadline, all addressees that did not return the filled questionnaires were contacted three times in the pe-

riod between May 7 and June 2, 2008 in order to remind them to submit the requested data.

However, after all the reminders, the number of submitted questionnaires hardly exceeded 50%. Therefore, in agreement with the Delegation of the European Commission to BiH, an official request for submission of the requested financial information was repeated, this time quoting the Law on the Right to Access to Information.

Even though all the attempts were made to collect the requested information (through the information offices of different Governments, office of the Prime Ministers, etc), of 14 governments that were approached (10 cantonal, 2 entities, Brčko District government and the Council of Ministers), responses were received from only 6 cantons, Brčko District government and Republika Srpska Government after more than six months. Most of the Cantonal Governments justified their lack of response by the holiday season, complicated and slow procedure of collecting data from some ministries; as well the absence of responsible persons who were the only ones authorised to provide the requested data.

Of the 142 municipalities in BiH, 118 (or 83.10%) of them have taken part in this research by submitting the filled questionnaire through regular mail, fax or e-mail or have provided the requested information through a direct interview during the visits to these municipalities. Regardless of all the attempts (written requests for submission of the data sent three

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times with 4 – 5 follow up telephone calls), the requested data have not been provided by 24 municipalities (16.90%) even after six months. Some attempts were made through the Association of the Municipalities and Cities in the Federation BiH and Republika Srpska to submit the filled questionnaires or to make an appointment for a direct meeting with the researchers, however with little success.

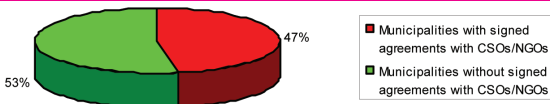
3. Key findings

3.1. Institutional cooperation between governmental and non-governmental sectors at municipal level



Generally speaking, the development of the institutional cooperation between governmental and non-governmental sectors at municipal level in BiH is still nascent.

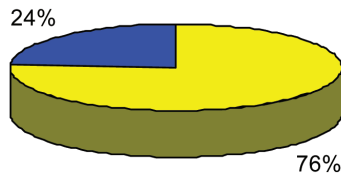
According to the research, 67 municipalities in BiH have signed the Agreements/Protocols on cooperation with non-governmental organisations that are active in their municipalities which represents 47.18% of the total number of municipalities in BiH.



This number represents an exceptional step ahead in the establishment of the institutional cooperation between governmental and non-governmental sectors in BiH. The very fact that almost half of the municipalities in BiH have accepted the initiative for establishment of dialogue and institutional mechanisms of cooperation with NGOs without the pressure of the international community represents a huge improvement.

Of 67 municipalities that have signed the agreement with CSOs/NGOs, 50 of them have done this within the campaign organized by the Centre for Promotion of Civil Society (CPCD). 17 of the surveyed municipalities have stated that they have signed the agreement on their own initiative.

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- Municipalities that signed agreements during the CPCD campaign
- Municipalities that signed agreements at own initiative

If we compare the situation regarding this matter with only a few years back, it can be concluded that huge steps forward have been made. This achievement has certainly to be credited mostly to the Centre for Promotion of the Civil Society (CPCD) and the coalition “To Live and Work Together” that have been the main implementers of the initiatives. Besides the fact that through their initiative a formal cooperation has been established between the local self-government institutions and civil society (9) in 50 municipalities in BiH, the more important result of this initiative is the fact that 43 of these municipalities have assessed the impact of the establishment of the cooperation with civil society as exceptionally positive. The most frequently quoted positive results of the Agreements are:

- improvement of cooperation and trust between municipalities and non-governmental organisations;
- introduction of a more transparent mechanism for disbursement of funds from local budgets;

(9) The remaining 17 municipalities have signed the Agreement at their own initiative as a part

- more transparent procedure of selection of non-governmental organisations and projects to be financed by municipal budgets;
- improved effectiveness of projects financed by municipal budgets;
- the possibility for joint planning of co-funding of projects supported by international aid.

Most encouraging is the fact that the CPCD initiated a process of change of awareness among the representatives of the municipalities on importance of establishment of a dialogue between governmental and non-governmental sectors. It is exceptionally positive that of 70 municipalities that participated in the research which have not signed the agreement/protocol on cooperation, 38 of them (55%) have stated that their municipalities intend to sign an agreement on cooperation with the non-governmental organisations working in the territory of their municipalities in the following 6 months.

However, all these undoubtedly encouraging facts should be taken with certain amount of caution. It is still clear that the dominant attitude maintained at the local level is that the establishment of dialogue between governmental and non-governmental sectors should primarily come as a consequence of the initiative of the non-governmental sector. When asked how to improve the cooperation between the governmental and non-governmental sectors and to create better impact on lives of citizens, of 118 surveyed municipalities, 63 of them (or 54.00%) have emphasised that the pre-condi-

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on for this is greater engagement of NGOs and their stronger initiative towards the municipalities, better coordination among NGOs themselves or more professionalism and transparency in NGO work. With regards to the contributions of the municipalities to the establishment of cooperation with civil society, the most dominant attitude among the surveyed municipalities relates to the necessity of increasing available funds for financing NGO projects (49% of the surveyed municipalities) as the most relevant contribution that the municipalities can give towards the establishment of better cooperation with civil society. Once more, these data confirm the statements often heard in communication with the representatives of the governmental sector which reflect in such a revealing manner the lack of understanding of the essence of cooperation, as well as and the deeply rooted lack of trust that exists between these two sectors. Such an attitude is based on opinions that the financial means, i.e. distribution of the funds, represent the basis of all problems in contemporary BiH society, including the relation between governmental and non-governmental sectors, while completely disregarding other aspects and benefits of this cooperation. Such an opinion of the governmental sector is frequently supported by some NGOs, most frequently those with general orientation and mostly “donor oriented” (10) only interested in funds. Among most the stakeholders on both sides, the understanding of the signed agreement and need for cooperati-

(10) NGOs that change their mission according to the changes in trends and needs of donors and which have very poor connection and rootedness within local community.

on are in general reduced to the regulation of distribution of the funds. In none of the municipalities does the process of distribution of the funds from municipal budgets include a professional and transparent assessment of the needs of local population, while the priorities are set exclusively in accordance with political criteria. This research has not identified the existence of all instruments of monitoring and evaluation of the projects and activities, or the agreement implementation in any of the municipalities. 51 municipalities have responded to the questionnaire item on monitoring and evaluation that they possess mechanisms for monitoring and evaluation of projects. However, the responses to the following items in the questionnaire have indicated that in most of the cases their understanding of the monitoring relates exclusively to the control of the use of funds received from the municipal budgets. Only few of the surveyed municipalities have been able to list the indicators used for monitoring and evaluation of projects financed from the municipal budgets.

Only 6 municipalities (or 5.1%) of the respondents have demonstrated an overall understanding of the issue of establishment of cooperation between governmental and non-governmental sectors and have provided a few interesting recommendations for improvement of cooperation. These include:

- the need for a change in the Law on Distribution of Public Revenues;

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- the adoption of the Law on Voluntarism (at the Federation BiH and BiH levels);
- the establishment of financial sustainability of NGOs through adoption of the Law on financing NGOs;
- an initiative for sports associations and clubs to be registered on different grounds/basis, as well as to arrange their financing in a different manner from the existing one.

Other suggestions have been of a more general type, emphasising a need for improvement of mutual trust and cooperation, development and adoption of written procedures and criteria, improvement of quality of projects and better monitoring.

The research has also indicated that the formalisation and institutionalisation of the cooperation between governmental and non-governmental sectors have also been faced with significant problems in practice. Joint bodies (11) consisting of the representatives of municipalities and local NGOs tasked with defining priorities to be addressed with the activities of local NGOs and supported by local budgets have been formed in only 31 municipalities in BiH. It is interesting to note that 10 municipalities that have not signed an agreement or protocol on cooperation with NGOs have stated to have formed a joint body consisting of the representatives of municipalities and local NGOs responsible for improving cooperation with civil society, meaning that in 16 municipalities in BiH that have signed an agreement or protocol

(11) These data have to be considered with caution since they were obtained through the survey with municipalities, but were not been cross-referenced with NGOs that are active in these municipalities.

on cooperation, there are no established bodies for coordination with NGOs.

The responsibility for the fact that there are no more municipalities with established social and political dialogue with the non-governmental sector cannot be solely explained by on the municipalities' lack of readiness to form a joint coordination body and develop priorities to be addressed through a joint action. While responsibility for the signing of agreements or protocols is the responsibility of the municipal administration, when it comes to the establishment of a joint coordination body the responsibility lies with the non-governmental organisations themselves. To the knowledge of the research team, only in Tuzla is there a functional municipal network of local non-governmental organisations (12) that are prepared to a certain extent to unify different interests and, as such, to approach the local administration as partners in defining local priorities to be addressed through the local (municipal) budget. There have been attempts for organising similar reference groups in other regions of BiH, but the results have been far less successful than those accomplished in Tuzla region. It is possible that in some smaller places in BiH there are networks that function at the local level. But in general the fact is that considerable responsibility lies with the non-governmental organisations for initiating more joint bodies at the local level consisting of representatives of local self-government and civil society (13).

(12) Referent group Tuzla.

(13) Here one should not confuse individual NGOs and sectoral networks which have developed an exceptional cooperation at the local level with the governmental sector.

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The general impression gained during interviews both with the representatives of municipalities and NGOs is that lack of knowledge and know-how, more specifically insufficient understanding of the issues related to the development of a society and its mechanisms, lack of clear vision for BiH society and lack of values that BiH society strives towards on the part of both sides, represents the main causes of impediments in achieving faster establishment of the dialogue and cooperation between governmental and non-governmental sectors at the local level. It can be concluded that there is a political will at the local level for this dialogue and cooperation to happen, but lack of knowledge, leadership and initiative are the chief obstacles to their establishment. Only in this way can the relatively successful initiative and action of CPCD be explained. As a matter of fact, through their initiative, CPCD has offered a vision, the tools for implementation of this vision as well as the leadership. This has been recognized by both the governmental and non-governmental sectors at the local levels and has been sufficient to open up the process of establishment of dialogue and cooperation. The results achieved so far should neither be exaggerated nor minimised. Considering the lack of democratic tradition and conservatism present particularly in smaller local communities, each step forward in this direction is a great success. However if an assessment is made on the influence of non-governmental organisations in defining develop-

ment strategies and priorities at municipal level, it must be stated that this influence is still weak, with the exception of a few of municipalities (14).

The signing of an agreement and the establishment of coordination bodies represent only the first two initial steps towards the full establishment of cooperation. This research undoubtedly indicates that the CPCD initiative has given positive results and that this process should be continued. Whether this process will be successfully continued primarily depends upon the following questions: Will CPCD manage to maintain, and even further strengthen, the coalition "To Live and Work Together", while avoiding negative tendencies associated with the monopolisation of its position in the process of the civil society development (15)? And will it succeed in developing its own resources (as well as the resources of the Coalition) to deal successfully with challenges that the next phase will bring: the establishment of a transparent system of distribution of funds from municipal budgets based exclusively on the basis of pre-defined priorities, establishment of joint monitoring of the implementation of the Agreement, and the evaluation of impact of projects funded by municipal budgets.

3.2. Allocations from municipal budgets for non-governmental sector in BiH

The analysis of allocations from municipal budgets and the amounts of funds allocated

(14) Tuzla, Donji Vakuf, Zvornik.

(15) Among some of CPCD staff there is an evident attitude that only initiatives and projects implemented within the CPCD and coalition "To Live and Work Together" are legitimate and reflect the genuine interests of civil society which leads to monopolising the right to the interpretation of the interests of civil society in BiH.

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has been done on the basis of the research undertaken over the period March – September 2008. The data on models of distribution of funds for non-governmental sector have been collected through the analysis of the questionnaire, but also through the analysis of reports on 2007 budget implementation/execution as well as the analysis of the approved 2007 municipal budgets. The data have been collected and processed for a total of 134 municipalities of 142 municipalities in BiH or 94.37%. The data for 44 municipalities have been directly received from the municipalities, while the data for 90 municipalities have been collected through the analysis of their 2007 budgets or the reports on the execution of 2007 budgets (16).

Based on this research, in 2007 64,559,458.52 KM was allocated from the budgets of 134 municipal budgets for financing the work of non-governmental organisations, their programmes and projects. Therefore, since the data for only 8 municipalities have not been collected and processed, it can be concluded that the annual allocations from the municipal budgets for the non-governmental sector are in the amount of 65,000,000.00 KM. Our estimate is further supported by data collected by the Independent Bureau for Humanitarian Issues (IBHI) which, using a sample of 124 municipalities, calculated an amount of 59,435,982.05 KM allocated from municipal budgets for financing non-governmental organisations in 2007 (17).

(16) The data for a dozen of municipalities have been obtained from the Independent Bureau for Humanitarian Issues - IBHI collected within its research Allocations of governmental sector for non-governmental sector in BiH for 2007. In this way we would like to thank them once more sharing the data.

(17) IBHI - Allocations of governmental sector towards non-governmental sector in BiH for 2007, page 8

Table 1. Structure of NGOs - recipients of funds from municipal budgets in 2007.

	Number	Amount	%
ORGANISATIONS OF WAR VETERANS	122	9.656.246,79 KM	14,96%
ECOLOGICAL ORGANISATIONS	21	179.427,62 KM	0,28%
HUMANITARIAN ORGANISATIONS	72	1.812.326,25 KM	2,81%
INTEREST BASED ORGANISATIONS	55	1.209.508,63 KM	1,87%
ART AND CULTURE	92	5.756.727,60 KM	8,92%
ORGANISATIONS FOR PROTECTION OF HUMAN RIGHTS	1	11.000,00 KM	0,02%
LOBBYING ORGANISATIONS	55	642.288,40 KM	0,99%
YOUTH ORGANISATIONS	64	1.085.512,80 KM	1,68%
OTHER ORGANISATIONS	104	9.596.788,87 KM	14,87%
POLITICAL ORGANISATIONS	16	482.610,00 KM	0,75%
ORGANISATIONS OF RETURNEES	22	991.283,02 KM	1,54%
SOCIAL PROTECTION	61	6.049.677,15 KM	9,37%
SPORTS ASSOCIATIONS	124	26.315.298,20 KM	40,76%
RELIGIOUS ORGANISATIONS	26	770.763,18 KM	1,19%
TOTAL		64.559.458,52 KM	100,00%

The analysis of the profile of the non-governmental organisations financed from the municipal budget indicates that most of the funds are allocated for sport associations (40.76%), followed by the associations of war veterans (14.96%), organisations dealing with social protection issues (9.37%) and culture and art (8.92%). The least funds are allocated for human rights (0.02%) and environment protection (0.28%). While out of 134 surveyed municipalities, 124 municipalities allocate funds for sports associations and 122 municipalities allocate funds for associations of war veterans, only

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one municipality allocates funds for human rights organisations. 21 municipalities allocate the funds for ecological activities are allocated in, while only 22 municipalities allocate funds for returnee associations.

The analysis of the types of organisations funded from municipal budgets indicates that organisations with an explicit national-ethnic component have priority to those that promote universal values. Hence, the local sport associations, associations of war veterans or culture and art associations with a predominantly national character are funded with 41,728,272.59 EUR, i.e. 64.64% of the total amount of allocated funds for the non-for-profit sector, while organisations that deal with ecology, humanitarian work or youth are funded with only 3,088,266.67 EUR, i.e. 4.78% of the total amount of the funds allocated from municipal budgets for non-governmental organisations. Also, while it is evident that even though a great number of municipalities have identified local economic development, employment, tourism and education as priorities in their cooperation with non-governmental sector, the amounts of funds allocated for these sectors are almost negligible.

Funds from municipal budgets are allocated in practice on the basis of several models:

The first model takes the form of providing a certain number of NGOs active in the territory of the given municipality the status of organisations of special interest for municipalities. Then, on the basis of a recommendation of the committee appointed by the Mayor, as well as

on the basis of a decision adopted by the municipal council, certain funds are allocated in the municipal budget for the following year for funding these organisations. Currently in BiH legislation there is no explicit legal definition of a non-governmental organisation of special public interest, i.e. non-governmental organisations that perform activities of public interest and work for general public benefit (Public Benefit Organizations - PBOs). In practice, this means that it has been left to the municipalities themselves to regulate their internal practices in relation to the organisations that are founded to meet the needs of their membership (Mutual Benefit Organizations - MBOs). Due to the fact that there is no legal definition of non-governmental organisation of special public benefit, there are opportunities for manipulation at the local level.

In most municipalities there is not even an official decision-making process for proclaiming an NGO as an organisation of special public interest for the municipality, nor written criteria and procedures for applying for the status of an organisation of special public interest. Most frequently, the status of NGOs of special interest for the municipality is determined on the basis of an unwritten tradition that those organisations which are funded directly from the budget have inherited their status from the previous administration. None of the surveyed municipalities has indicated that in their municipalities there are published and publicly available set criteria and procedures for applying for the

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status of an organisation of special public interest. The organisations that receive the funds on these grounds, with no more than an anticipated general programme of work, are not obliged to define objectives/results that will be achieved with the funds provided or indicators to measure their impact.

Based on the questionnaire results in 118 of the surveyed municipalities, 71 municipalities (62%) allocate funds based on this so-called model. Of the total amount allocated from the municipal budgets to non-governmental organisations 57,644,202.58 KM (89.29%) are distributed through this approach. Only in 23 municipalities (20.18%) are there defined maximum amounts that can be allocated from the budget in this way, while the remaining 91 municipalities do not have defined maximum amounts that can be allocated to NGOs of special interest to the municipality. In this way a system for distribution of funds to privileged NGOs has been created which lacks transparency but, at the same time, is fully legal.

This approach of distribution of funds from municipal budgets for funding the work of NGOs is very often mixed with another approach – funding NGOs on the basis of the programmes of work they offer. In principle, this model involves NGOs submitting their requests for annual financial support for their programme of work on the basis of a public call for applications (or even without it) during public discussion on municipal budgets. This model is applied in 61 of the 118 surveyed municipaliti-

es (52%) and in this way 3,727,534.00 KM or 5.77% of the total amount allocated from municipal budgets to NGOs are distributed. In 49 municipalities there is no set maximum amount that can be provided to a NGO from the municipal budget on the basis of the proposed programme of work. In most of the municipalities the maximum amount is between 10,000.00 and 30,000.00 KM, but there are municipalities that have distributed funds on this basis to NGOs up to as much as 200,000.00 KM.

94 or 80% of surveyed municipalities stated they did not have the written criteria for allocation of funds from municipal budgets to NGOs on the basis of their programme of work. The most often cited criteria for selection of NGOs to be awarded with funds on the basis of the programme of work have been: public interest, interest of municipality, relevance for local community, membership base, compatibility with other municipal programmes, importance and role of NGO, continuity of work, etc. However there are no officially defined criteria used in appraising the contribution of the project/programme to the interest of the municipality, local community or the importance of the NGO.

The third model for allocating funds is based on public tenders or submission of project proposals. According to the results of the survey, this model is applied in 72 of 118 surveyed municipalities (61%). Nevertheless, the smallest amounts of funds are distributed to the non-profit sector through this model. In 2007, 3,187,721.52 KM, or just 4.94% of the to-

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tal amount of funds allocated to non-governmental organisations from municipal budgets were distributed on the basis of this model. However, the data on the number of municipalities that distribute the funds on the basis of public tender and call for project proposals should be considered with serious caution. In practice, this model very often represents a formal cover-up for the distribution of funds, without actually intending to select projects on the basis of merit in terms of their ability to address set priorities and objectives. The most frequent excuses are that the quality of the proposed projects is very poor and that no set procedure will contribute to their improvement. In most of the municipalities that allocate funds on the basis of calls for project proposals this is done on the basis of the Decision on criteria, models and procedure for allocation of funds. This Decision defines only in principle the criteria and model of funds distribution. Actually, the criteria come down to determining the percentage of weighing such as: quality up to 30%; references up to 20%; contribution to wider community up to 20%; own contribution up to 30%, while there are no further definitions and explanations of the criteria for quality, references or community contribution.

Furthermore, in most cases, the whole process is made even more absurd by the fact that the criteria, models and procedures for distribution of funds are not defined in any kind of application form that NGOs need to complete when applying for municipal funds. Therefore

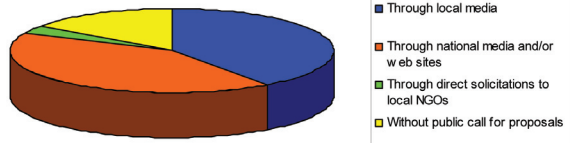
the members of the Selection Committees for projects funded from municipal budgets are driven by personal interests and arbitrary assessments, rather than objective criteria and facts.

According to this analysis, only 5-6 municipalities in BiH have fully developed criteria and procedures that can be considered as satisfactory and meeting EU standards for awarding grants to NGO projects. In these cases, the programme priorities and criteria for selection of projects (18) are precisely defined in the public call for project proposals, advertising through the media is designed to reach all interested NGOs, scoring is precisely defined, and the assessment team have the expertise and experience to make objective decisions.

Of 72 municipalities that stated in the questionnaire that they distribute the funds on the basis of this model, 11 of them (15.27%) do it without a public call. This most likely means that project proposals can be submitted throughout the whole year, while the decisions on selection of projects are made on an ad hoc basis. In 2 (2.78%) of the cases, the call for project proposals is sent in writing directly to the addresses of NGOs active at the local level. In 29 municipalities (40%), the public call for project proposals is posted on information boards and/or published or broadcast by local media, while in 30 municipalities (42%) the public call for project proposals are posted on the municipal web site and/or national media (Dnevni Avaz, Oslobođenje, Dnevne novine, Nezavisne novine, Glas Srpske).

(18) Criteria for determining technical capacities, relevance of the programme priorities (justification, target groups, beneficiaries), methods, sustainability, budget.

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According to the municipal administrations, the project-based approach to the distribution of funds from municipal budgets to NGOs is not the most adequate way for achieving programme objectives and priorities. This is further supported by the fact that in many municipalities, despite the existence of regulations on project selection, these are not respected and the funds are distributed in equal amounts among all organisations that have submitted project proposals. In principle this means that a municipality that has allocated in its budget 50,000 KM and received 50 project proposals, each of these 50 projects will be awarded with 1,000.00 KM without any regard to the objectives or potential impact of individual projects. This grant awarding principle of “giving a little bit to everyone“ is applied in 46 of 72 (63.89%) municipalities that state that they award funds on the basis of this model. In addition to this, in 21 municipalities (29.17%) the maximum amount that can be awarded to a project is limited to 5,000.00 KM.

Interviews with municipal representatives revealed that in general they do not regard local NGOs as capable of contributing significantly to the implementation of municipal priorities and that, by applying the principle “a little bit to

everyone“, their primary interest is to ameliorate the pressure they constantly have from NGOs requesting funds. From their point of view, this approach is very logical and justified. The fact that through this approach the public (municipal) funds are spent without regard to the impact on citizens themselves is not perceived as problematic to them. After all, these funds stay in the local community. In fact, the “a little bit to everyone“ approach is regarded as an ideal model for siphoning public funds from municipal budgets towards public or state institutions or private pockets, since 90% of the funds awarded to NGOs through this model are used for rental of premises and communication costs (telephone, internet) or stipends to engaged staff.

This information further confirms the conclusion that only 5-6 municipalities in BiH have developed a model designed to address the needs and issues of local communities through NGO activities, and to accomplish concrete results and impact.

3.3. Institutional cooperation between governmental and non-governmental sectors at cantonal, entity and state levels

Currently in Bosnia and Herzegovina there is no clear idea among the governmental sector on the importance of civil society and its contribution towards general social well-being. The governmental sector has very little understanding of the issues of civil society, hence

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the lack of normative regulations of the terms “public“ or “general interest“, not to mention normative regulations of benefits for organisations that frequently take over the implementation of the activities that, without NGOs, would have to be implemented by the central or local authorities.

The Constitution and Law on Associations of Citizens and Foundations guarantee the right to free association, but there are no regulations that direct the cooperation between governmental and non-governmental sector in BiH.

Within the rigid bureaucratic apparatus in BiH there is still a predominantly conservative understanding of the role of the state as regards societal relations. According to this rigid understanding inherited from the one-party system, the state sector is the only forum within which policies are developed, and the administrative apparatus is primarily there to serve the interest of the current dominant political majority. The mistaken thesis that the role of the governmental sector is to govern, and not to serve the citizens that have given them their elective mandate, still persists.

As far as cooperation between the governmental and non-governmental sectors is concerned, the former does not recognise the currently predominant opinion within the non-governmental sector in its primary role in society as a complementary check on governmental authority. There is no doubt that the watch-dog function of the civil society is very important, but it is a completely wrong to reduce civil so-

ciety's role as watch dog, whose only function is to wait for the governmental sector to offer solutions to social challenges and then to take a position against or for them.

Based on the analysis of the questionnaire items on the level of cooperation between governmental and non-governmental sectors at the cantonal level, it can be concluded that there is no form of institutional cooperation at the cantonal level. In none of the cantons is there a signed cooperation agreement/protocol on cooperation with the non-governmental sector. Further, there is no any established body consisting of representatives of the governmental and non-governmental sectors which is able to coordinate dialogue between the two sectors. None of the Cantons that submitted completed questionnaires list the reasons why the dialogue and institutional cooperation with the non-governmental sector has not yet been established. Also, none of the Cantonal governments are positive that there has been an intention to sign an agreement/protocol on cooperation with non-governmental sector in the next six months following this survey.

The model of distribution of funds from the Cantonal budgets is almost identical to the methodology used at the municipal level. As in the case of most municipalities, only NGOs that are registered in the Canton are eligible to apply for funds. Such an approach to cooperation with the NGO sector, though fully legal and legitimate, depicts in a picturesque way the level of lack of understanding of the core of civil society

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and cooperation between the two sectors. The cause of favouritism of local non-governmental organisations lies in a complete misunderstanding of the role of non-governmental sector. The meaning and purpose of the non-governmental sector are not the existence of it for the sake of itself, but primarily for meeting the needs of their membership/constituency and articulation of a wider public interest. As the basic purpose of the governmental sector is to provide quality services to citizens, so is the purpose of civil society to, in cooperation with governmental sector, articulate, promote and meet the needs of citizens in those spheres where the governmental sector has proven to be less effective or efficient in meeting the needs of citizens. In any case the purpose of the existence of both sectors is to meet the needs and necessary services to citizens. Therefore the reasons for their existence exist while they efficiently meet their societal roles.

Thus it is necessary to shift the focus of the governmental sector from NGOs, themselves citizens, i.e. the services that NGOs provide. In practice this means that one has to distinguish between NGOs that work for public benefit from those organisations that work exclusively for the benefit of their membership. Also, it is necessary to move from financing administrative costs of NGOs that are currently dominant when it comes to the use of funds from public budgets, to financing the activities of NGOs that meet specific needs of citizens, and where it is completely irrelevant which NGO provides

the service. The key to the distribution of funds from local budgets and basic criteria should be the quality of services, efficiency and impact accomplished for the benefit of the target groups, and not the place of registration or head office of the organisation. If indeed they have relevant local expertise and low administrative costs, for sure local NGOs will have a competitive advantage when applying for project funds at the local level. The very awareness that they are competing with other NGOs can force them to strengthen their competitive advantages and offer better quality services.

Such an approach in no way negates the need for the governmental/public sector, nor the role of international actors in the participation of creating an enabling environment for the development of civil society in BiH. This so-called programme/project approach directs its support to those NGOs that have proven capacity to effectively participate in the identification of local communities and citizens' needs, and to offer satisfactory response to them. Such an approach will in no way lead towards elimination of local NGOs. It will rather open the process of professionalisation and profiling of local NGOs towards the needs of citizens while the location of registered seat of NGO will become irrelevant.

Further, as in the case of municipalities, cantons demonstrate no clear procedures and criteria for selection of projects to be funded from cantonal budgets. In the best case, such as in Brčko District, the legal base for project

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selection is the Decision on Determining Criteria for Co-funding Programmes and Projects of Associations of Citizens. This document defines only in principle the criteria and principles to guide the members of the Selection Committee in selecting projects to be recommended for funding. In practice the members of the committees that are appointed by ministers, due to lack of clear criteria and programme priorities, assess the relevance of projects on the basis of their own interests and criteria which potentially opens opportunities for a wide area of misuse and corruption.

When it comes to the entity level, since the Government of the Federation of BiH has not provided a completed questionnaire, it has not been possible to prepare a detailed analysis of the level of cooperation that would encompass both entities.

In case of the Republika Srpska (RS), currently there is no agreement that regulates the issue of cooperation between the Government of the Republika Srpska and the non-governmental sector. Nor has the RS Government expressed an intention to sign such an agreement in the following six months. Also, in Republika Srpska at the entity level there is no body consisting of the representatives of the Government of RS and non-governmental sector that would coordinate this cooperation. The funds from the RS budget are distributed primarily directly either to organisations that are considered to be of special public interest for RS, or on the basis of a submitted programme

of work. There is no standardised methodology applied in allocation of funds to NGOs at the level of the Government of RS. Each ministry is independent in deciding models of distribution of funds on the basis of Regulation on Procedures for Allocation and Suspension of the Status of Associations of Special Public Interest and the Rules for Allocation of Financial Assistance. Hence it may be the case that one Ministry allocates funds to only those NGOs that are registered in RS territory, while another ministry allocates funds to all organisations that are active in RS. Most of the funds from the RS budget are allocated for sport associations (3,606,120.00 KM), and in second place for the associations of war veterans (657,215.00 KM). The allocations for the remaining organisations amount to 3,606,120.00 KM. On the basis of a public call for proposals no funds were allocated from the RS budget for 2007. In the case of RS it has also been confirmed that the governmental sector still has deeply rooted distrust in the non-governmental sector. The Government of RS has still not recognised the level of societal importance and contribution of the organisations that work for public benefit, hence when it comes to financing the non-governmental sector, priority is still given to membership organisations (sport and war veteran associations). This approach is further supported by the amounts of funds allocated to non-governmental organisations from the RS budget. While the minimum amount allocated to the war veteran or sport associations is 10,000.00

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KM, the average amount of funds allocated to, for example, humanitarian organisations and organisations of displaced persons and returnees is just 1,500.00 KM. It is very difficult to imagine the feasibility of any programme, even a project based on 1,500 or 2,000 KM, allocated to, for example, the Association of Romas “Veseli Brijeg” or “Day Centre for Elderly Persons of Banja Luka”.

According to the statements of interviewed representatives of the NGO sector in RS, the situation is similar to FBiH. The same practice of approving 1,000 – 2,000 KM for an annual programme whose implementation requires a minimum of 25,000-30,000 KM exists in the FBiH. This further proves the view that in general the governmental sector in BiH does not recognize the importance of the NGO sector for the public good and that the need for institutional cooperation is only perceived as a way to regulate the distribution of public funds and thus decrease the pressure from NGOs for governmental funding.

As for state level support, it should be emphasised that the Council of Ministers of BiH has not provided responses in official form. However through contacts with the Deputy Minister in the Ministry of Justice of BiH in charge for cooperation with NGOs, as well as with representatives of the Board of BiH Civil Society, it has been possible to gain a good overview of cooperation between the governmental and non-governmental sectors at the state level.

Again thanks to the initiative of CPCD and the coalition “To Live and Work Together“ in May 2007 the Agreement on Cooperation between the Council of Ministers of BiH and non-governmental sector of BiH was signed. The Agreement in itself represents an exceptional success and a huge step forward in the establishment of institutional and legal framework for dialogue and cooperation of governmental and non-governmental sector in BiH. In its content and character, the Agreement is a memorandum of understanding, not legally binding (19). Apart from the declaration on commitment to strengthen their roles and responsibilities in fulfilling their duties in the development and provision of public policy, the Agreement does not define any responsibilities of the governmental sector outside of the scope of the road map and responsibilities that the state of BiH needs to implement within the Stabilisation and Accession process.

However, despite this, the Agreement should be saluted as the first step in defining the legal and institutional framework for cooperation between governmental and non-governmental sector. Within this context both parties have agreed to initiate the establishment of the bodies that will facilitate this process. Thus, the Council of Ministers has undertaken responsibility to establish the State office for Cooperation with the Non-governmental Sector and the Council for Civil Rights, while the signatories of the agreement on behalf of non-governmental sector have undertaken responsibility for the

(19) Article 2 of the Agreement between Council of Ministers and non-governmental sector in BiH.

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establishment of the Civil Society Board as the basic vehicle for the establishment of institutional cooperation between the Council of Ministers and civil society.

As for the fulfilment of these responsibilities, the Council of Ministers has done almost nothing to initiate the establishment of the State Office for Cooperation with Civil Society. The appointment of just one person in the Ministry of Justice of BiH to this office, regardless of her capacities and exceptional enthusiasm, can hardly fulfil the expectations and requirements for the establishment of institutional dialogue, not only with civil society but also regarding the clear requirements of the European integration processes. In this regard, the IPA programme as the key financial instrument of pre-accession assistance to the countries of the Western Balkans has clearly identified as priority objectives the development of civil society and establishment of dialogue between the governmental and non-governmental sectors. Local capacity to manage the programme of EU external aid through a decentralised approach (particularly administering grant schemes) is still not developed, Thus there is no adopted strategy for the development of a sustainable civil society, while the absorption capacities of local NGOs are still not sufficiently developed. Both these factors relate to the fact that the State Office for Cooperation with Civil Society or a foundation for development of civil society have still not been established to work systematically on the development of civil soci-

ety. As a result considerable amounts from the European funds remain unavailable to local NGOs in BiH.

As for civil society, it has initiated the fulfilment of its obligations covered by the Agreement when it established the Civil Society Board at the end of 2007 as its consultative body. However, since its establishment, the Board has been faced with the problem of defining its mandate or mission, and instruments of action. The problem of defining the Board's mandate stems from the expectations of a number of the Board members and NGOs, but also the governmental sector, that the Board be constituted as a representative body with a mandate representing the interests of civil society overall. The formation of the Board as a representative body would require the establishment of an election process, namely active and passive electoral rights and legitimating the elected representatives of civil society. Theoretically, there are possibilities to organize elections for the representatives of individual sectors within civil society. However in practice this would be impossible to implement since certain legal, technical and financial pre-conditions have not been met. Besides, any attempt to centralise or institutionalise representation of the interests of civil society overall would be in contradiction to the very nature of this sector, and would most certainly open up, in a political sense, many questions that civil society at the moment does not have answers to. Therefore within the Board itself the prevailing attitude is that that the Board should

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be defined as a forum, think tank and/or sectoral network of NGOs dealing with the development of civil society as a sector, more specifically the creation of an enabling environment for the development of civil society.

The Board should rather be constituted as a forum for dialogue where NGOs and individuals can discuss all issues of common interest related to the development of civil society in BiH. This assumes that a Board member can be any interested individual or NGO ready to give their contribution to the development of civil society. However the question regarding the defining of methods and instruments of action remains open. A body that consists of 30 members from different parts of BiH (with the possibility of increasing this number) without formal registration and sources of funding cannot be effective from the operational point of view. The demand for increased operational capacity the Board coming from the field and many NGOs reflect a growing need for resource centres that would provide support to the development of civil society. However operational the Board may become, it still cannot replace the lack of resource centres, particularly those that would support sectoral networking and dialogue.

At the moment, even though this relationship has still not been defined at a normative level, CPCD practically performs the function of secretariat or operational body of the Board. This puts the Board in a completely dependent relationship towards CPCD. However, as important as it is to regulate this relationship

between CPCD and the Board, it is equally important to establish a joint vision for the development of resource centres. To expand the number of individuals and NGOs capable to contribute adequately to the functioning of the Board, and consequently to the development of cooperation with governmental sector, the work of the resource centres should be directed towards capacity building of individuals and NGOs as well as the establishment of mechanisms of coordination.

In practical terms the institutional cooperation between the governmental and non-governmental sector at the state level does not exist. In almost 18 months since the signing of the Agreement nothing has been done to make the Agreement operational, and there has been no expansion to other levels of authorities. No annual assembly of the Council of Ministers and the representatives of civil society has been held in order to analyse the functioning of the Agreement and its development, nor does an operational plan exist. Therefore, the main priority at the time of writing seems to be the initiation of the establishment of the State Office for Cooperation with Civil Society, including the provision of technical, human and financial resources as pre-conditions for its successful functioning. Another priority is to initiate the identification of a legal and institutional framework for cooperation between the two sectors, and the development of a Strategy for the creation of an enabling environment for the development of civil society in BiH.

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3.4. Allocations from cantonal, entity and state budgets for non-governmental sector in BiH

Even though 4 cantonal governments did not submit completed questionnaires, financial indicators have been collected for all 10 cantons. The financial indicators have been partially taken from the Reports on cantonal budgets for 2007, partially from cantonal budgets for 2007 and partially from the aforementioned IBHI research. The analysis of the financial indicators collected shows that in 2007 there were 20,854,641.95 KM allocated from the cantonal budgets for financing NGOs. As in the case of municipalities, most of the funds were allocated to sports associations and associations of war veterans.

Table 2. Cantons

	Number	Amount	%
ORGANISATIONS OF WAR VETERANS	9	3.769.173,11 KM	18,07%
ECOLOGICAL ORGANISATIONS	3	98.000,00 KM	0,47%
HUMANITARIAN ORGANISATIONS	3	123.000,00 KM	0,59%
INTEREST BASED ORGANISATIONS	3	179.640,84 KM	0,86%
ART AND CULTURE	5	531.935,00 KM	2,55%
ORGANISATIONS FOR PROTECTION OF HUMAN RIGHTS	1	11.000,00 KM	0,05%
LOBBYING ORGANISATIONS	3	401.500,00 KM	1,93%
YOUTH ORGANISATIONS	2	134.136,00 KM	0,64%
OTHER ORGANISATIONS	8	5.902.400,00 KM	28,30%
POLITICAL ORGANISATIONS	1	35.500,00 KM	0,17%
ORGANISATIONS OF RETURNEES	1	9.500,00 KM	0,05%
SOCIAL PROTECTION	6	564.852,00 KM	2,71%
SPORTS ASSOCIATIONS	10	8.829.005,00 KM	42,34%
RELIGIOUS ORGANISATIONS	1	265.000,00 KM	1,27%
TOTAL		20.854.641,95 KM	100,00%

In 2007, 22,667,702.00 KM was allocated from the entity and Brčko District budgets for NGOs.

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Table 3. Entities and Brčko District

	Number	Amount	%
ORGANISATIONS OF WAR VETERANS	3	2.467.332,00 KM	10,88%
ECOLOGICAL ORGANISATIONS	0	0,00 KM	0,00%
HUMANITARIAN ORGANISATIONS	0	0,00 KM	0,00%
INTEREST BASED ORGANISATIONS	0	0,00 KM	0,00%
ART AND CULTURE	0	0,00 KM	0,00%
ORGANISATIONS FOR PROTECTION OF HUMAN RIGHTS	0	0,00 KM	0,00%
LOBBYING ORGANISATIONS	0	0,00 KM	0,00%
YOUTH ORGANISATIONS	0	0,00 KM	0,00%
OTHER ORGANISATIONS	3	14.432.570,00 KM	63,67%
POLITICAL ORGANISATIONS	0	0,00 KM	0,00%
ORGANISATIONS OF RETURNEES	0	0,00 KM	0,00%
SOCIAL PROTECTION	0	0,00 KM	0,00%
SPORTS ASSOCIATIONS	3	5.767.800,00 KM	25,45%
RELIGIOUS ORGANISATIONS	0	0,00 KM	0,00%
TOTAL		22.667.702,00 KM	100,00%

In 2007, 2,392,000.00 KM were allocated from the state budget to NGOs. This represents only 2.17% of the total funds allocated for civil society from public funds.

Table 4. Council of Ministers

	Number	Amount	%
ORGANISATIONS OF WAR VETERANS	0	0,00 KM	0,00%
ECOLOGICAL ORGANISATIONS	0	0,00 KM	0,00%
HUMANITARIAN ORGANISATIONS	0	0,00 KM	0,00%
INTEREST BASED ORGANISATIONS	0	0,00 KM	0,00%
ART AND CULTURE	0	0,00 KM	0,00%
ORGANISATIONS FOR PROTECTION OF HUMAN RIGHTS	0	0,00 KM	0,00%
LOBBYING ORGANISATIONS	0	0,00 KM	0,00%
YOUTH ORGANISATIONS	0	0,00 KM	0,00%
OTHER ORGANISATIONS	1	1.542.000,00 KM	64,46%
POLITICAL ORGANISATIONS	0	0,00 KM	0,00%
ORGANISATIONS OF RETURNEES	0	0,00 KM	0,00%
SOCIAL PROTECTION	0	0,00 KM	0,00%
SPORTS ASSOCIATIONS	1	850.000,00 KM	35,54%
RELIGIOUS ORGANISATIONS	0	0,00 KM	0,00%
TOTAL		2.392.000,00KM	100,00%

In total, in 2007 110,473,802.47 KM was allocated to the non-governmental sector from public funds at all levels. The most significant funding was provided by the municipal budgets (64,559,458.52 KM or 58.44%), followed by the entity budgets (22,667,702.00 KM or 20.52%), then cantonal budgets (20,854,641.95 KM or 18.88%), while the state budgets allocated the least amounts (2,392,000.00 KM or 2.17%).

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Table 5. Total allocations from public funds

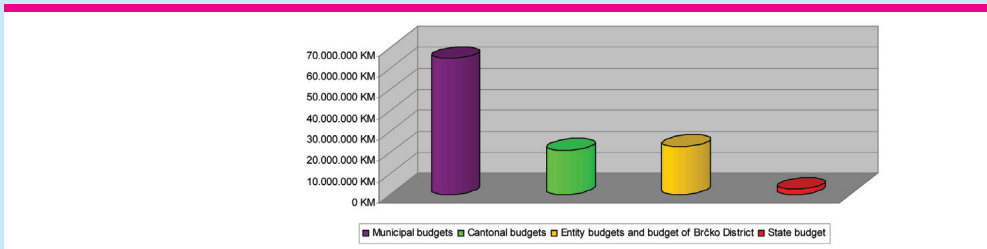
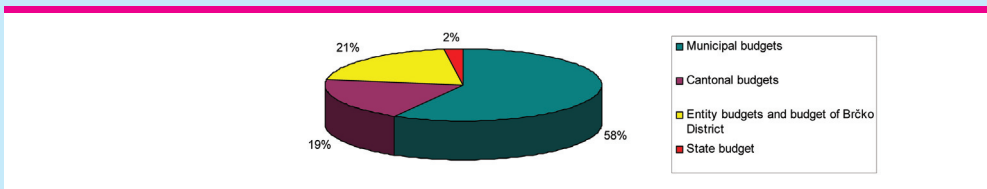


Table 6. Allocations from public budgets at all levels of governments by percentage.



4. General recommendations and lessons learned



The issue regarding the establishment of institutional dialogue and cooperation between the governmental and non-governmental sector in BiH is a very complex one due in part to the fact that the public sector in BiH is in transition, but also due to the fact that the civil sector still has not built sufficient capacities necessary to fully take on its civil role in terms of leading social and political dialogue with the governmental sector.

Even though new democratic institutions have been built on the ruins of the old socialist state institutions, primarily thanks to the efforts of the international community, they are still not functioning at full capacity. We can identify two types of underlying reasons for this – those of a technical character, and those of a political character. The political factors primarily relate to the lack of minimum political consensus regarding the future of BiH, its constitutional structure and institutional competencies. The technical factors primarily relate to the fact that the old bureaucratic structures continue as before. Only the employer has changed, while old habits and perceptions of the role of the state and the public sector in society persist. According to this unchanged attitude, the state (governmental) sector is the only place within which policy is created, and the administrative apparatus is there to serve exclusively the interests of dominant political majority. Therefore, any change can only be achieved through a change of politics, i.e. change of the ruling majority. As at the moment in BiH there is no sta-

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ble political majority nor a clear vision of the future of BiH (and such a perspective is difficult to expect in the near future), the loyalty of the bureaucratic apparatus has been fragmented into thousands of little streams dependent upon individual political preferences which, in many ways, contributes to the ineffectiveness of the state administration (20). In this environment, the non-governmental sector has been regarded as a burdensome factor, an instrument of pressure from different international factors which, through non-governmental organisations, attempt to influence local political factors. Bearing in mind the considerable brain drain among the young educated population (between 25 - 40 years of age) during and after the war, including those that were educated at the time of relative democratisation in former Yugoslavia in the 1980s, there is currently in BiH a considerable sense of a vacuum of available human potential capable of carrying out democratisation of the public sector.

The level of understanding of the process of dialogue, even at the state level, is particularly worrying. Except for a few exceptionally aware individuals, it can be concluded that the public structures are dominated by a lack of interest or motivation for any form of cooperation with civil society. This situation is further complicated by perceived or real politicisation of new initiatives.

European integration issues are the only factor still keeping alive attempts to establish dialogue between the governmental and non-

(20) What is considered as an obstruction of the state by ones is seen as a fight against domination and majorisation, while what is considered as a compromise for the sake of building the common state is considered by the others as a blackmail and exclusion.

governmental sectors in the near future. The only legal strong point that advocates of cooperation between the governmental and non-governmental sectors can call upon is the recently signed Stabilisation and Accession Agreement. By signing this Agreement BiH has committed itself to harmonise with EU legislation and standards, as well as to introduce an institutional framework for political dialogue. Since the Stabilisation and Accession Agreement has the status of an international treaty and, in relation to BiH legislation, its provisions are to be directly applied and have direct impact, it is an obligation all BiH governmental institutions to work on the development of civil society and the establishment of social dialogue.

However, it is evident that the requirements of the Stabilisation and Accession Agreement are moving very slowly towards the transformation of concrete initiatives and legal solutions when it comes to the development of civil society and establishment of social dialogue.

Further down at the local level, where an understanding of the Stabilisation and Accession process is weaker, understanding of the need for dialogue between the governmental and non-governmental sectors is correspondingly weaker. The whole meaning of cooperation with the non-governmental sector comes down to regulation of the ways of distribution of funds to “one’s own” organisations. Any positive examples of good practice at all levels are determined by the level of awareness of specific individuals.

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The situation is not much better in the non-governmental sector. In fact, it is difficult to talk about the existence of an organized non-governmental sector in BiH. NGOs that focus on the provision of specific services or those dealing with direct democratisation started appearing in BiH during the war on the initiative and with financial support of international donors, as intermediaries between the donors and final recipients of humanitarian aid. Therefore, since the early days, local NGOs did not represent local initiatives and authentic articulation of local needs and interests but were rather driven by the interests and needs of international community and individual donors, i.e. their interpretation of local needs. Throughout these fifteen years, a considerable number of local NGOs have managed to build respectable technical capacities in the provision of certain services, but very few local NGOs have managed to serve as representatives of local interests with an understanding of the role of civil society in a democratic society. All previous research of the attitudes of BiH citizens regarding NGOs has indicated that very few recognize the general social benefits of the work of NGOs (21).

(21) Ismet Sefija, "From the Civil sector to Civil Society", Berghof centar, Bern 2007.

(22) It is important to emphasize that previously the international community showed very little interest to strategically support the capacity development of LNGOs to deal with policy research and analysis.

The readiness of local non-governmental organisations to lead institutional social and political dialogue is almost negligible. There are hardly any local non-governmental organisations with serious capacities or that have indicated their intention to deal with the research and policy analysis in BiH (22). The conclusi-

ons drawn in the study “Supporting Civil Society Engagement in the BiH State Ministries of Justice and Security“, prepared by a group of civil society experts from Atos Consulting support these statements. Based on the opinion of these authors, only a few organisations of civil society are active in the field of security and justice and most of them have a very low level of understanding of the role and competencies of the Ministry of Security and Ministry of Justice of BiH. In order to effectively involve the non-governmental sector in the work of these ministries, it is necessary for relevant NGOs to exist. It is important to support the existing ones to reach their financial sustainability or support the establishment of new NGOs (23).

Further, a lack of cooperation between local NGOs and Universities and their research centres is evident. As a matter of fact, nothing has changed in the philosophy of NGOs. NGOs in the form of association of citizens existed in former Yugoslavia, but were fully financially dependent on state support. Now a single owner (the socialist state) has been replaced by another (international donors) while the loyalty to the latter is unquestionable as long as the financial support is there. The number of NGOs in BiH that challenge their ideas and missions on a daily basis “in the market place“ considerably low. Communication with the state/public sector primarily relates to the possibilities to get financial support, but without allowing the state sector to have considerable impact in the methods of working. The understanding of the

(23) ATOS Consulting - "Supporting Civil Society Engagement in the BiH State Ministries of Justice and Security" - 2008; page 102.

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need for dialogue, in particular with regards to possibilities for the civil society itself to offer solutions, is almost non-existent, except at a donor's initiative.

One particularly relevant factor in determining the capacities of civil society for institutional dialogue at national level relates to the fragmentation of the sector. Most attempts in networking among local NGOs and the establishment of networking capacities in the last 10 years have been unsuccessful. The only positive example is the Reference group Tuzla that has gathered 83 NGOs in the form of an informal network since 1996, and which was registered at the Cantonal Court in Tuzla in February 2000. Therefore, the issue of involvement of NGOs in institutional dialogue at the national level very much relates to the question of the capacities of the civil society to network and to articulate its attitudes and interests.

The above clearly lead towards a conclusion that institutional dialogue at national and entity level practically does not exist since none of the parties have sufficient capacity to lead a dialogue and none of the parties demonstrate full understanding and social benefit of institutional dialogue.

The situation at the local level is much more complicated. On the one hand there are certain positive examples of policy dialogue between some town hall administrations in Republika Srpska and some cantons in the BiH Federation and local non-governmental organisations, but there are mostly due to the personal initiati-

ve of an individual rather than systemic intention of either party. The international community's decision to exclude the local public and state structures from donor aid during and immediately after the war (24) has resulted in an alarmingly low current level of technical capacities of public institutions at the local level. Their abilities to program their work and open a dialogue with the non-governmental and private sectors in order to solve citizens' problems are negligible. Nowadays it can be concluded that there is a considerable difference in the capacities of the leading local NGOs and public institutions at local (municipal) level to the disadvantage of the latter, which practically disables opportunities for dialogue. As a matter of fact, public institutions sometimes perceive local NGOs as a direct threat to their existence, which further discourages dialogue. Only in those locations where local NGO leaders have had the wisdom to reduce this gap by including people from public institutions (municipal administration, centres for social welfare) in their capacity building programs has some level of cooperation been established. But again, these initiatives have been taken on a personal rather than institutional basis.

The key to the establishment of cooperation between the governmental and non-governmental sectors should primarily be sought in the successful establishment of understanding the importance of this process and through capacity building. Based on lessons learned, the approach that has not given the desired results

(24) During the war, where ever it was allowed to the local institutions to distribute humanitarian aid, most of the aid ended up in the hand of military authorities and local military units.

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should be changed. Tens of millions of Euros have been provided by the international community to programmes of education and capacity building of NGOs and different networks. There are almost no reports or analyses that have not stated that the impact of such projects have been very limited so far. The reasons for this can primarily be explained by the fact that very often the knowledge that NGOs acquire through trainings or workshops have not been applied in practice either due to the existing models of support of local NGOs of “special interests“ from the public funds or due to lack of international funds (25). Therefore, strengthening the capacities of civil society should be based on a new functional approach, by creating a demand for the services of civil society, i.e. financing of those NGO projects/activities that are based on local needs. This would open up possibilities for meeting different needs of BiH citizens through the activities and services that would be offered by NGOs, which would be partially financed by the governmental sector, and partially by the beneficiaries of the services. The best examples of this practice is the distribution system of pharmaceutical goods which also includes private pharmacies that meet legally defined standards and criteria set by the state, and where the citizens themselves contribute to the costs involved.

(25) Most bilateral donors have their permanent "local partners" and do not initiate public call for proposals.

In BiH there have been many examples of successful pilot projects that have been recognized by the public sector and that have been

in some way absorbed by the state. To mention only a few initiatives to demonstrate successful cooperation between the governmental and non-governmental sectors: family health clinics, Step-by-Step pre-school program, shelters for victims of domestic violence, business incubators for small and medium enterprises, etc. These have been all successful initiatives of NGOs that started as pilot projects with financial assistance of international donors, which are nowadays successfully continued in cooperation with the governmental sector through material and technical assistance. However, while there are many more initiatives that have proven to be exceptionally successful and effective in their pilot phases, but have failed in the long run due to the lack of recognised institutional instruments of cooperation on the part of the governmental sector.

In practice this would mean that the 110,000,000 KM that have been allocated annually by the public/governmental sector should be used to strengthen those initiatives of NGOs that have proven very effective through the piloting phases or those initiatives that will bring new and effective ways of meeting the needs of BiH citizens.

For this reason it is necessary to establish the institutional cooperation between governmental and non-governmental sectors in BiH.

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5. Recommendations

The development of civil society and strengthening of social and political dialogue in BiH has to be based on two pillars: i) the development and strengthening the capacities of the governmental and non-governmental sectors to continually work on the establishment of mutual cooperation, and ii) the creation of adequate legal and institutional frameworks that would enable the development of civil society and mutual cooperation.

Strengthening the capacities of the governmental and non-governmental sectors should be approached through the fulfilment of the following priorities:

- Making a distinction between the status and privileges for those organisations dealing with the issues of public (general) interest, and those organisations that work to meet the needs of their membership;
- Establishing regulations and criteria for financing NGOs from public funds in BiH;
- Standardising and harmonising local practices which relate to the procedures for financing NGOs and selection of projects;
- Support to the establishment of sectoral networks;
- Development and strengthening of local resource centres in BiH, particularly sectoral ones;
- Development of think tanks that will do research and analysis of public policies and initiation of basic research into the needs of citizens of BiH;



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With regards to the development of the legal and institutional framework, the priorities in the forthcoming period should be as follows:

- Defining an adequate legal and institutional framework that will be enabling for the development of civil society;
- Development of a strategy for the establishment of an enabling environment for the development of civil society;
- Establishment of a State Office for Cooperation with Civil Society and a Council for Civil Society;
- Establishment of instruments and mechanisms for coordination between the State Office for Cooperation with Civil Society with ministries within the Council of Ministers, and also with the entity ministries;
- Establishment of instruments and mechanisms of coordination between the State Office for Cooperation with Civil Society with sectoral networks within civil society;
- Development of capacities of the State Office for Cooperation with Civil Society to coordinate the EU external aid programmes for civil society development; and
- Establishment of a Foundation for Civil Society Development.

5.1. Making a distinction between the status and privileges for public (general) benefit organisations in relation to membership based organisations

Current practices in BiH, when it comes to privileges for operations of non-for-profit organisations, do not make a distinction between non-governmental public (general) benefit organisations and organisations that are established to meet the needs of its members (Mutual Benefit Organizations). The practice of most Western European countries is to favour the activities of public benefit organisations through laws on tax on profit or tax on income of citizens in such a way that tax benefits are provided to legal and physical entities that finance the activities of public benefit organisations.

5.2. Regulating the ways and criteria for financing NGOs from public funds in BiH

As stated in previous chapters, the ability of local non-governmental organisations to lead institutional social and political dialogue is almost negligible. There are almost no local non-governmental organisations that have serious capacities or that have demonstrated ambitions to deal with research and policy analysis in BiH. The reason is in part related to the fact that most non-governmental organisations have not regulated their financing. Instead of dealing with public interest issues or meeting the needs of their membership, local NGOs are

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dealing with their immediate survival, i.e. identifying funds. Therefore it is necessary to systematically solve the issue of financing, particularly for those organisations that perform activities which, in their absence, would fall under the responsibility of central or local government. Also, this initiative should limit the financing of sports associations, in particular those with professional sections. Very often, the practice of covering the costs of the activities of such sports associations is transferred to the central or local authorities, while the majority of these organisation's income (from sale of professional sportsmen to better off clubs) end up in the private pockets of sports managers. Certainly, modalities for financing organisations that promote sports should be identified, particularly for those which address youth, but a distinction has to be made between such sports associations and those with professional sections which everywhere else in democratic societies have to be registered as businesses.

5.3. Standardisation and harmonisation of local practices regarding procedures of financing NGOs and selection of proposed projects

This study has clearly indicated that only a small number of self-administration units allocate funds on the basis of pre-defined priorities and objectives through a public tender with clear and publicly known criteria. Only a few

municipalities have fully developed criteria and procedures for allocation of grant funds for projects of NGOs which would meet EU standards. This means that the programme priorities and selection criteria of projects to be financed are clearly defined in a public call for proposals, that the scoring of projects is precisely defined, required qualifications, competencies and experience of assessors are defined, and that the public call for proposals is published in the media thus enabling all interested NGOs to access it. At higher level of authorities this method of allocating funds is not known at all. In the Agreement signed with non-governmental sector, the Council of Ministers has taken on the obligation for determining modalities of the allocation of funds according to transparent and consistent criteria. In addition, in cooperation with the non-governmental sector the Council of Ministers has taken on the obligation to initiate a procedure for the lower levels of authorities to do the same. Therefore, besides developing and adopting the Good Practices and Codes of Conduct, the recommendation is to continue with the grant project “Reinforcement of local democracy – Sustainable development of the non-governmental sector in BiH” that would further encourage the self-government and administration units to allocate the funds on the basis of public calls for proposals with articulation of clear and publicly known criteria.

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5.4. Support to establishment of sectoral networks

The only possible way to establish policy dialogue and cooperation between the governmental and non-governmental sectors is on the basis of a so-called functional principle through sectoral networking. In order to present themselves as responsible and competent social partners, non-governmental organisations have to network on a sectoral basis, as well as further strengthen their capacities to participate in defining sectoral policies. Previous models of support to networking through different education workshops have not proven particularly effective. Therefore the suggestion is to change the approach from theoretical learning to learning by doing. The organisations would network faster and increase the capacities of their networks through multi-annual grant program available exclusively to sectoral networks and exclusively to projects of analysis, monitoring and improvement of sectoral policies (Grant scheme “Support to establishment of policy dialogue“).

5.5. Support to and strengthening of local resource centres in BiH

The development of civil society in BiH has been taking place rather erratically, in an unorganized manner and without a clear vision. Support to the development of civil society, i.e. the development of NGO capacities, is provi-

ded by the international community through different programmes which are poorly inter-related and coordinated. In BiH there is only one functional resource centre, which hardly meets the needs of the development of NGO sector in BiH. The one resource centre cannot simultaneously respond in the best way to the needs of small grass-roots organisations or big developed organisations (such as CCI, Mozaik, Foundation of Local Democracy, etc), or specialised organisations (such as Your Rights, Our Children, Transparency International). Currently there are no specialised resource centres that can provide the necessary support for the development of NGOs specialised for certain sectors (for example for protection of environment or development of small and medium enterprises), as well as being able to provide support to the development of sectoral networks. Therefore it is necessary to establish new resource centres specialised in small local organisations or specialised organisations through a multi-annual grant scheme.

5.6. Development of think tanks for research and public policy analysis and initiation of basic research into the needs of BiH citizens

In discussions with representatives of donor organisations there is a very frequent complaint about the poor quality of proposals received from NGOs, or that the quality of proposals is decreasing year by year. On the other hand dis-

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discussions with NGOs reveal that because of their financing instability, they are not in a position to invest considerable resources in the preparation of project proposals, in particular public policy analysis and implementation of basic research on needs of BiH citizens which form the basis for good quality programmes and project proposals. Therefore the most common way out is sought through projects that deal with different general programmes of education, round tables and workshops, the impact of which on the real needs of citizens of BiH is exceptionally small. Without the development of think tanks, public policy analysis and research of the needs of BiH citizens, there are no watch dog activities and no social dialogue.

5.7. Defining adequate legal and institutional framework that would be enabling for the development of civil society

For several years now in BiH, discussions are on-going regarding the establishment of legal and institutional framework and creation of an enabling environment for the development of civil society in BiH. The signing of the Stabilisation and Accession Agreement and the Ljubljana Declaration have given a particular stimulus to this discussion, since through these two documents the EC has clearly set as one of the priorities for the Western Balkans countries the adoption of European standards regarding the development of civil society and establishment of social dialogue. In order to

create the pre-conditions for the establishment of dialogue between the governmental and non-governmental sectors, it is necessary to create an adequate legal and institutional framework that would empower the development of civil society. The creation of this framework in BiH was started in May 2007 when the Council of Ministers and civil society signed the Agreement which sets certain guidelines.

However, the Agreement, besides predicting the establishment of some institutions, has not provided a clear vision of the adequate legal and institutional framework that would be enabling for the development of civil society. Therefore it is necessary to initiate the development of a document, declaration or statement that would be supported both by the governmental and non-governmental sectors and that would clearly define legal and institutional framework and that would clearly set the objectives of cooperation between governmental and non-governmental sector. It would be best if such a statement or declaration were the result of a conference that would also declaratively support the Ljubljana Declaration and adopt the Zadar Action Plan.

5.8. Development of a strategy for creation of an enabling environment for the development of civil society

Within the EU the conviction that the democracy is not simply the right to choose between different political parties/options has

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long prevailed. A democratic society is one in which citizens are empowered to participate on a daily basis in the decision-making processes and to decide about their future. In other words, a democratic society is one which provides the conditions for the development of communities in which citizens and civil society organisations participate, in synergy with other sectors, actively, equally and responsibly in the building of a prosperous society with equal opportunities for all on the principles of sustainable development for the general good.

Therefore the development of a strategy for creating an enabling environment for the civil society development is necessary in order to determine the basic objectives and guidelines in the upcoming period. This will entail the improvement of existing systems and the creation of new legal, financial and institutional systems of support to the development of civil society.

5.9. Establishment of the State Office for Cooperation with Civil Society and Council for Civil Society

A series of documents of the Council of Ministers demonstrate commitment to the creation of conditions for the development of civil society in BiH and the establishment of partner relations and inter-sectoral cooperation with the non-governmental, not-for-profit sector in BiH. The Agreement with non-the governmental sector includes a commitment of the Council of Ministers for the establishment of the Sta-

te Office for Cooperation with the Non-governmental Sector. Its main task will be to implement, monitor, analyse and evaluate the implementation of the State Strategy for the establishment of an enabling environment for the development of civil society in BiH. In addition, it will be the responsibility of the State Office to create and propose new legislation necessary for the functioning of the non-governmental sector, the creation and maintenance of a data base on programmes of associations and foundations, the development of standards for multi-year financing of activities of associations from public funds, etc.

5.10. Establishment of instruments and mechanisms of coordination between the State Office for Cooperation with Civil Society with ministries within the Council of Ministers and entity ministries, as well as the establishment of instruments and mechanisms of coordination between the State Office for Cooperation with Civil Society and sectoral networks within civil society

Besides the above mentioned tasks, the State Office will also be responsible for coordinating the work of ministries at state, entity and local level regarding monitoring and improvement of cooperation with the non-governmental sector, as well as undertaking various activities related to international cooperation. In or-

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der for the State Office to successfully perform its role, it is necessary to develop adequate instruments and mechanisms of coordination with ministries at the state and entity level, but also with local units of self-government. Also, it is necessary to develop adequate mechanisms and instruments of cooperation with NGOs and sectoral networks within civil society.

5.11. Development of capacities of the State Office for Cooperation with Civil Society to coordinate the EU external aid programmes for development of civil society

In the future the State Office for Cooperation with Civil Society will have a very important role in coordinating the EU external aid programmes for the development of civil society. Therefore it will be necessary within the shortest possible period of time to develop the capacities of the State Office in order to be able to respond adequately to all requirements of managing EU projects.

5.12. Establishment of the Foundation for Civil Society Development in BiH

As a final measure, it is proposed to establish the Foundation for Civil Society Development in BiH as a central institution responsible for promotion of civil society development. Its founding will be a clear political message of the state of BiH that it is ready to fully comply

with the implementation of accepted international standards when it comes to the development of civil society and development of social dialogue in BiH. The purpose of the Foundation is to provide technical and financial support to the programmes that support sustainability of non-for-profit sector, intersectoral cooperation, civic initiatives, philanthropy, and voluntarism, thus enhancing democratic institutions in the society.

However, before embarking on the establishment of such a Foundation, it is necessary to fulfil all levels of institutional pre-conditions set out above in previous chapters.

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6. Appendices

6.1. **Appendix 1.** – Agreement on Cooperation between the Council of Ministers of BiH and the Non-Governmental sector in Bosnia and Herzegovina



BOSNIA & HERZEGOVINA

Council of Ministers

**Agreement on Cooperation
between the Council
of Ministers of BiH
and the Non-Governmental Sector
in Bosnia and Herzegovina**

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On its 8th session, held on 26th of April 2007,
Council of Ministers of Bosnia and Herzegovi-
na adopted:

**Agreement on Cooperation
between the Council of Ministers of BiH
and the Non-Governmental Sector
in Bosnia and Herzegovina**

Sarajevo, April 2007.

Introduction

The Agreement between the Council of Ministers of BH and the non-governmental sector (hereinafter referred to as: the Agreement) provides a framework to help direct our joint relation at all levels of the government in BH, from the local communities (municipalities) up to the level of the state (BH). This Agreement corroborates the commitment of the Council of Ministers of BH and the non-governmental sector to strengthen their obligations and responsibilities in meeting the roles taken over in development and provision of public policy, and that the Council of Ministers of BH should take over the obligation and strengthen its role in promotion of volunteer and social activities in all areas of our state life.

The work of non-governmental organizations, from the level of state down to the level of local communities, shall have a central position in the mission of the Council of Ministers so that the forthcoming years could be made the years of giving to the community, rather than years of expecting from it. The non-governmental organizations train individuals to contribute to development of their communities. In doing so, they promote citizenship, help restore the sense of the community and provide a crucial contribution to our joint goal of a fair and open society. This Agreement shall strengthen the relation between the Council of Ministers of BH and the non-governmental sector, and it constitutes a document of a practical and symbolic value.

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Agreement on Cooperation between the Council of Ministers of BH and the Non-Governmental Sector in Bosnia and Herzegovina

The non-governmental sector has a key role in the society as its third sector, working together with Government and business sector. With its involvement through individuals, services it offers and support it gives to individuals and groups, the contribution of this sector to the community and the civil life is immeasurable, invaluable and indispensable.

This Agreement aims at creation of a new approach to the partnership between the Council of Ministers of BH and the non-governmental sector in BH. It offers the opportunity to have these relations conducted differently and better than in the past. The Council of Ministers of BH and the non-governmental organizations share many interests – a tendency towards openness, commitment to public life and support to development of healthy communities. The Agreement constitutes a starting point for development of our partnership, and it relies on the common values and mutual respect.

The Coalition of Non-governmental Organizations has conducted the main consultations for determining the position of this sector on the issue of drafting of the Agreement. We are glad because of the fact that the Agreement embodies the key considerations brought up and we would wish to thank to the many non-

governmental organizations from the local level up to the state level, which participated in the consultation process. We hope that they and many other beneficiaries of the volunteer and social sector will be guided by the Agreement towards more efficient and fruitful relations with the Council of Ministers of BH.

We will continue with this – by preparing similar or identical activities, so we make these good practices at the level of BH applicable at lower levels, and for these reasons we will have close cooperation in order to have same or similar agreements between the non-governmental sector and the entities, cantons and local self-government be established, aiming at encouraging and adopting of its principles of action at the local levels. We are looking forward to accomplishing a big success with establishment of the framework for partnership between the non-governmental organizations and the Council of Ministers of BH.

Status of the Agreement (26)

1. The Agreement in BH was created in partnership resulting after comprehensive consultations within the non-governmental sector, and then between the non-governmental sector and the Council of Ministers of BH. The agreement took into consideration the variety of the non-governmental sector and its activities, and due to this it should be understood as a general framework and an

(26) This Agreement is consistent with the "Basic Principles on the Status of Non-Governmental Organizations in Europe and the Memorandum of Explanation" by the Council of Europe. The participants of the multilateral meetings held in Strasbourg on November 19 and 20, 2001, March 20 through 22, 2002, and July 5, 2002, recognizing that the work of non-profit organizations requires obligations as well as rights, adopted the aforementioned document.

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- enabling mechanism for intensification of the relations between the government and this sector, from the local communities up to the state level.
2. The Agreement constitutes a memorandum of relations between the Council of Ministers of BH and the non-governmental sector in Bosnia and Herzegovina. This is not a legally binding document. Its force relies on acceptance-agreement of the Council of Ministers of BH and the non-governmental sector through their mutual consultations. The Agreement will initially be applied to the Council of Ministers of BH and its ministries and central departments. In practice, this Agreement shall apply where this/these government/s (of the entities, cantons, or municipalities) are in relation with the non-governmental sector. The Agreement shall apply to a number of organizations from the non-governmental sector. Final provisions describe the creation and history of the Agreement.
 3. The Agreement was initiated by the non-governmental sector in Bosnia and Herzegovina. Under the implementation process, guidelines will be prepared addressing the specification of individual issues deriving from the Agreement, which could be a good basis for implementation at the lower levels of government authority in Bosnia and Herzegovina.

The Joint Vision

4. The Agreement was created as an expression of the need by the non-governmental organization and the Council of Ministers of BH to build an institutional framework for their mutual cooperation. In wishing to strongly emphasize through this Agreement the significance of the non-governmental sector in a modern democratic society and to affirm the societal values of a partnership relation between the Council of Ministers of BH and the non-governmental organizations in addressing of a large number of issues and problems in many areas of the social life, which have a first-class significance for the citizens of BH, in this document we wish to stress/corroborate that the Council of Ministers of BH and the governments at the lower levels of authority and the non-governmental sector have a number of complementary functions and common values, and that the Agreement will further improve their understanding and develop our mutual cooperation on the new grounds in the future. The Agreement in fact is an expression of the commitment of the Council of Ministers of BH and the non-governmental sectors to work in partnership for the benefit of the society, to encourage and support volunteer societal activities. The Agreement focuses on the

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- key principles and accepts the commitments on which the relation will be strengthened between the Council of Ministers of BH and the non-governmental sector in Bosnia and Herzegovina.
5. The philosophy behind the Agreement understands the fact that the activities of non-governmental organizations are the grounds for development of a democratic and comprehensive civil society. The non-governmental organizations and civil initiatives from the local communities, as independent organizations, give high value to the society and meet the role, which is different than the one of the state and of the market. They train individuals to give contribution to the public life and development of their communities by creating opportunities for volunteer activities. In doing so, they use their skills, interests, affiliations and values of the individuals and groups they represent. The Council of Ministers of BH and the non-governmental sector recognize and appreciate the key contribution of the volunteer work in our society, as well as the important role of the non-governmental organizations helping them provide/give their contribution.
 6. The non-governmental organizations in communities provide the largest and literally immeasurable contribution to the development of the society: social, cultural, economic and political life of the sta-

te. They act as guidance for involvement of the beneficiaries in creation and offering of services, and they also frequently act as advocates for those who would otherwise not have the right to have their voices heard. In acting so, they promote both equality and variety. They help mitigate poverty, improve the quality of living and involve those who are socially excluded. The non-governmental sector makes a significant direct contribution to the state through employment and involvement of a large number of people in strengthening of the societal tissue of the community.

7. The Agreement recognizes that these capacities constitute a major benefit for the society and that the Council of Ministers of BH may play a positive role both in the promotion of the non-government and volunteer work, and in offering support to the work of the non-governmental organizations. The scope and type of activities of the non-governmental organizations are such that any law or regulation brought by the Council of Ministers of BH or lower levels of the government authority in BH may influence their work, either positively or negatively. The Agreement will help make this influence a positive one.

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Principles of cooperation

8. ***Common principles strengthening the Agreement:***
- 8.1 Volunteer activities are the basic component of a democratic society.
- 8.2 Independence and variety of the non-governmental sector makes the basis for the democratic and prosperous society.
- 8.3 In the process of development and provision of public services and policies, the Council of Ministers of BH, the lower levels of the government and the non-governmental sector have varying but supplementing roles.
- 8.4 The partnership work towards common goals has an added value. With purposeful consultations we will build a partnership relation to improve the development of policy and intensify creation and provision of services to citizens.
- 8.5 The Council of Ministers of BH, other levels of the government and the non-governmental sector have varying forms of responsibility and report to varying scopes of unbiased persons. But they have common needs for integrity, objectivity, responsibility, openness, transparency, honorability and leadership role.
- 8.6 Non-governmental organizations have the right to a campaign within the law in order to promote their goals.
- 8.7 The Council of Ministers of BH and other levels of the government have their role

in the society, which is arbitrarily limited by the Constitution of BH and by the laws.

- 8.8 Funding of the non-governmental sector may constitute a very relevant element of the relation between the Council of Ministers of BH and the lower levels of the government.
- 8.9 The Council of Ministers of BH, the lower levels of the government and the non-governmental sector recognize the importance of promoting equal opportunities for all the citizens.

Obligations of the Council of Ministers of BH

- 9. ***The obligations of the Council of Ministers of Bosnia and Herzegovina:***

Independence of the Sector

- 9.1 The Council of Ministers of BH recognizes and supports independence of the non-governmental sector, including its legal right to have campaigns, to comment on the government policies and test these policies, independently of any type of funding relation that may exist, as well as the right to identify and administer their own affairs.

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Funding of the Sector

- 9.2 The Council of Ministers of BH shall take into account the recommendations from the *Strategic directions of BH non-governmental sector development*, prepare and adopt *Strategy of Strategy for Creation of an Enabling Environment for Development of Civil Society* and *Operational Plan to implement the Strategy*, in compliance with the *Standards for Quality of Cooperation between the Government and the Non-Governmental Sector in BH* (as pertaining to the need for existence of a better proportionality, direction, consistency and transparency within the frameworks of funding from the government sources at all levels) and shall attach special attention to the idea of strategic financing, thereby providing continued capacity for the work of non-governmental organizations which will respond to the initiatives of the Council of Ministers of BH and the lower levels of the government.
- 9.3 In cooperation with this sector, the Council of Ministers of BH shall develop *the code (law) of good practices* and initiate with the non-governmental sector that the lower levels of the government do the same, so as to address the principles of good funding. This will streamline:

- (a) Distribution of funding using clear and consistent criteria,
 - (b) Policies of funding taking into account the goals of the non-governmental organizations and their need to function efficiently and properly,
 - (c) Joint, transparent arrangements to reach agreements and assess goals, for indicators of performance and other related goals, for supporting of timely payment, review of financial support, consultations after changes on the funding position, and for information dissemination to the non-governmental organizations about future funding as soon as possible, usually before the end of the current grant period, and
 - (d) Value of long-term, several-year funding, when possible, in order to help long-term planning and stability of the non-governmental sector.
- 9.4 Recognize the importance of the non-governmental sector and volunteer work, and, when needed, support its development at the state, entity, cantonal and local levels.

Policy Development and Consultations

- 9.5 Assess new policies and procedures, particularly in the development stage, so that implications for this sector are identified at the longest possible time distance.

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- 9.6 Subject to review in terms of urgency, sensitivity and confidentiality (for instance, in preparation of budgets for individual ministries) in order to consult the sector on the issues that will most probably affect it, particularly when the Council of Ministers of BH proposes new roles and responsibilities for this sector, for instance, in bringing new laws and regulations. The Council of Ministers of BH is mandated to conduct these consultations on a timely basis and to provide a reasonable notice for provision of the response, taking into account the need by the organizations for consulting their beneficiaries and independent parties.
- 9.7 The Council of Ministers of BH is obligated to take into account the special needs, interests and contributions of such segments of the sector represented by women, minority groups and socially non-involved groups and layers of population.
- 9.8 The Council of Ministers of BH shall respect the confidential character of the information provided by the sector, within the frameworks of the law and proper performance of public obligations, when they are provided access on these grounds.
- 9.9 Together with the non-governmental sector, the Council of Ministers of BH shall prepare the *procedures, book of rules or the law of good practice* to include the procedure of consultation, policy asses-

sment, funding, implementation, evaluation and reporting. This will help prepare the main guidelines on influence of the assessment and perfection in consulting done by the office in charge of cooperating with the non-governmental sector.

- 9.10 Council of Ministers of BH will establish *Office for Cooperation with the NGO Sector* and *Civil Society Council*.

Better Governance

- 9.11 Improve the actual relations consistency of approach and the good practices between the Council of Ministers of BH and the non-governmental sector, particularly when dealing with the issues intertwining between them.
- 9.12 Stick to the principles of open government (making efforts to ensure, whenever possible, that the decisions and findings be publicized) and good policies.
- 9.13 The annual review/assessment of the application and operationalization of the Agreement in relation to the non-governmental sector.
- 9.14 Improve adoption of the Agreement by the lower levels of the government in Bosnia and Herzegovina.

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Obligations of the Non-Governmental Sector

10. *The obligations of the non-profit sector:*

Funding and Accountability

- 10.1 Retain high standards in management, perform and meet the obligations of reporting and accountability towards the founders and beneficiaries. Submit transparent accounting and financial statements.
- 10.2 Respect and be accountable towards the law, and in terms of humanitarian purposes, respect the appropriate guidelines from the *Standards for Quality of cooperation between the Government and the Non-Governmental Sector in BH*, and the *Code of Conduct for the Non-Governmental Sector in BH*.
- 10.3 Develop the standards for quality appropriate for organization in compliance with the international standards applicable to the non-governmental sector.

Development of Policies and Responsibilities

- 10.4 Ensure that the beneficiaries, volunteers and members, as well as those offering support, be informed and consulted, on the activities and position of Council of Ministers, that is their direct concerned. Council of Ministers is obliged to precisely review the positions presented to them in such advocacy.

- 10.5 Respect the confidential character of the information from the Council of Ministers, when such information is accessed on these grounds, in compliance with the *Law on Access to Information*.
- 10.6 NGO sector will establish *Civil Society Board* as its consultative body consisting from civil society representatives, coming from different sectors.

Good Practices

- 10.7 The Council of Ministers of BH and the non-governmental sector shall be obligated to streamline the actual mutual relations and cooperation, which will be expanded to include the lower levels of the government through joint involvement, unconditionally.
- 10.8 Involve the beneficiaries, whenever possible, in development and management of the activities and services.
- 10.9 Apply the policies towards improvement of the best practices and equal opportunities in work, in employment, involvement of volunteers and provision of services.
- 10.10 The annual review/evaluation of operatinality/application of the Agreement pertaining to the Council of Ministers of BH and the non-governmental sector. The *Civil Society Council* of the Council of Ministers of BH will work on the evaluation of the Treaty in accordance with Article 2. of Final provisions.

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Resolution of Disputes

11. The Agreement provides a general framework for strengthening of the relations between the Council of Ministers of BH and the non-governmental sector. Disagreements in relation to application of this framework would, as much as possible, be addressed by the parties themselves. In order to support this process, when both parties so agree, it is possible to use mediation as a tool to reach the agreement, including the effort to obtain the position of the mediator. When conduct contrary to this framework leads to bad governance, the Council of Ministers of BH and the non-governmental sector may file an appeal with the Parliamentary Assembly of BH, in the regular way. The Parliamentary Assembly of BH shall, given the experience, review if there is a need to strengthen the appeal and to modify the process in relation to the Agreement.

Streamlining the Agreement

12. The Agreement, as a framework document, constitutes a starting point, rather than a conclusion. The Council of Ministers and the non-governmental sector have opted for joint work in order to develop their efficiency. Within the process, there will be a law on good practices

- drafted, in the areas of funding, consultation and policy assessment, volunteer work, societal groups, including the religious and ethnic minority organizations.
13. Under the process making the Agreement operational, annual meetings of the Council of Ministers of BH and the representatives of the non-governmental sector shall be held in order to review the functioning of the Agreement and its development. The reports from these meetings shall be publicized.
 14. As stated in *Paragraph 2*, the Agreement shall initially pertain to the Council of Ministers of BH and the central bodies. The Council of Ministers of BH intends to actively support its expansion to include the other levels of the government, cantonal and local self-government, who will be invited to adopt and adjust the Agreement in order for it to suit their relation with the non-governmental sector.

Final provisions

Building of the Agreement

1. The impulse for the Agreement derives from the initiatives by the non-governmental sector started under the Coalition “Work and Succeed Together”. The Coalition of non-governmental organizations has concluded that the Council of Ministers of BH and the lower levels of

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the government need to recognized the legitimacy of the various roles of the non-governmental sector, as well as its own responsibility to promote a healthy non-governmental sector. The Coalition of non-governmental organizations has proposed an “agreement” prepared by the representatives of the Coalition Board and the Council of Ministers of BH, providing the main principles for future relations. The Agreement, underpinning a group of principles, was necessary as the basis for partnership between the Council of Ministers of BH and the non-governmental sector.

2. The Office for Cooperation with the Non-Governmental Sector of the Council of Ministers of BH shall supervise the application of the Agreement at the Council of Ministers of BH. The Council of Ministers of BH shall form a *Civil Society Council* to supervise the application of the Agreement. The objective of this group is to supervise implementation of the Agreement; encourage its implementation by the lower levels of the government; promote consistency within the departments of the Council of Ministers of BH on the issue of non-profit work and societal issues and to streamline good communication between the Council of Ministers of BH and the non-governmental sector.

3. *Civil Society Council* is established with the goal of reviewing the methods for intensification of the relations between this sector and the Council of Ministers in Bosnia and Herzegovina. It consists of the representatives elected by the *Civil Society Board* (established by BH NGO Sector), including the representatives from societal groups and organizations, volunteer organizations, women's and ethnic minority organizations and the Council of Ministers.
4. *Civil Society Council* of the Council of Ministers of BH also has a goal to each year review the nature of the Agreement in detail, and to consult the Civil Society Board on the contents of the Agreement and the needs for their reviewing. The Council of Ministers of BH is obligated to secure the funding for consultations initiated by the *Civil Society Council*. The Council of Ministers of BH and the non-governmental sector believe this process of consultations to be of essential importance to the Agreement and its acceptance.
5. The document of the Agreement/Program has been distributed to the whole non-governmental sector for comments, and the Council of Ministers of BH, has also, within this double process for creation of the Agreement, perform its own consultations at all the ministries. The structure and contents of this consultati-

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ve document makes up the basis of the Agreement drafted by the Council of Ministers of BH and the non-governmental sector in BH.

Specific Consultations

6. We assess that the number of non-governmental organizations has reached the figure of eight thousands. This includes various groups of associations that are in the position to offer their services to others, as well as the associations for campaigns, self-help, entertainment, sports and art groups. The Coalition of Non-Governmental Organizations “Work and Succeed Together” has performed a large number of consultations among the representatives of non-governmental organizations in BH, proving that these non-governmental organizations, although they act separately, have certain common positions on the need for establishment of partnership between the non-governmental sector and the government, for a democratic and free society. Although many areas of common interest were also perceived with the traditionally non-governmental sector, the consultations identified many areas in which the interests are going apart due to varying priorities, organization and ethos of the local community groups.

7. Consultations showed that, although a large number of non-governmental organizations are involved and perform their activities at the local levels, the decision for establishment of an Agreement at the state level was brought because of the influence on the environment in which the non-governmental organizations work at the local community level. Specifically, what was felt was that certain procedures and processes of consultations, which are the subject of proportionality and development of expertise, as well as the non-expert nature of managing societal organizations, require a certain understanding and recognition under this Agreement, and the need for a specific law on good practices. The consultation process revealed that many non-governmental organizations at the local communities have seen that certain characteristics and circumstances of theirs require their recognition as a separate sector at the country/state level in order to be recognized on local community level. European integrations process is one of the most important reasons for establishing this Agreement on state level.

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Nikola Špirić

For Council of ministers
of Bosnia and Herzegovina
President

Fadil Šero

For NGO Sector
of Bosnia and Herzegovina
NGO Representative

Sarajevo, 7th of May, 2007

6.2. Appendix 2. – List of municipalities that have a signed a cooperation agreement with civil society

No.	MUNICIPALITY	WITHIN THE CPCD CAMPAIGN	OWN INITIATIVE
1	Banja Luka Municipality		X
2	Berkovići Municipality	X	
3	Bileća Municipality	X	
4	Bosanski Petrovac Municipality	X	
5	Bosansko Grahovo Municipality	X	
6	Breza Municipality	X	
7	Bugojno Municipality	X	
8	Čelinac Municipality	X	
9	Doboj Municipality		X
10	Doboj Jug Municipality	X	
11	Donji Vakuf Municipality	X	
12	Drvar Municipality	X	
13	Foča Municipality	X	
14	Foča-Ustikolina Municipality		X
15	Fojnica Municipality		X
16	Glamoč Municipality		X
17	Goražde Municipality	X	
18	Gračanica Municipality	X	
19	Gradačac Municipality	X	
20	Istočna Ilidža Municipality	X	
21	Istočno Sarajevo Municipality		X
22	Jablanica Municipality	X	
23	Jajce Municipality	X	
24	Kalinovik Municipality		X
25	Ključ Municipality	X	
26	Konjic Municipality		X
27	Kostajnica Municipality	X	
28	Krupa na Uni Municipality	X	
29	Kupres Municipality	X	
30	Lukavac Municipality	X	
31	Milići Municipality	X	
32	Modriča Municipality	X	

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No.	MUNICIPALITY	WITHIN THE CPCD CAMPAIGN	OWN INITIATIVE
33	Mrkonjić Grad Municipality	X	
34	Nevesinje Municipality	X	
35	Novi Grad Sarajevo Municipality	X	
36	Novi Travnik Municipality		X
37	Novo Goražde Municipality		X
38	Osmaci Municipality	X	
39	Pale/Prača Municipality	X	
40	Pelagićevo Municipality	X	
41	Petrovo Municipality		X
42	Posušje Municipality	X	
43	Prijedor Municipality		X
44	Prnjavor Municipality		X
45	Ribnik Municipality	X	
46	Rudo Municipality	X	
47	Sanski Most Municipality	X	
48	Sokolac Municipality	X	
49	Srebrenica Municipality	X	
50	Šamac Municipality	X	
51	Šekovići Municipality	X	
52	Tomislavgrad Municipality	X	
53	Travnik Municipality	X	
54	Trebinje Municipality		X
55	Trnovo RS Municipality	X	
56	Tuzla Municipality		X
57	Ustikolina Municipality	X	
58	Ustiprača Municipality	X	
59	Vareš Municipality		X
60	Velika Kladuša Municipality	X	
61	Visoko Municipality	X	
62	Višegrad Municipality	X	
63	Vitez Municipality	X	
64	Vlasenica Municipality	X	
65	Zavidovići Municipality	X	
66	Zenica Municipality	X	
67	Zvornik Municipality		X

**6.3. Appendix 3. – List of municipalities/
governments that have formed
coordination bodies for cooperation
between governmental and
non-governmental sectors**

- 1 Berkovići Municipality
- 2 Bosanski Brod Municipality
- 3 Bosanski Petrovac Municipality
- 4 Bosansko Grahovo Municipality
- 5 Busovača Municipality
- 6 Čitluk Municipality
- 7 Doboј Municipality
- 8 Donji Vakuf Municipality
- 9 Drvar Municipality
- 10 Foča Municipality
- 11 Foča-Ustikolina Municipality
- 12 Grad Banja Luka Municipality
- 13 Jajce Municipality
- 14 Kalesija Municipality
- 15 Kalinovik Municipality
- 16 Ključ Municipality
- 17 Konjic Municipality
- 18 Kozarska Dubica Municipality
- 19 Ljubuški Municipality
- 20 Lukavac Municipality
- 21 Novi Travnik Municipality
- 22 Novo Goražde Municipality
- 23 Pale-Prača Municipality
- 24 Posušje Municipality
- 25 Prijedor Municipality
- 26 Prnjavor Municipality
- 27 Ribnik Municipality
- 28 Šamac Municipality

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- 29 Sanski Most Municipality
- 30 Šekovići Municipality
- 31 Srebrenica Municipality
- 32 Travnik Municipality
- 33 Trnovo RS Municipality
- 34 Tuzla Municipality
- 35 Višegrad Municipality
- 36 Visoko Municipality
- 37 Vitez Municipality
- 38 Vlasenica Municipality
- 39 Vogošća Municipality
- 40 Zenica Municipality
- 41 Zvornik Municipality

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4. www.dei.gov.ba (Directorate for European Integrations BiH)
5. www.mvp.hr (Ministry of Foreign Affairs of the Republic of Croatia)
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