

Croatia

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The report upon which this article is based is the result of research into the development and functions of the voluntary and non-profit sector in Croatia, with an emphasis on organisations in the area of social welfare (the refugee issue). The historical development of the voluntary and non-profit sector is first described - it is important to mention the long tradition of some of the Croatian voluntary organisations. A description of the legal and fiscal framework is given, as are some of the characteristics of the voluntary organisations: sources of financing, groups of activities carried out by specific organisations, etc. A separate part of this article contains a report on empirical research. The research was set up to obtain information on the function of the organisations (methods of establishment, number and structure of members and employees, missions of the organisations...) with the purpose of gauging the mood in the organisations. In the conclusion, the author points out some of the organisations' weak points: they are closed and wary of including the public in their operations, there is poor cooperation with state social welfare, a lack of evaluation, etc.

Keywords: Croatia, non-profit sector, voluntary sector, voluntary organisation, legal framework, fiscal framework, empirical research

Introduction

This report is the result of research on the development and function of the voluntary and nonprofit sector in Croatia.¹ In contrast with other, formerly socialist countries in Eastern Europe, because of the circumstances of war and disintegration of the former Yugoslavia, Croatia has found itself in a unique situation. Therefore, the nonprofit and voluntary sectors have a different starting point, and pass through different developmental phases. It is to be expected that the results of the development of the nonprofit and voluntary sector in Croatia will be unique. Besides that, Croatia is a country characterized by a political and economic discontinuity in this century, which has also impacted the development of civil society. The refugee crisis, and a general economic crisis, affected the development of the nonprofit sector and of voluntary organizations in Croatia. Displaced persons and refugees constituted over 10 per cent of the population.

Croatia, with a population of 4.7 million people, belongs among those developing countries whose gross national product per capita exceeds US\$ 3,000. In 1989, Croatia's GNP per capita was approximately US\$ 3,200. The Croatian economy has a diversified structure in which services, especially export-oriented ones, play a major role. Industrial activities also are diversified. The textile and clothing

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industry employs about 22 per cent of the total industrial workforce and generates about 13 per cent of the value of industrial production. The food-processing industry participates with about 16 per cent of the value of industrial production. Other developed industries include the engineering industries, the petrochemical industry, the timber and wood-processing industry, the electrical appliance industry, shipbuilding, etc. About 25 per cent of the output of the Croatian engineering and electrical appliance industries is exported to the West. The great developmental potential is a tourism industry. The war damage is estimated at about US\$ 23 billion.

From the long-term point of view, the incentives and institutions which arose in the nonprofit and voluntary sector with respect to providing for refugees could, as nongovernment organizations (NGOs), with a program of monitoring and evaluation of their work and development, become a solid basis for the development of private, nonprofit social welfare agencies of the state in Croatia.

Briefly, the basic goal of this applied research is to emphasize the importance of the nonprofit sector in the new Croatian state and to improve policy making processes concerning this area. The second goal is to emphasize the importance of the nonprofit sector in supporting the building of a civil society network, i.e., the independence of citizens to participate in the social transformation of their society.

For this research, we analyzed existing laws and laws being created which deal with problems of nonprofit organizations in Croatia. We conducted open-ended interviews with experts who are members of work groups for the development of new laws. As this is a new research theme in Croatia, **we could not rely on previous researches**. Empirical research was carried out in nonprofit organizations dealing with social welfare using a mailed survey.

The report consists of the following: the history of the nonprofit sector in Croatia; the legal framework; the fiscal framework; sources of financing; national and local policy; a report on empirical research; main issues of the nonprofit sector; and recommendations for the new developmental strategy.

History of the Nonprofit Sector

As a republic of the former Yugoslavia, Croatia was one of the most economically developed countries of the former Communist block. As part of the Austro-Hungarian monarchy until 1918, Croatia belonged to the Middle-European territory. Unlike other former communist countries under the dominion of the USSR, there were many more political freedoms in Croatia, while its economy was market-oriented, with developed private property. An unrestricted possibility of communication with developed European countries, particularly in the 1970s and the 1980s, adds to the image of a pro-western orientation of Croatia. Compared to other transitional countries, Croatia is more advanced in terms of institutional knowledge and human skills (IRMO, 1992).

Nonprofit organizations and the voluntary sector in Croatia already had their predecessors in the Middle Ages in the form of brotherhoods. Under the influence of the process of industrialization and urbanization, at the end of the 19th and the beginning of the 20th centuries, voluntary organizations appear in Croatia

under the influence of social teaching of the church. The Catholic church organized orphanages, public kitchens, schools, support for poor people, etc. At the same time various other charitable organizations appeared, which were the result of citizens' initiatives. Some nonprofit housing organizations were created as a result of citizens' initiatives and concessions from the government for providing for housing needs.

A. Barath pointed to some interesting historical characteristics of these initiatives in Croatia. The theme of the historical development of voluntary organizations deserves separate research.

The development of Croatia after the Second World War was marked by the domination of the Communist party and the state. A large majority of the institutions and initiatives which were connected with the nonprofit sector ceased to exist (foundations, charity organizations, etc). In the 1970s and the 1980s, when the domination of the Communist party was weakened, a number of voluntary groups and initiatives which had special goals arose. In the political field, those initiatives were connected with national rights and human rights, and they contributed to the fall of communism and to the first post-war multi-party elections in Croatia. Among these initiatives, those with the goals of protecting the environment, supporting a new type of production in culture, preserving the cultural heritage, and the like were particularly important and numerous. Trade union organizations have been involved in several initiatives in the field of social policy. It is important to mention that the Catholic church was active in social welfare during the period of communism through Caritas and having care centers for children and old people. With the disintegration of Yugoslavia and the outbreak of war in Croatia, the social and political circumstances for the development of nonprofit and voluntary organizations changed. Under the pressure of the refugee crisis, problems of the development of organizations to deal with programs of providing for displaced persons and refugees in the most general sense became most important. The war brought a dramatic worsening of the living standard and a decline in the quality of life. Most of the upper social strata became poor. Victims of the war are in a particularly difficult position. Nonprofit and voluntary organizations thus have a much wider social basis. We believe that nonprofit and voluntary organizations would have an important role in the return of displaced persons and refugees (500,000 of them) and in the renewal of the demolished country.

Our thesis, which we want to verify empirically, is that the Croatian government does not sufficiently recognize the importance and the role of the development of nonprofit and voluntary organizations in programs of providing for refugees and their return, the renewal of the country and the renewal of the society, the development of civil society, and the development of social policy and the welfare state.

Description of the Nonprofit Sector

The Legal Framework

Nonprofit organizations in Croatia are established and operate according to the Law on Social Organizations and Associations of Citizens from 1990. According to this law, citizens may freely associate for the purpose of carrying out political, cultural, educational, health, social, humanitarian and other activities. There are two forms of associating:

social organizations in which the citizens associate for the purpose of realizing activities of a social nature;

citizens' associations for the purpose of realizing personal and common goals.

Social organizations and citizens' associations are managed by their members, and their operation is public. Both social and citizens' organizations are established by at least 10 citizens, including legal persons. Foreigners are not allowed to be founders of associations, but foreigners may be members.

Citizens' associations and social organizations operated within the Soviet Union (which does not exist nowadays), as an extended hand of control of the Communist party. Few citizens' associations managed to escape that control.

Because of the war and the refugee crisis, a large number of associations engaged in collecting and distributing humanitarian aid were established. In order to introduce a little bit more order, control, and guidance in their activities, by the end of 1992, the Law on Humanitarian Aid was passed. The Law on Humanitarian Aid was applied to citizens' associations and social organizations which have collection and distribution of humanitarian aid as one of their goals. That law introduces the notion of public benefit in humanitarian aid. It covers the protection of health, improvement of the quality of living, particularly of accommodation, housing, and diet, ensuring of schooling conditions, and assistance in the renewal of housing and other structures. Citizens' associations and social organizations cannot collect and distribute humanitarian aid without the consent of the Ministry of Labour and Social Welfare. By obtaining that consent, they become humanitarian organizations.

If the Ministry finds that sources and criteria, as well as the way of collecting and distribution of humanitarian aid are not in the public benefit, the Ministry can deny this consent.

Humanitarian organizations are obliged to keep records of beneficiaries and the extent of the collected and distributed humanitarian aid, and to keep the Ministry informed on that. This Ministry can, depending on the present needs, propose to humanitarian organizations to direct the humanitarian aid to those who need it.

The Ministry of Labour and Social Welfare keeps a unified record of beneficiaries of humanitarian aid on the basis of data obtained from humanitarian organizations. This information is not available presently. In 1944 it was 211 humanitarian organizations.

Foreign legal persons and religious communities can collect and distribute humanitarian aid after they accordingly advise the Ministry of Labour and Social

Welfare. The government has issued instructions for the registration of international humanitarian organizations in Croatia.

In 1944 there were 81 foreign and 59 religious organizations in this field. Religious organizations are in a better position than secular groups. In one way, this law is a substitute for political control of secular NGOs.

Humanitarian organizations can have certain customs exemptions and tax deductions when they import goods. Also, they do not pay the VAT for the goods that they use for the purpose for which they were established. If someone donates goods to such organizations, the VAT is not paid.

The supervision of the work of these organizations is carried out by the said Ministry. According to this law, humanitarian aid consists of material and financial goods intended for the war and for peacetime military and civilian invalids of the war and their families, for displaced persons, refugees, persons in need of social protection and for other beneficiaries of social protection established by particular regulations.

Humanitarian organizations keep records and send reports on monthly collection and distribution of humanitarian aid; on monthly review of donors of humanitarian aid; on categories of beneficiaries and the total value of humanitarian aid; and on beneficiaries of humanitarian aid.

Because of some misuse of humanitarian aid the government—obviously dissatisfied with this law—has proposed modifications to provide greater power and control by the government of humanitarian aid collected by humanitarian organizations. The government is looking for more social control within humanitarian organizations.

Nonprofit organizations or individuals who wish to provide rehabilitation or assist the victims of war in social adaptation must obtain the consent by the Office for Displaced Persons and Refugees to carry out those activities. They must send regular quarterly reports on their activities.

The Law on Social Organizations and Citizens' Associations is expected to be replaced by the Law on Associations, the draft of which is already done. The principles of this draft are free and voluntary association, nonprofit character, independence of the association in the realization of its missions, public operation, and management by the association's members. The Government can give subsidies from the budget to some associations which are of interest to the state. The same can be done by local authorities.

Regarding the establishment and operation of nonprofit organizations of the fund and foundation type, the legal regulations of the Law on Foundations from 1930 have been valid in Croatia. Most funds and foundations ceased to operate in the period after World War II, and in recent times there have been only seven foundations established in Croatia.

The new Law on Foundations and Funds has been in force since June 1, 1995. This Law stipulates the basic conditions of establishing funds and foundations, as well as their structure, their activity, management of their property, their termination, the role of the government, supervision of their work, and the establishment and tasks of the Foundation Council. The Foundation Council would determine fund and foundation policy at the national level and be concerned with its realization. This law provides major involvement of public administration in the process of registration and operation of foundations. It is a very restrictive

law. Because of that, there are no expectations of rapid increases in the number of foundations.

The drafts of the Law on Associations and the new Law on Foundations and Funds were made on the basis of laws from developed European countries. According to the experts who worked on the preparation of these laws, the government expects a lot, particularly from the Law on Foundations and Funds. For government, it might be an appropriate way to channel support from the Croatian Diaspora.

According to the Law on Corporations (public benefit organizations, 1993), citizens can establish nonprofit organizations which would actually ensure public services. Such initiatives are rare.

The Fiscal Framework

Tax deductions for nonprofit organizations were not seriously considered until the introduction of the new tax system on January 1, 1994.

According to earlier tax regulations, citizens who were taxpayers could get unlimited tax deductions if they gave money for humanitarian purposes, bought works of art, and the like. Companies had the same privileges.

Another type of tax deduction applies to nonprofit organizations, which do not pay corporate income tax. Nonprofit organizations pay corporate income tax only on revenue from their commercial activities. Up to 50,000 kunas (approximately US\$ 10,000) derived from commercial activity may be exempted from corporate income tax if nonprofit organization use that revenue for their statutory purposes. Organizations financed by the state budget, such as corporations-public benefit organizations in public policy, are exempt from the corporate income tax. Nonprofit organizations do not pay certain local taxes.

By the beginning of the 1990s, the government started to implement a vague tax policy towards nonprofit organizations. By the time of the reform of the tax system and its change in January 1994, all tax deductions for donations to humanitarian purposes or general beneficial purposes were canceled. Tax deductions were canceled both for citizens and for companies. In the debate that ensued, the representatives of the government said that most of the money in question was actually given for culture and sports; in the opinion of the representatives of the Government, the tax deductions were, in fact, money laundering. The government said that it would collect all the money and give it to programs where it is necessary and that it is not interested in some nonprofit organizations.

It is interesting that none of the non-governmental associations appeared in public to point out the harmfulness of such regulations. Soon, those employed in culture spoke out, especially when the government canceled the possibility of having their activities sponsored by state banks or companies.

This problem was also set forth during the elaboration of the Law on Foundations and Funds. It is obviously very hard to convince the government of the significance of such tax deductions for social development of civil society, the internationalization of social development. Thus, the only tax deductions available to NGOs are that they do not have to pay corporate income tax on their commercial activities up to approximately US\$ 10,000 and they do not pay local tax.

These deductions might be beneficial for NGOs' development in this period of economic crisis.

The program of economic stabilization is connected with the introduction of such tax regulations. The Government is in a very difficult situation and should respond to social demands, which are greater with each day. We hope that economic development will contribute to a change in the tax policy and the introduction of new tax incentives for nonprofit organizations.

NGOs engaged in humanitarian activities can request to be excused from payment of postage. That can significantly reduce the costs of their operation.

Sources of Financing

According to the Law on Social Organizations and Citizens' Associations, the financing of these organizations is as follows:

social organizations are financed from fees, government subsidies, gifts, income from the state lottery, from their property and rights, from their activities, etc.; citizens' associations are financed by fees, gifts, and income from other sources.

Social organizations had a privileged position regarding financing. They were organizations completely controlled by the government.

When tax deductions for giving for humanitarian purposes were canceled, a large majority of humanitarian organizations were being financed from abroad. That is obviously why their reaction to the application of the law was nonexistent. According to the draft of the Law on Associations, associations will be financed by fees, voluntary contributions and gifts, by organization of lotteries, by carrying out approved activities, and by subsidies from the government and local authorities.

For funds and foundations, the basis for their financing is income from their property (rent, interests, dividends, incomes from copyrights, patents and the like), and from donations. For the purpose of acquiring property, a foundation can organize certain activities (charities, lotteries for a given occasion, sale of publications, etc.). Funds and foundations can keep their property abroad.

With humanitarian organizations, problems of controlling their financial operation arose. There were problems regarding employment in these organizations and with payment of incomes and fees.

The financial authorities at first reproached these organizations for paying for the work of volunteers or for the amounts of wages of those permanently employed.² From that example, it can be seen what a novelty the nonprofit sector is for the government.

Misuses by a portion of humanitarian organizations contributed to the creation of a negative image about the nonprofit sector among the public and part of the government administration. However, these attitudes are not an obstacle for the development of the sector.

In open-ended interviews with leaders of nonprofit organizations, the leaders complained that they do not get adequate instruction from the financial authorities for the application of financial regulations. A lot of time was wasted by NGOs demanding such instructions, since each of the organizations works by itself, without any cooperation and coordination with others.

According to the attitudes of some of the leaders of NGOs, it is necessary to develop a certain standard accountability and responsibility in domestic NGOs.

Some of the leaders stated the lack of money as the most important issue. The money problem is emphasized, while emphasis and analysis of other problems which the organization has are neglected.

Nonprofit Organizations in National and Local Policy

There are no precise data about main areas of the activity of NGOs. Groupings of NGOs into some areas are the result of our analysis. Until May 1994, about 25,000 NGOs were registered in Croatia; of those over 7,000 were registered during the war (1991-1994). Statistical information on these organizations is not kept separately.

Table 1. Number of social organizations and citizens' associations in Croatia from 1985 to 1994.

| Year | Social Organizations | Citizens' Associations | Total |
|--------|----------------------|------------------------|--------|
| 1985* | 10,844 | 547 | 11,491 |
| 1986 | 1,410 | 68 | 1,478 |
| 1987 | 606 | 26 | 632 |
| 1988 | 1,856 | 44 | 1,900 |
| 1989 | 1,276 | 11 | 1,287 |
| 1990 | 857 | 16 | 868 |
| 1991 | 3,417 | 159 | 3,576 |
| 1992 | 932 | 262 | 1,194 |
| 1993 | 677 | 589 | 1,266 |
| 1994** | 278 | 999 | 1,277 |

Source: Central Bureau of Statistics - Republic of Croatia, special data processing.

* for 1985 the data include the total number of organizations which were established in Croatia until that year.

** up to May 31, 1994.

1. NGOs which operate as humanitarian organizations and are mostly engaged in collecting and distributing humanitarian aid. About 211 domestic NGOs are registered for engaging in such activity. Over 25 other organizations which are not NGOs were registered for engaging in this activity. Furthermore, some 59 religious organizations are active in collecting and distributing humanitarian aid.

There are another several dozen such entities engaged in this activity without being institutionalized or officially registered. These initiatives are the result of solidarity and the beginning of the development of the culture of giving for humanitarian purposes.

Besides helping displaced persons and refugees, these organizations provide for the victims of war and for socially endangered citizens. These organizations

have a very important role in social welfare, and they have filled the gaps that existed in that respect. Their care about the invalids of war, about parentless children, about self-supporting mothers, and so on, should be particularly pointed out. These organizations appear as organizers of humanitarian performances, exhibitions, auctions of paintings, and the like for the purpose of collecting money. Some organizations, like Dora, Children First, Bedem ljubavi, etc. are involved in international programs. Organizations of this type are also a priority in other countries in transition (Siegel, Yancey, 1992).

2. NGOs which are engaged in giving psycho-social therapy. These organizations are mostly directed towards displaced persons and refugees and marginal social groups and focus on social problems, e.g., delinquency, drug abuse and the like. Recently, the programs offered by these organizations have become more and more important. In these programs, a number of experts and volunteers are engaged. These incentives fill a large gap in governmental programs. Well-known organizations in this sector are Dobrobit (Wellbeing), Society for Psychosocial Support, Croatian Association of Psychiatrists, Suncokret, etc.

The provision of psycho-social support, particularly to displaced persons and refugees and to victims of war, has become a very important area of international research. Cooperation with international NGOs was also developed. Some of these organizations offer their assistance by publicizing their telephone numbers and counseling offices in newspapers, on the radio, or in public transportation vehicles.

The organization of lectures and prompting of public discussions on current social problems were noted. The results of the work of these NGOs are several distinguished publications.

3. NGOs in Croatia which have the longest tradition include the movements for protection of the environment under the popular name, the greens. They are regularly present in public and their activities accomplished a lot for the development of public opinion on protection of the environment. According to leaders of these organizations, the organizations developed good cooperation with government authorities. These NGOs also have better coordination of their activities at the local, regional, and national level. The government contributed to the promotion of some of these NGOs by rewarding them. For example, the Commission for Environment Affairs offers a special grant for environmental organizations. These organizations have the best contacts and cooperation with international initiatives. A major contribution to that is given by the Regional Environmental Centre in Croatia.

The war stopped the development of these organizations. The social energy was redirected to social problems and social welfare.

4. In the 1970s and 1980s, NGOs culture was very active. In one way, the organizations were in opposition to the official cultural policy. Because of the war and economic crisis, however, they are nowadays on the trailing of society.

5. NGOs which are engaged in the protection of monuments to the country's heritage are similar to pre-war ones. They are also present in public and contribute to informing public opinion on these problems. Their work becomes particularly important for the renewal of structures destroyed by war.

These organizations and their initiatives are respected by the government, and their work is promoted by the presentation of rewards. These NGOs have

developed outstanding international cooperation as well. European-Croatia is one of these organizations with a very well-developed program of international cooperation.

6. NGOs which are dealing with human rights, women's issues and minorities, and with the promotion of media freedom are mostly part of the international initiatives. Their activities should play a major role in the democratization of society. The work of these organizations is exceptionally politicized. The emergence of independent newspapers, magazines, and other publications is a significant contribution to freedom of the media and freedom of thinking in Croatia. The Croatian Helsinki Committee, Gilda Erasmus, and the Anti-war Campaign are very much involved in this field.

7. A particular group of NGOs comprise those foreign organizations which stimulate new educational and health programs, new researches, new publications, and the like. They help in equipping educational, scientific, health, social, and other institutions. These organizations provide significant assistance to the development of Croatia in the economic crisis caused by war. Among these organizations, the Open Society Fund-Soros Foundation is the leading one.

8. Various vocational associations as NGOs have their activities reduced because of the economic crisis. They have a small amount of support from the government. These associations were formerly involved in international cooperation to a relatively smaller extent. Associations like the Croatian Peasant Alliance is one in this sector with a promising future. The cooperation which is now offered and open to them is very often declined because of financial problems and lack of well-trained staff.

9. Numerous NGOs from the field of sport and recreation belong to this family of organizations in Croatia. These NGOs nowadays are in new circumstances. They have to look for a new strategy of development.

In general, these organizations are not part of national and local policy. That is evident from some programs for the renewal of the country. In the national report on social policy (1994), and in the proposal of a program for the return of displaced persons and refugees (1994), the role of NGOs is not understood seriously. The network of these organizations is weak, and many of them are actually part of the strategy of survival of those employed in them.

Recently, there has been a greater interest of the government in coordinating activities, particularly of humanitarian organizations. The future for programs is important for the involvement of NGOs in national and local policy.

Report on Empirical Research — Main Findings

For this research, 148 questionnaires were sent to addresses of humanitarian organizations obtained by the Ministry of Labour and Social Welfare. Forty-five organizations returned completed questionnaires, 40 questionnaires were returned because the addresses were wrong, while 63 organizations did not return completed questionnaires.

The organizations which returned completed questionnaires were established mostly in 1991, 1992, and 1993. Thus, 81% of these organizations were established under the influence of the war. A similar conclusion about the establishment of nonprofit organizations is reached from statistical data about the number of these organizations from the mid-1980s on.

Our research shows that the initiative for establishing humanitarian organizations was provided by various social groups in 60 per cent of cases, by individuals in 37 per cent of cases, while the rest were established on the initiative of various institutions or international organizations. We find the prevalence of social groups as initiators interesting because they expect to fulfill some of their needs through these organizations.

About 60 per cent of these organizations have up to 100 members; two organizations have over 1,000 members. The number of active members is significantly lower. Thus, some 30 per cent of the organizations have up to 10 active members and 40 per cent have from 11 to 30 active members. The number of active members, according to information from open-ended interviews, has been decreasing recently.

According to data from the questionnaire, 58 per cent of the organizations do not have full-time employees, while 38 per cent of organizations have employees working part-time. The problem of employees becomes particularly important for the development of an organization. Experience shows that it is not possible to operate an organization well exclusively relying on voluntary work. Voluntary work is performed in these organizations. Ten per cent of organizations have up to 10 volunteers and 35 per cent of organizations have from 11 to 50 volunteers. The number of volunteers and, in general, the willingness to work without financial compensation are decreasing. There are endeavors to stimulate volunteers by payment of transport costs and by providing compensation for meals.

When we speak about members, active members, we are aware that it is only a question of overlapping or similar notions. Our idea was to simply get as much information as possible.

To our question about the mission for which these organizations were established, we got the following replies: assistance to victims of war, assistance to displaced persons and refugees, assistance to children, women, handicapped persons, socially endangered persons, assistance in renewal of the country, providing psycho-social support, etc. The work of these organizations is also connected to their mission. In general, the missions are diverse forms of assistance, primarily to displaced persons and refugees, particularly to victims of war and to other socially endangered populations.

The procedure for establishing an organization was not a problem for 89 per cent of organizations.

It is significant that 71 per cent of organizations had no experience with the work of nonprofit organizations. Some of those with experience come from abroad or from international NGOs. That is why 86 per cent of organizations showed interest in taking part in a seminar intended to qualify people working in the organizations. Only 6 per cent of organizations had some experience with participating in such a seminar. We were interested in the appraisal of the extent to which these organizations managed to realize their goals. We got the following results from answers:

| | |
|--|----|
| 1. All goals realized | 9 |
| 2. Only some of goals realized | 26 |
| 3. Partial success in some fields realized | 10 |
| 4. Set goals were not realized | 0 |
| <hr/> | |
| Total | 45 |

These data should be supplemented by the information that 55 per cent of organizations believe they work very well, and 12 per cent believe they work excellently. The most frequent problems encountered by these organizations are the application of the law, financial problems, coordination of work with authorities and with other similar organizations, the organization of their own office, and the work of volunteers.

To our question about major problems hindering the development of humanitarian organizations in Croatia, the most frequent reply was the shortage of money - 67 per cent, which was followed by the lack of trust by authorities - 56 per cent, inadequate legal regulations - 38 per cent, the lack of experience in work - 8 per cent, the lack of a developmental strategy of these organizations - 6 per cent, volunteers - 5 per cent, and other.

It is significant that 67 per cent of organizations declared that they are acquainted with the work and problems of other humanitarian organizations in Croatia. That means that there is communication between them. We were interested to see who are the main donors to these humanitarian organizations. The largest number of organizations, 72 per cent, receive help from foreign and international NGOs; 61 per cent from companies in Croatia; 55 per cent from the government, 50 per cent from Croatian emigrants; and 42 per cent from citizens. Some of the organizations have experience in collecting assets by organizing various performances for humanitarian purposes. Our thesis is that a developed culture of giving does not exist in Croatia. Our question about the readiness of Croatian citizens to give for humanitarian purposes was answered as follows:

| | |
|---|----|
| 1. Ready to give really a lot | 5 |
| 2. Ready to give in accordance with one's abilities | 29 |
| 3. Not ready to give as much as one can | 11 |
| <hr/> | |
| Total | 45 |

This looks like a good basis for the development of a culture of giving.

The organizations surveyed complained about the lack of coordination of activities with similar domestic organizations. Therefore, 81 per cent of them believe that a national resource center should be established.

As was seen earlier, these organizations have complaints about legal regulations. They believe the Law on Humanitarian Aid from 1992 will have a bad influence on the development of their organizations. We said earlier that the draft of the new Law on Humanitarian Aid, with which only 47 per cent of the organizations are acquainted, is being written. On the basis of that, it can be said that the government does not consider these organizations its partners when an important issue, such as making the draft of a new law, is in question. We discussed earlier the problem of tax regulations, according to which funds set aside for humanitarian purposes are not freed from paying of taxes. Interviewed persons consider that this will have a very bad effect on the development of nonprofit and voluntary organizations in Croatia.

We were interested to see how large was the budget of the surveyed organizations in 1993. It is significant that 31 per cent of the organizations had a budget larger than US\$ 33,000. The highest amount of about US\$ 1.3 million was de-

clared by one organization. A large number of citizens received various kinds of assistance through these organizations. In 1993, some organizations provided assistance for more than 10,000 citizens. Some of the organizations made an effort to find social groups which are endangered and which are not adequately covered by the government's social policy program. Examples include families which accepted refugees and displaced persons, parentless children, retired persons, handicapped persons, and the like.

The data show that these organizations significantly contribute to alleviation of the crisis of displaced persons and refugees in Croatia, as well as to the alleviation of the overall economic crisis. Contrary to that, 81 per cent of these organizations believe that the public is not adequately informed about their contribution to alleviation of the social crisis. Public opinion about the work of these organizations should be a major factor of their development.

It is clear that interviewed persons understand as a definite fact that authorities lack trust towards the work of their organizations... Representatives of authorities believe that the mistrust is the result of misuses in the organizations. However, it is important to state that 81 per cent of these organizations regularly submit to the government the required information about the extent of collected and distributed aid, and information about its beneficiaries.

We wanted to know the mood in these organizations; that is, how much the activists are motivated now in relation to the time of their establishment. At the time of the establishment of these organizations, optimism prevailed in them; today, in more and more of the organizations, 52 per cent, there is a pessimistic mood regarding their further development. They believe the government does not show adequate interest in the work of these organizations; it does not help them to solve problems; the organizations alone have not managed to organize themselves well; they do not have enough money to organize offices; there are fewer and fewer volunteers; the crisis lasts too long; and so on.

The fact that 85 per cent of organizations were not consulted by authorities for the purpose of solving social problems within the social program carried out by the government fits well into this context.

An important precondition for the development of these organizations is the assets at their disposal. Thus, 79 per cent of these organizations have adequate office premises, 69 per cent have storage space, 72 per cent have a telephone connection, 63 per cent a telefax connection, 44 per cent a computer, and 27 per cent a car. Office premises, telephones, and telefaxes are, as a rule, rented or borrowed from other organizations.

For the development of humanitarian organizations in Croatia, their contacts with international humanitarian organizations are important. Such a contact was realized by 69 per cent of the organizations in the study. Most of these organizations are exclusively or partly dependent on the assistance provided by international organizations. This assistance goes to the largest and most successful domestic organizations. When they stop getting such an assistance, their further existence will definitely become uncertain.

Conclusion and Recommendations for New Development Strategy

The displaced persons and refugee crisis, and the social crisis caused by the war prompted the establishment of nonprofit and voluntary organizations in the beginning of the 1990s. The organizations which were engaged in collecting and distributing most diverse kinds of humanitarian aid became prominent. Other nonprofit organizations became marginal in that period.

A number of initiatives resulted in the formal establishment of nonprofit and voluntary organizations, which had been developing spontaneously in the first two years. To control and direct the activities of these organizations, the government passed a special law. The organizations to which it refers did not participate in the making of that law. The work and the principles of work of nonprofit organizations, as well as their role in social programs of developed countries, are a large, unknown issue for authorities in Croatia.

On the basis of the results of our research, we can say that these organizations have made a significant contribution to alleviating the refugee and social crisis in Croatia. By their programs, they intervened into fields which were not included in the program of the government. They found social problems. In that way, self-help and welfare pluralism were promoted as an alternative to paternalistic state programs. It is definitely the new quality of social policy and contribution to the democratization of political life. On the basis of our research, we can say that about 20 organizations are solidly organized, are aware of their problems, and have a vision of their own development. These organizations have permanent and well-trained staff, they have big numbers of volunteers, they developed good relationships with foreign NGOs, they are trying to evaluate their programs, and they looking for development of fund-raising strategies in Croatia. Building a strategy of collaboration or partnership with the government is still a problem for them.

A serious problem of these organizations is the fact that they are closed and reserved towards including the public in their operation. That closing on their part is an obstacle for better cooperation in social welfare with other organizations or with government agencies. If public operation of these organizations is not established, it is hard to evaluate their contributions to the development of the welfare state and civil society, and it is hard to persuade the public to help solve their problems.

Most of these organizations do not make any systematic evaluation of their work and development. Plans of their development are mostly short-term ones and depend on foreign assistance. There is no orientation towards development based on home resources.

As in other countries where the Catholic Church is dominant, in Croatia the privileged position of the Church's voluntary organizations (even in the law) can be inimical to the development of forms of service which promote self-help and the development of secular voluntary organizations (Room).

The distrust by authorities, the application of unclear law in everyday operations, and financial problems are major hindrances to the development of these organizations. The distrust by authorities is recognized in the statements of several members of parliament and in the ignorance of staff from ministries. For them, the government is responsible for social policy, and they do not recognize

other actors. In contrast with the time of their establishment when complete optimism prevailed in them, pessimism is spreading over a significant part of the organizations today. Since these organizations are financed mostly from abroad; with the discontinuation of that assistance, they will hardly be able to survive. The culture of giving is not developed in Croatia, and, because of discouraging tax regulations, now it has been made even more uncertain.

The economic crisis from the influence of the war resulted in the disappearance of middle classes. These persons are now focused on their problems of existence. Those who are ready to engage themselves in solving public problems are fewer and fewer. From the long-term point of view, the disappearance of middle classes might be a serious obstacle for development of civil society and participatory democracy in Croatia.

Foreign and international NGOs, working mostly on relief programs, keep domestic humanitarian organizations in a "colonial" position. Such programs do not enable the development of domestic organizations. The development of domestic NGOs would be encouraged if foreign and international organizations would switch to developmental programs. Developmental programs would also mean the transformation of employees of domestic NGOs into professionals. That could also be a chance for a part of the more advanced humanitarian organizations to organize themselves as funds or foundations. Some organizations have already seriously outgrown the limits of the existing laws, due to which their development is impaired. Evaluation of current operations of NGOs in Croatia could help better direct their development and suggest improvements in the laws governing the sector. This problem still has not been discussed in public.

From the insight our research provides into the problems of work and development of these organizations, it appears to us that an extremely important problem is the absence of a resource center which would work on the strategy of the development of the nonprofit sector and be a partner to the government and to foreign and international NGOs.

An important aspect of the work of that center would be molding of public opinion with respect to the importance of the nonprofit sector for the development of a civil society. By the development of the ideology of the nonprofit sector, many prejudices present in the public should be terminated.

The strategy of the development of NGOs in the field of social welfare should be based on justified anticipation that the refugee and displaced persons crisis will last for a long period of time. The problems of taking care of refugees and displaced persons, their return, and the renewal of territories destroyed by the war will be a substantial pressure on the government. The consequences of the war assume new dimensions with each day. New social problems appear. There is sufficient space and stimulus for the development of NGOs. These organizations would have a much better position for negotiation if they would develop self-help programs for displaced persons and refugees and include them in the structure of their organizations.

Another important fact is the goodwill of the representatives of the authorities for the development of the nonprofit and voluntary sector. Lobbying and forming a lobbying group should be an important part of the strategy of development.

The third important fact is the assistance of foreign and international organizations in the development of domestic NGOs through partnership in developmental programs.

Notes

1. This research project was financed by the Center on Philanthropy, Indianapolis, Indiana University, within the project Eastern European Initiative.
2. International NGOs complain about high payments to the state to be made with payment of wages for those employed permanently. To pay US\$ 100 net, for example, they must give the state approximately US\$ 135.

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