



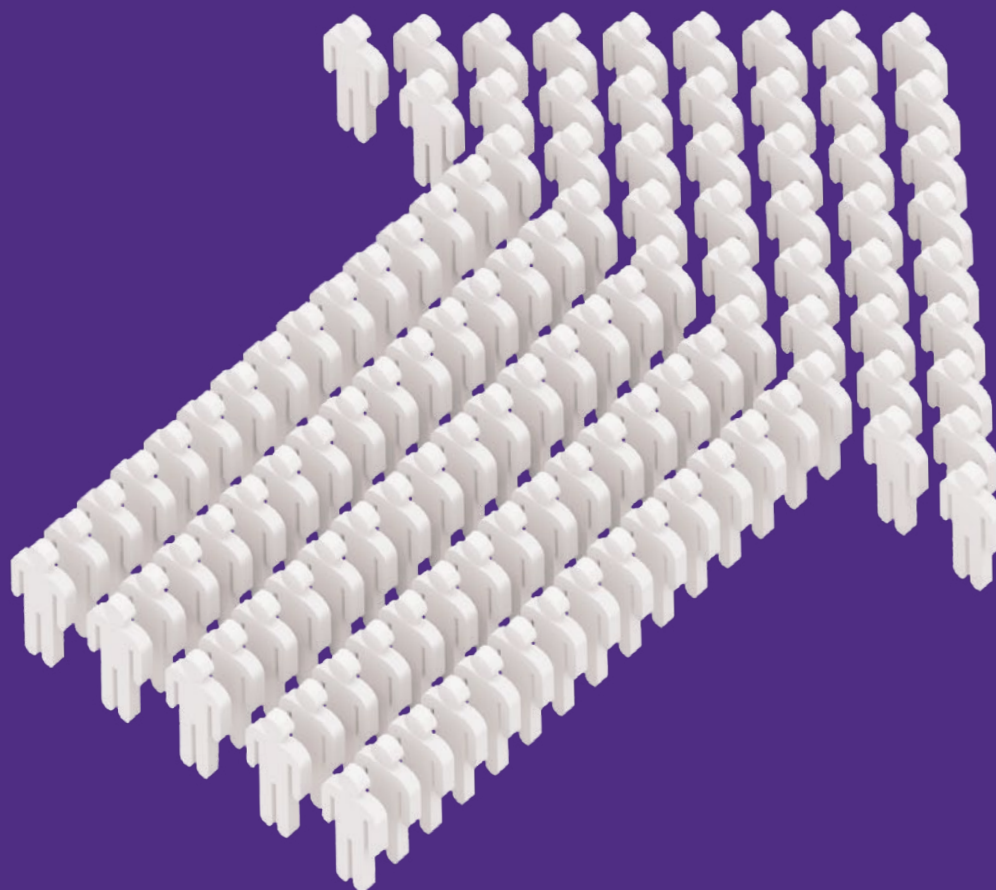
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MONITORING THE EFFECTIVENESS OF STATE POLICIES ON CIVIL SOCIETY DEVELOPMENT

EUROPEAN EXPERIENCE

Analytical review

2011



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Address: 20 Esplanadna St., Office 709, Kyiv 01023

Telephone: +38 (044) 584-34-71

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INTRODUCTION

A. METHODOLOGY

The research was aimed to collect through a desk research all relevant information related to the field of monitoring government policies concerning civil society development and the civil society sector itself in eight European countries.

This document is a review of the currently available literature and information, the related policies and mechanisms applied by various governments and relevant subjects. Literature review concentrated on documents available in English, Hungarian, Czech and Slovak, including comparative studies and reports as well as materials related to the selected countries. Translation into English from other languages was also used when deemed necessary to develop a fuller understanding of the documents.

More specifically, the research included literature review and internet research primarily on the following subjects:

- I. National policy documents on civil society (strategies, compacts, cooperation policies etc.)
- II. Implementation measures for these policies (laws, regulations, funding and other programmes etc.)
- III. Monitoring and evaluation reports on the implementation of the policy documents or their implementation measures issued by both official bodies and CSO initiatives
- IV. Information on mechanisms, donor and INGO indices, reports of joint government-CSO mechanisms established to monitor and “measure” or assess civil society development (statistical reports, official and unofficial reports bodies or processes and others).

In order to verify and obtain additional information on the countries which was not available from such resources, phone/Skype interviews with key experts from the given countries were conducted.

Due to the size limitations of the document, only the most important and influential policies and documents related to their implementation are analysed in the Report.

In addition to making an effort to analyse the influence of researched policies on the CSO sectors of given countries, the research had no intention to conduct impact assessments of the individual policies related to civil society as this would be beyond the scope of a desk research. It relies on national and international assessments and documents evaluating and comparing various models, focusing on their short and long term outcomes and impacts.

The novelty of the current document is the fact that it was conducted in a period when, due to the financial crisis, governments often evaluate and re-define their general approach to the CSO sector while most of the analysis in this field was implemented in a period when it became a trend to sign compacts and create national strategies for cooperation. It was especially interesting to see which agreements continued to remain in effect even after the national governments introduced restrictive measures to cope with the consequences of the crisis. The scope is also rather broad as the report compares and analyses the approaches of eight European countries, and does not concentrate on one type of policy (like memoranda or compacts, etc.) but on a variety of policies influencing the sector as a whole.

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B. GENERAL PRINCIPLES

The research is based on the following general presumptions that are the principle base of the document:

Civil society is a fluid term. Different countries have a different understanding of civil society and focus on different aspects of its development (e.g., citizen participation, strengthening of CSOs or social entrepreneurship). Therefore, it would not be useful to compare any outcomes of development policies across countries to determine best practices (e.g. have CSOs grown stronger in one country than another as a result of the interventions). Rather, the document tries to encompass the range of policies that countries find important to address under the concept of “civil society development” and assist in making any of these policies more effective through exploring the best practices in monitoring and evaluation.

Civil society development is a complex policy area. As is the case with other policies, the measurement of progress in the development of civil society depends on multiple factors and government cannot have an influence on all of them – especially given the inherent conceptual separation of civil society from governmental structures. Therefore the Report focuses on identified areas of policy intervention regardless of whether they can influence change alone or only combined with actions of other actors and stakeholders. However, it is important that government recognizes this principle in the course of preparing a policy on civil society so as not to have unrealistic expectations (e.g. in case of the development of philanthropy, which usually cannot be hastened through tax incentives and government supported CSR programs alone).

Quality and context matter. The professional quality of government policies and their context may pre-determine the success of the monitoring exercise. Evaluating and monitoring the effectiveness of state policy depends first of all on the policy itself: how precisely it targets the root causes; whether it has a strategic approach; whether it provides for predictability and fairness; how adequate are the tools and methods used etc. Further, success may depend on how the document is presented and communicated; how easy it is for larger audiences to understand its message; how big political support is there behind the policy etc. And it also depends on changes of the environment, like the current economic crisis situation. Due to all of this, monitoring some of the state policies is not a straightforward undertaking. This Report aims to look at learning points from these various circumstances rather than evaluating the success of the monitoring.

Monitoring practices depend on legal and political culture. Monitoring is a regular exercise, where the same data set is updated and reviewed over given time periods. However, beyond this general definition, countries have very different practices in monitoring and what works in one country may not be effective in another. For example, accountability for public funding in some countries focuses on “have we achieved what we aimed for”, while in others it focuses on “have we spent the funds according to the planned budget”. Both are important factors in determining accountability but they imply a different set of indicators and monitoring tools; countries tend to use one or the other rather than both (if nothing else, for cost reasons). Similarly, where there is a high level of trust between the government and CSOs, there is less need to develop detailed indicators to ensure “objectivity”, as the evaluation of the data will be more easily agreed upon. In addition, the impact of introducing the EU project cycle management into public administration can be clearly seen in the new EU member states where more recent strategies mirror the structure and tools used in EU development projects.

Monitoring is not a highly complicated undertaking. Countries have adopted a wide range of monitoring practices. More often than not, monitoring is not a carefully planned rigorous exercise but rather a series of efforts of various implementing bodies to assess progress against defined objectives. While countries have assigned the responsibility of monitoring of state policies to certain bodies; and while most policy or implementation documents explicitly refer to the importance of monitoring; only a few go on to develop specifically designed monitoring frameworks, tools and detailed indicators. Even then the tools are often developed to monitor one specific area, e.g. a priority objective rather than to systematically monitor impact of the whole policy. Therefore the Report considers any and all measures that are suitable to measure, assess or gauge progress toward an objective defined in the policy or implementation documents; or to reveal learning points regarding the impact of the policy to be monitoring activities. Often these are not sophisticated mechanisms, merely reports from a ministry official based on data they gathered from their staff – but they serve the above described purposes.

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Monitoring differs from evaluation. Although the Report focuses on monitoring practices, monitoring must have a purpose, which is the evaluation of the given policies. Often the achievement of targeted change in the indicators does not necessarily mean that evaluative assessment of the results will be positive. This is due to the above mentioned complexity of the field, which makes it difficult to measure the impact of these policies. An example is that in most countries there are formal indicators on the level of involvement of CSOs in the policy process (e.g. CSO participation in legislative working groups) but they do not provide information on the substantive quality of the participation (e.g., whether CSOs were able to make meaningful contributions and whether those were considered in the process). Another example is the case of unintended outcomes (though some of those could have been foreseen), as with Hungary and Croatia where research a few years into the existence of the national civil society support mechanisms has shown a high level of dependence on this mechanism by the supported CSOs.

Monitoring state policies differs from monitoring sector development. The Report started from the premise that these two areas should be clearly delineated, however, in practice they are often mixed. This is related to the issue of committing resources to monitoring: where the government has invested major resources into the implementation of a policy concerning the development of the sector, most studies, surveys and monitoring activities are directed at monitoring those policy priorities. Governments will typically invest into the surveying (rather than monitoring) of the development of the sector as a whole when preparing for a new policy or when the existing policy undergoes a major review.

Monitoring is a learning process, not an end in itself. The Report takes the view that the monitoring and evaluation process of the policy documents is valuable even if it does not lead to concrete results that show the impact of the policy and inform the next policy in its making. Especially in countries of the CEE region, both public administration and CSOs are still learning the methods for effective policy planning and implementation and the monitoring process is a great opportunity for “learning by doing”. Therefore, while the report aims to point to “best practices” it does not aim to judge or evaluate these practices against each other; indeed, it would encourage countries to adopt several practices that aim at improving the environment for CSOs and lead to a more vibrant civil society. The fact that governments have identified this policy area as necessary to address the challenges in the social and economic development of their countries is itself a big step forward. Every effort that can be made to enhance the outcomes in this important policy area is considered a gain for democracy and social development.

GENERAL SUMMARY OF FINDINGS

1. NATIONAL POLICIES ON CIVIL SOCIETY DEVELOPMENT

Every country examined has adopted some kind of an *overarching policy document* over the past two decades relating to the development of civil society and the CSO sector. These documents range from mutual agreements between the government (UK, Croatia) or parliament (Estonia) and the CSOs, to parallel agreements with both government and parliament (Latvia) and to unilateral strategies adopted by the government (Hungary, Poland, Denmark, Czech Republic). Half of the countries *reviewed or renewed* their policy documents within the course of 10-12 years; in some cases (Hungary, Estonia) this was a scheduled review, while in others it was linked to a change in government (most notably in the case of the UK) or to a change in implementation timeline (Poland). Croatia has not yet reviewed its civil society strategy; while Latvia and the Czech Republic have more recent documents that are scheduled for review in the coming years. In the new EU member states, reviews are also linked to the programming cycles of the National Development Plans² (as in Poland and Latvia).

The countries ensure implementation in different ways. Several have adopted one or more *policy documents* that have the function of an implementation plan (Croatia, Estonia, Denmark – for development cooperation³, Hungary, and Poland); while others don't have a specific overall implementation or operational plan but implement the policies based on detailed *annual plans* of the responsible persons or bodies (Czech Republic, Latvia, UK). In addition, some countries (UK, Croatia, Estonia) adopted further policy documents relating to a thematic or procedural issue as part of the implementation – most typically, *principles or guidelines* ("codes") on funding procedures, on CSO participation and on local development. Besides implementation plans and policy documents, countries also ensure implementation of their civil society policies through *governmental programs*: most typically funds and foundations (Croatia, Czech Republic, Denmark, Hungary, Estonia), but also capacity building and community development programs (UK), and the so-called Operational Programs, which are funded from the EU Structural Funds as part of the National Development Plans in EU member states (Hungary, Poland).

2. MONITORING MECHANISMS FOR CIVIL SOCIETY DEVELOPMENT POLICIES

A. Who is responsible for monitoring state policies ?

Joint committees. In the majority of countries (all except Denmark and Hungary) there is some kind of a joint government – CSO or parliament – CSO committee or council that fulfills a key role in the implementation and monitoring of the policy documents governing state – civil society relations. These committees usually have at least half of their members from among CSOs, and these are most often elected by their peers.

Parliament. Specifically in Estonia and in Latvia the Parliament plays a key role in the implementation and monitoring process, as in both countries the parliament adopted policy documents. The Parliament will usually have annual or biannual hearings at which progress reports are presented; designated parliamentary committees play the key liaison role in between such hearings.

Governmental Office. In half of the countries (Croatia, Czech Republic, Estonia, Latvia) the main responsibility for implementation and monitoring lies at the governmental level with the cabinet or prime minister's office. These offices often serve as a secretariat to the government – CSO councils described above. They also coordinate the work of all ministries in relation to their cooperation with CSOs.

² A National Development Plan is the overarching national policy – with and approved by the European Commission - that governs the spending of EU structural and cohesion funds in the member states of the EU

³ By the term Development cooperation- also called foreign or international aid Official Development Assistance (ODA) is financial aid and technical assistance given by governments of developed and multilateral agencies (e.g. World Bank, IMF) to support developing countries see also OECD-DAC - http://www.oecd.org/pages/0,3417,en_36734052_36734103_1_1_1_1,00.html

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Ministry Office. In the other half of countries (Denmark, Hungary, Poland, UK) the main responsibility for implementation and monitoring lies with an office within a ministry; or in the case of the UK, a separate ministry itself. Although these offices have a governmental mandate to coordinate the work of other ministries in relation to the implementation and monitoring of the policy documents, coordination may prove more challenging in their case (except for the UK).

Ministries. While there is usually a designated office as the main focal point in implementation and monitoring, ministries play an important role in this as well. For example, in Hungary policy development is decentralized and each ministry must prepare its plan for CSO cooperation; while in other countries (Latvia, Poland) the central level assigns specific tasks to the particular ministries on which they have to report.

Ministry of Finance. The Ministry of Finance, or Treasury should be noted among the ministries as a key actor in some countries, primarily in the UK where it conducts so-called cross-cutting reviews on budgetary issues related to the implementation of the Compact⁴ (e.g. on effectiveness of grants and contracts to CSOs). The Ministry of Finance also provides important budget information for the monitoring of implementation in almost every country where an analysis of public funding of CSOs has been conducted (e.g. Croatia, Hungary, Czech Republic).

Audit Office. The national audit office whose task is to ensure effective and efficient government spending plays an important role in several countries as it audits the use of governmental resources that go toward the implementation of the civil society policy. Such audits have led to important changes in the implementation mechanisms e.g. in Hungary and in the UK, making them more transparent and more effective.

Tax Office. The national tax authorities also play a role in monitoring policy implementation especially where tax benefits (UK) or tax designations of the so-called percentage laws (Hungary, Latvia, Poland) have been part of the policy planning.

EU monitoring agencies. In several countries, the agency monitoring EU development programs also provides monitoring information, especially when certain policy objectives relating to CSO development are linked to National Development Plans and Operational Programs⁵ (e.g. Hungary, Poland, Latvia).

Prosecutor Office. In Hungary the Office of the Public Prosecutor undertakes annual reviews of certain segments of the CSO sector as part of its regular task of ensuring legal compliance of CSOs. These reviews may also serve the purpose of monitoring policy implementation.

Non-state Actors. Although less typical, in some countries private actors are also part of the monitoring process. In Estonia and in Latvia the respective CSO umbrella organizations⁶ are officially delegated to several cooperation bodies and forums that serve as implementing and monitoring agencies of the policy process. In the UK, the government both funds and takes into consideration programs conducted by CSOs (charities) that aim at the monitoring and improvement of the Compact. In Denmark, the responsible governmental agency contracts out evaluations to ensure an independent review.

⁴ The Compact is the agreement between the UK government and the third sector (independent voluntary organisations, charities, community groups, etc.) which outlines a way of working that improves their relationship for mutual advantage- source: See more in the chapter on Great Britain.

⁵ See also footnote #2, Operational Programs are the concrete programs to implement goals specified in the National Development Plan of an EU member state.

⁶ Network of Estonian Nonprofit Organizations and Civic Alliance Latvia

GENERAL SUMMARY OF FINDINGS

B. What do they monitor?

The formulation of the policy documents vary greatly, and therefore, the content of the monitoring, including indicators used, is also wide ranging. Overall, it can be said that at the more general level there are six typical areas in which the objectives of the policy documents are formulated:

- Legislative initiatives (laws and regulations affecting CSOs – new laws, harmonization etc.)
- Funding of CSOs (in terms of amounts, mechanisms and procedures)
- Cooperation and participation (level and quality of CSO involvement with the public administration)
- CSO sector development (infrastructure, capacity building, employment potential and similar)
- Civil society development (citizen participation, social capital, civic education etc.)
- Broader policy goals (e.g. poverty reduction, social welfare, social enterprise development etc. – here CSOs are seen as a key means to achieve the broader policy goal)

Typical indicators for the above will include:

1. **Legislative initiatives:** laws/amendments initiated; drafted; proposed to the Parliament; adopted; regulations initiated, drafted, adopted; support received from CSOs to such initiatives.
2. **Funding of CSOs:** most typically, amounts of funding in various breakdowns – e.g. by source, by type of CSO, by type of program, geographic distribution, project vs. institutional funding etc.; in addition, appropriateness of funding procedures may be measured – e.g., funds distributed with or without a call for applications, proportion of self-dealing⁷, on-time vs. late payments etc.
3. **Cooperation and participation:** rate of CSO participation in legislative initiatives; access to information by CSOs; rate of CSO participation in the work of the public administration and/or Parliament more broadly – e.g. attending events etc.; the number and quality of various cooperation agreements signed with CSOs; participation of public administration staff in CSO events; etc.
4. **CSO sector development:** indicators related to CSO capacity, e.g. full time employed staff, technical equipment, budget size; and indicators related to the CSO sector as a whole, e.g., geographical differences (typically capital vs countryside), mix of financial resources, contribution of the sector to the GDP etc.
5. **Civil society development:** membership in associations, level of volunteering, level of citizen awareness of CSOs and their issues, level of citizen activity in general (e.g. petitions, protests), community organizing etc.
6. **Broader policy goals:** indicators will depend on the issue area; however, separate indicators are developed to measure the level to which CSOs contribute to the progress, e.g. number of CSO social service providers, number of their clients, CSO ratings in service quality compared to public sector providers etc.

⁷By self-dealing we refer to funds that were granted to CSOs that are related to one or more members of the decision-making body and therefore subject to conflict of interest rules. For example, in Hungary board members of the National Civil Fund must declare the CSOs they are involved with and the Fund maintains a statistic on the number and amount of funds that went to CSOs related to these members.

GENERAL SUMMARY OF FINDINGS

C. How is monitoring of policies conducted?

Monitoring bodies in the examined countries utilize a wide range of tools from e-based databases to in-person hearings. Usually a mix of the following tools is used:

Annual Review. Essentially all countries use some form of an annual reporting mechanism relating to the overarching policy for CSO development. In the annual review governments monitor progress in light of a more concrete implementation document (i.e. operational plan or annual workplan). They also set out the goals and tasks for the upcoming year. The Annual review is most often conducted by the government office on behalf of the joint committee that is entrusted with monitoring the implementation of state policies regarding CSOs (UK, Croatia, Estonia, Latvia). In Poland, Denmark and Hungary, the annual report is prepared at the ministry level; while in Estonia and Latvia, there are also Parliament hearings.

CSO Forum. Several countries organize forums among the government/ministry/parliament and the CSOs. These forums usually serve as the place for the Annual Review to be presented; but they are also a key mechanism to engage in discussions on the most important issues between the various stakeholders (including high level government officials and other dignitaries who are typically invited as well). The CSO Forums have a symbolic relevance in showing the commitment of the government or legislator to the realization of the goals and objectives of the cooperation.

Website. The internet serves as a relevant monitoring tool in essentially all the countries. In the majority of countries (Croatia, Estonia, Hungary, Latvia, UK) there is a separate dedicated page where the key policies are found and that serve as the main platform for communication with the CSO sector on these policies. CSOs can follow the major events, projects and funding opportunities that are part of policy implementation; monitoring reports are uploaded on these sites as well. In the other countries there is no separate website but the implementation can be followed (through the main website of the government, parliament or competent ministry).

Public administration surveys. Several countries survey their ministries and other agencies involved in the implementation of the policy documents (e.g. Croatia, Hungary, Latvia, Poland). Such data concern the activities and financing of the given ministry involving CSOs and are an important tool in monitoring progress in concrete indicators. However, they may lack information on the qualitative aspects of cooperation.

“Aligned reporting”⁸ by CSOs. Denmark has a specific tool which concerns CSOs working in the field of international development cooperation, in that they report on their projects in a way that directly contributes to the measurement of the objectives set out in the Civil Society Strategy. The Danish development agency Danida invested significant effort and resources into building the capacity of CSOs for that purpose, but it is seen to be saving time and money in the longer term due to easier measurement of the achievements of the whole policy.

Evaluation Program. Also in Denmark the Ministry of Foreign Affairs prepares a programme of evaluation for the policy, which sets out not simply indicators but all the information and steps needed for effective impact evaluation of the policy involved. This would include base data, evaluation objectives, evaluation criteria, actors involved, methodology, timeline etc. With this approach, the achieved or unachieved results are less open to subjective interpretation by the various parties.

Advocacy Programme. In the UK, the umbrella organization NCVO⁹ runs a specific service that provides assistance to CSOs which have a problem related to the implementation of the Compact (Compact Advocacy Programme). This is in essence a complaint handling mechanism and as such, unique among the examined countries; in addition, through analyzing case studies and collecting data from CSOs it contributes valuable information to the monitoring of the Compact.

Databases. Some of the countries with a specific funding instrument for civil society (most notably Denmark) also developed a specific database on supported CSOs and their projects, which helps measure the extent to which their support contributes to the achievement of policy objectives.

⁸See more detailed explanation under Denmark

⁹National Council of Voluntary Organizations

GENERAL SUMMARY OF FINDINGS

3. MONITORING THE DEVELOPMENT OF CIVIL SOCIETY

As a main finding of the report it must be noted that it proved difficult to differentiate between the two types of monitoring (i.e. monitoring implementation of government policies and that of the civil society sector as a whole), because – as mentioned in the General Principles - where the government has invested major resources into the implementation of a policy concerning the development of the sector, most studies, surveys and monitoring activities are directed at monitoring policy priorities. One area that was specifically identified as being on the borderline was the monitoring and analysis of public funding of CSOs, which has been conducted in most countries; it was conducted with the aim of policy reform even when it was not part of an already existing policy objective. However, in general the report has been able to identify the following key mechanisms for monitoring civil society and the CSO sector as whole:

Government. The Cabinet Office in the UK undertakes major surveys on the voluntary sector (CSO sector) that inform current policy development of the government (but are not necessarily linked to Compact implementation).

National Funds and Foundations. In Hungary and Croatia, the central governmental funding instruments (the National Civil Fund and the National Foundation for Civil Society Development, respectively) conduct and sponsor major surveys on the sector to assess their impact and inform their future funding policies.

Registries. In several countries, the CSO registration authority provides valuable information on the development of the CSO sector by publishing aggregate data of the CSOs (e.g. number of CSOs registered, closed down, reported membership, governance structures, capital etc.).

Statistical Offices. In Hungary and in the Czech Republic, CSOs are specifically surveyed by the statistical offices on an annual basis. Especially in Hungary, the nonprofit department of the Central Statistical Office serves as the most credible and most comprehensive source of information on the sector for almost two decades.

CSO Umbrellas and Resource Centers. In almost all countries, CSO umbrella organizations and resource centers conduct various studies on the sector and on civil society development. The only difference is that in some countries (e.g., Hungary, UK) these are funded by the government on a regular basis, while in other countries (e.g. Latvia) they depend fully on available donor funding.

Other CSOs. Other CSOs, think-tanks, quality management organizations etc. also conduct relevant studies on the CSO sector, which are usually funded from donor funds, and can be considered as complementary one-off studies rather than a regular mechanism. However, they provide a valuable contribution to the body of knowledge on the sector in each of the countries and can be used as e.g. baseline data or results indicators.

GENERAL SUMMARY OF FINDINGS

Summary Table of Government Policies and Monitoring Mechanisms:

Government policies ¹⁰	Monitoring gov't policies	Monitoring civil society dev't
<p>CROATIA</p> <ul style="list-style-type: none"> • Program of Cooperation, 2000 • National Strategy for Development of Civil Sector, 2006 • Operational Plan of National Strategy, 2007 • Code of Good Practice in Financing, 2007 	<p><i>Who:</i></p> <ul style="list-style-type: none"> • Council for the Development of Civil Society • Committee for Implementation of Operational Plan • Government Office for Cooperation <p><i>How:</i></p> <ul style="list-style-type: none"> • Annual reports • Analysis of public funding • Website 	<ul style="list-style-type: none"> • National Foundation for Civil Society - surveys • CSO Registrar
<p>CZECH REPUBLIC</p> <ul style="list-style-type: none"> • Government Council for NGOs, 1992 • Foundation Investment Fund, 1999-2001 • Concept to Support the Development of the Nonprofit Sector, 2009 	<p><i>Who:</i></p> <ul style="list-style-type: none"> • Government Council for NGOs <p><i>How:</i></p> <ul style="list-style-type: none"> • Annual reports • Analysis of public funding 	<ul style="list-style-type: none"> • Government Office • Statistical Office
<p>DENMARK</p> <ul style="list-style-type: none"> • Charter for Interaction, 2001 • National Civil Society Strategy, 2010 <p><i>Development Cooperation:</i></p> <ul style="list-style-type: none"> • Strategy for Development Cooperation (date?) • Civil Society Strategy (2008) • Principles in Support for CSOs (2011) 	<p>No specific mechanism identified for overall CSO strategy</p> <p><i>Development Cooperation:</i></p> <p><i>Who:</i></p> <ul style="list-style-type: none"> • Board for Development Cooperation • Council for Development Cooperation • Danida Evaluation Department <p><i>How:</i></p> <ul style="list-style-type: none"> • Annual meeting • Programme and Project Orientation Database • Evaluation Programmes & annual reports • Contracting out • CSOs aligned reporting 	<ul style="list-style-type: none"> • MoFA/ministries • Public funding analysis • Danish Committee on Volunteer Effort • Volunteer Centre Denmark

¹⁰In this Summary Table, government policies and certain bodies are listed by a shortened title. Their full titles are included in the Country Reports.

GENERAL SUMMARY OF FINDINGS

Government policies	Monitoring gov't policies	Monitoring civil society dev't
<p>ESTONIA</p> <ul style="list-style-type: none"> • EKAK Concept (Estonian Civil Society Development Concept) 2002 • Implementation Plan of EKAK, 2004 • KATA Plan (Development Plan for Civic Initiative Support), 2006 • Code of Good Practice in Involvement, 2005 	<p><i>Who:</i></p> <ul style="list-style-type: none"> • Joint Committee • Parliament – Civil Society Support Group • National Audit Office • Ministries <p><i>How:</i></p> <ul style="list-style-type: none"> • Reports • Parliamentary hearing session (biannual) • Contracting out • Website 	<ul style="list-style-type: none"> • Registry • Umbrella organization (NENO, Network of Estonian Nonprofit Organizations)
<p>GREAT BRITAIN</p> <ul style="list-style-type: none"> • Compact, 1998 <p><i>Five thematic documents under 1998 Compact:</i></p> <ul style="list-style-type: none"> • Black and Minority Ethnic CSOs • Community Groups • Consultation • Funding and Procurement • Volunteering <p><i>Further documents:</i></p> <ul style="list-style-type: none"> • Mini-Guide on Local Compacts, Compact Plus, 2005 • Big Society – renewed Compact, 2010 • Building a Stronger Civil Society, 2010 	<p><i>Who:</i></p> <ul style="list-style-type: none"> • Compact Working Group • Reporting Group • Office for Civil Society • Treasury • Audit Office • CSO umbrella (NCVO) and other CSOs <p><i>How:</i></p> <ul style="list-style-type: none"> • Annual review • Cross-cutting reviews (Treasury) • Compact Accountability & Transparency Guide • One-off studies • Compact Advocacy Programme • Website • Effective coordination 	<ul style="list-style-type: none"> • Charity Commission • Office for Civil Society • State of the Sector Panel • HMRC (tax) <p><i>Private actors:</i></p> <ul style="list-style-type: none"> • Umbrella organization (NCVO, National Council for Voluntary Organisations) – Annual Almanac • Institute of Chartered Secretaries and Accountants • Quality standards providers

GENERAL SUMMARY OF FINDINGS

<p>HUNGARY</p> <ul style="list-style-type: none"> • Civil Society Strategy, 2002 Principles of Gov't – CSO Relations, 2006 • Resolution on Measures for Gov't – CSO Relations, 2007 	<p><i>Who:</i></p> <ul style="list-style-type: none"> • Department of CSOs • Ministries • State Audit Office • Public Prosecutors • Tax Authority • Directorate Auditing European Funds <p><i>How:</i></p> <ul style="list-style-type: none"> • Website • Annual monitoring reports (ministries, tax authority) • Occasional reports (other agencies) 	<ul style="list-style-type: none"> • Central Statistical Office – detailed annual reports • National Civil Fund – grant support • Civil Service Centers – local/regional progress reports • Ministry studies (subsectors) • NGO publications
<p>LATVIA</p> <ul style="list-style-type: none"> • Cooperation Memorandum between Cabinet and CSOs, 2005 • Declaration on Cooperation with Parliament, 2006 • Guidelines for Policy 2005-2014 • Policy Programme Strengthening Civil Society, 2008-2012 	<p><i>Who:</i></p> <ul style="list-style-type: none"> • Council for Implementation of Cooperation Memorandum • Parliament Committees • Competent Ministry (changing) • CSO Umbrella (Civic Alliance Latvia) <p><i>How:</i></p> <ul style="list-style-type: none"> • Annual monitoring reports • Ministry surveys • Parliament-CSO Forum (annual) • Websites (Government / Parliament) 	<ul style="list-style-type: none"> • Tax authority • CSO umbrella (Civil Alliance Latvia) and other CSOs
<p>POLAND</p> <ul style="list-style-type: none"> • Public Benefit Act, 2003 • National Strategy on Development of Civil Society, 2008 • National Operational Programme for Civic Initiatives Fund, 2009 	<p><i>Who:</i></p> <ul style="list-style-type: none"> • Council on Public Benefit Activities • Department of Public Benefit - Ministry of Labour and Social Affairs • Parliament Subcommittee <p><i>How:</i></p> <ul style="list-style-type: none"> • Annual/biennial reports • Studies 	<ul style="list-style-type: none"> • Registry • CSOs

COUNTRY ASSESSMENTS

A. RATIONALE OF COUNTRY ASSESSMENTS

Within the framework of the research eight European countries were analyzed in terms of their policies and mechanisms to support civil society organizations. Two countries selected (Denmark and Great Britain) represent old member states of the European Union, five represent new member states (Czech Republic, Estonia, Hungary, Latvia, Poland) and one is in the status of candidate country (Croatia).

The pool of countries selected offers enough relevant comparative experience to the research. The Czech Republic and Hungary were more or less in the same situation when their political systems changed; they had the same size and population and the character of their CSO sectors were also rather similar (services oriented, rather than advocacy oriented). Yet the policy methods their governments have chosen in regard to civil society development are rather different. It is interesting to understand how two innovative but different policies (the Foundation Investment Fund in the Czech Republic and the 1% mechanism and the National Civil Fund in Hungary) had an impact on the sustainability of the CSO sectors. Also it is interesting to see how the UK system that has always been an example in terms of any CSO sector related policy is changing during and after the financial crisis: what elements remain untouched and what are dramatically changing. Such comparisons provide important learning for most countries thinking about their own policies.

There are also differences in the simpler and more targeted versus a complex and wide-reaching approach, e.g. between Croatia and Hungary. It was in Hungary where most of the policy innovations of Eastern Europe were brewed as regards CSO legal framework and enabling environment – yet it is questionable how much Hungary's CSO sector could benefit from this complex system.

It is also relevant to compare Poland's experience with the Public Benefit Law to that of Hungary as in both countries the public benefit legislation represents a significant state policy towards the CSOs, but while the focus in one case (Poland) was more focused on strict compliance standards, in the other case (Hungary) it was made more accessible for a larger group of CSOs. In addition, the experience of Poland and Czech Republic with integrating CSOs development needs into their National Development Plans shows two different approaches of how new member countries of the EU can deal with identified needs when resources individual governments operate with are more limited.

Latvia and Estonia represent a "Baltic small states" model where the Parliament is more involved in the development and implementation of the civil society strategy than in the other countries. There is seemingly also more trust and a smoother work routine among Parliament and CSO representatives than there is typically among government and CSO representatives.

It is also interesting to compare countries like UK and Denmark, where the principle of subsidiarity is heavily reflected in all state policies, while other countries with different traditions and conditions are choosing a more centralized model. In sum, the eight countries offer a sufficient range of information to understand various approaches as well as consequences of the chosen state policy.

COUNTRY ASSESSMENTS: CZECH REPUBLIC

The CSO sector in the Czech Republic consists of civic associations, foundations, endowment funds, public benefit institutions¹¹, church-related legal entities and organizational units of civic associations. In 2010, there were 110,076 nonprofit organizations operating in the Czech Republic. The most widespread types of nonprofit organizations are civic associations¹².

Despite positive changes in the data collection methods of the statistical office and the publishing of a summary report on the CSOs every year, there still isn't enough representative information and exact data on the sector.

The Czech Republic has a long-standing tradition of charity and voluntary associations in the country. By the end of the 19th century, the Czech territories had the largest number of charitable and voluntary organizations in the Austro-Hungarian Empire¹³, and such organizations were flourishing also during the era of the first republic in early 20s and 30s. In spite of harsh repression, some independent citizen initiatives and opposition to the communist regime existed, but these efforts remained fragmented and weak.

Vaclav Havel, the iconic figure of the Czech revolution and later a president of the Czech and Slovak Federation, strongly believed in the positive role of civil society in building a modern democracy. He earned inevitable respect within the government and general public as well, because he managed to assist and influence policies of the Republic towards CSOs and towards a more supportive environment. The other critical player with a great influence was the Council for Foundations (later the Government Council for Non-Government, Non-Profit Organisations) established in 1992. This body made suggestions to the government on a model of subsidizing the CSO sector through an endowment grant scheme financed by the incomes of the privatization.

1. National Government Policies on the development of the civil society

The state policy regarding civil society in the Czech Republic has manifested through two main instruments in the past two decades: (1) the establishment of the Government Council for Non-Government, Non-Profit Organisations, and (2) the development and implementation of the scheme of the Foundation Investment Fund. In addition, more recently a document on (3) the Concept to Support the Development of the Nonprofit Sector was adopted by the Czech government.

THE GOVERNMENT COUNCIL FOR NON-GOVERNMENT, NON-PROFIT ORGANISATIONS

The Government Council for Non-Government, Non-profit Organisations (Council) was established by a government decree in 1992(Annex CZ-01). Similar councils exist in other countries of Europe to enhance cooperation between certain segments of the sector and usually one ministry. The speciality of this Czech body is that this is the Council which has been the longest to exist in Eastern Europe that advises the government and not just one particular ministry (Councils with similar functions exist in Slovakia and Poland as well). The Council played an important role in making decisions on the strategy and the implementation of the Foundation Investment Fund, on distributing 1 percent of the privatization portfolio to eligible foundations, one of the unique CSO support schemes in Eastern Europe and the world¹⁷ that provided endowments to hundreds of CSOs in the country. The Council has equal number of representatives from the government and the non-governmental sector. The decree was amended several times; the provisions were last modified on 11th January 2010.¹⁵

¹¹In other terms operating CSOs without members and implementing programs

¹²Source: Czech Statistical Office

¹³B.Sátor, Developing an Institutional Framework of Funding CSOs in Ukraine, OSCE PCU, 2010

¹⁴In 1998 the Parliament adopted a new law in which the system was laid out: foundations in the Czech Republic are required to have a certain level of endowment, cannot engage in economic activities and are subject to a set of strict transparency and accountability rules. These foundations were eligible to apply for the privatization funds, which provided them with endowments, which in turn allowed the foundations to support CSOs in their respective geographic and thematic fields on an ongoing basis.

¹⁵http://www.vlada.cz/assets/ppov/rnno/statut_EN_1.pdf

COUNTRY ASSESSMENTS: CZECH REPUBLIC

The Council has regular meetings which are held whenever there is an urgent issue to discuss, but at least once every three months. The chair of the Council is a member of the government.

From the Statute of the Council:

1) The Government Council for Non-Government and Non-Profit Organisations is a continuous advisory, initiative and coordinating body of the government of the Czech Republic (hereinafter: "CR") in the realm of non-government, non-profit organisations (hereinafter: "NGOs").

2) The Government Council for Non-Government and Non-Profit Organisations was established by the government decree no. 428, dated 10th June 1992, as the Council for Foundations. Government decree no. 223, dated 30 March 1998, and subsequently transformed this body into the Government Council for Non-Government and Non-Profit Organisations (hereinafter: "Council").

The main competence of the Council is as follows: "The Council shall focus on, shall negotiate and, through its chairman / chairwoman (hereinafter only "chairman"), shall submit the government materials dealing with NGOs and relating to the creation of an appropriate environment for their existence and activities"¹⁶.

The meetings of the Council are regulated by the Rules of Procedure of the Government Council for Non-Governmental and Non-Profit Organisations. These are internal regulations approved by the government resolution of 15th October 2007¹⁷.

The Council has three standing Committees, each with specific description of duties:

- The Committee for Regions,
- The Committee for the European Union,
- The Committee for Legislation and Finance.

The secretariat under the Office of the Government assists the Committee. If necessary, the Council can establish temporary thematic Working groups. The tasks focusing on monitoring the CSO sector are dominating amongst the main tasks of the council determined by the Statute, but state policy level recommendations are also listed.

¹⁶Statute of the Council

¹⁷http://www.vlada.cz/assets/ppov/rnno/jednaci_rad_EN.pdf

COUNTRY ASSESSMENTS: CZECH REPUBLIC

THE FOUNDATION INVESTMENT FUND

The Council mentioned above was an important tool in the hand of the Czech legislators, as it was aimed at overseeing one of the most unique policy innovations in Eastern Europe: the Fund which provides endowments to indigenous Czech foundations. In 1992, the State Privatization Fund established the Foundation Investment Fund (FIF) (Annex CZ-02). It was registered as a share holding company, and the Council for Foundations became its advisory body.

It took almost a decade to agree on the exact form of support, during which the privatization income was accumulated on a separate account. In 1998, the Parliament adopted a new legislation in which the system was laid out: foundations in the Czech Republic are required to have a certain level of endowment, cannot engage in economic activities and are subject to a set of strict transparency and accountability rules. These foundations were eligible to apply for the privatization funds, which provided them with endowments. This, in turn, allowed the foundations to support CSOs in their respective geographic and thematic fields on an ongoing basis.

With this solution, the state played an important catalyzing role in the development of the civil society through a one-time investment. Today, there are around 300 indigenous grant-making foundations in the Czech Republic, making it the strongest foundation sector in CEE, and thus, relieving the burden of the government to finance small community organizations, startups, innovative pilot projects and other high-risk or economically not feasible philanthropic projects.

B. Sator, Developing an Institutional Framework of Funding CSOs in Ukraine
Report for OSCE PCU, 2010

The Law on Foundations and Funds (Annex CZ-03) made it easier to define the legal entities to which the contributions from the privatization fund may be given. The law defined the notion of a “registered endowment” as a part of the total assets of the foundation which may not be sold, used as a lien, nor willfully diminished by the actions of the foundation. The law allows the income generated from the endowment only to be used, but this income is fully exempt from corporate income tax, which results in saving money by not having to pay taxes. These taxes are between 20% and 35% of the annual income in the region, depending on the type of the income .

After the first round of FIF, 38 foundations received a total of US\$13 million. The second round was distributed to 64 foundations, they received \$27 million.

Through FIF, the Czech government speeded up the process of capitalization of the CSO sector. Usually it takes decades until the socially responsible business or wealthy individuals create enough foundations to finance causes which larger funding schemes traditionally can't, but which are vital for the sustainability of the sector. Of course, it doesn't mean that the newly endowed foundations could donate to risky causes, as there were strict transparency criteria introduced, and monitoring was assigned to the Council and the Ministry of Finances.

¹⁸Petr Pajas, The International Journal of Not-for-Profit Law Volume 2, Issue 2, 1999

GOVERNMENT CONCEPT TO SUPPORT THE DEVELOPMENT OF THE NONPROFIT SECTOR¹⁹

The Concept (approved by Government Resolution dated 5 January 2009 No. 9)²⁰ provides information on the priorities in relation to the government approach to support CSOs, linked to the National Development Plan and thereby, defining a mid-term vision by 2013²¹. The Concept (Annex CZ-04) includes objectives and proposals for reform that are more technical, e.g., the improvement of the regulation of public collections; but also that are of strategic importance to the nonprofit sector, such as the concept for a new public benefit law, which is to be adopted by the end of 2012. (The first concept was drafted and public consultations were already held in 2008.) In addition, the document affirms the need for amendments to the regulation of games of chance in order to decrease the obstacles in supporting CSOs from lottery proceeds.

Another chapter in the document deals with financing of CSOs, and some objectives here were clearly not realized in the original timeframe – e.g., ministries would have needed to put out calls for grant proposals that involve capacity building of CSOs by the end of 2010. Another “item” that has not yet been realized is the adoption of an agreement between the Government and CSOs.

2. Instruments and criteria used by the national government to monitor the effectiveness of the state policy

THE GOVERNMENT COUNCIL FOR NON-GOVERNMENT AND NON-PROFIT ORGANISATIONS

The conceptual framework of the Council was an important step of the Czech government to ensure higher participation rate and expert feedback on policy making²², but at the same time it has a more important function in monitoring the implementation of various state policies and their impact on the CSO sector. As Article 2, point 1 describes these tasks as follows²³:

- a) preparing and evaluating conceptual and implementational data to inform government decisions concerning the support for NGOs as well as legislative and policy measures that deal with the conditions of their ongoing operation,
- b) monitoring, initiating and commenting on legal regulations, governing the position and activities of NGOs; through its chairman – a member of the government, – the council shall provide comments concerning any proposed legislation related to NGOs,
- c) initiating and coordinating cooperation among ministries, other administrative authorities and territorial self-government bodies in the realm of support for NGOs, including subsidy policies from public budgets; monitoring, analysing and publishing information on the position of NGOs within the framework of the European Union (hereinafter only the “EU”), on the involvement of the CR in the EU, in terms of NGOs, and on the financial sources connected therewith; cooperating with ministries and other administrative authorities responsible for the administration of EU finances in the CR, inasmuch as the utilisation of said funding is related to NGOs,

¹⁹The original title of the document is „Zhodnocení koncepce podpory rozvoje neziskového sektoru“-Evaluation of the concept of supporting the development of the nonprofit sector. As no official translation of the Concept itself was available this study will refer to the document as “Concept”.

²⁰This resolution requires the Minister for Human Rights and National Minorities and the Chairman of the Government Council for NGOs to report annually on the government’s strategic objectives of the above Concept. 2010 report available at: http://www.vlada.cz/assets/ppov/rnno/dokumenty/informace_o_plneni_koncepce_2010.pdf

²¹In line with the current EU programming and budgeting period from 2007-2013

²²The concept of the Council is in line with the philosophy and procedures described in the Regulatory Impact Assessment (RIA) guidelines, adopted by the Czech Government in 2007, <http://www.mvcr.cz/mvcren/article/ria-guidelines.aspx>

²³http://www.vlada.cz/assets/ppov/rnno/statut_EN_1.pdf

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- e) in cooperation with ministries, other administrative authorities, NGOs and additional entities and institutions, ensuring the availability and publication of information on NGOs and on state policy measures which address NGOs; in particular, providing access to and analysing information concerning subsidies from public funds for NGOs and the process, by which such funding is made available and utilised,
- f) participating in measures from various ministries or other administrative authorities that are related to NGOs, particularly in processes involving the standardisation of activities, the allocation of accreditations and the categorisation of NGO types,
- g) monitoring and informing the government on the use of financial resources within the Endowment Investment Fund category, which, by Decrees No. 413/1999 and No. 1946/2001 of the Chamber of Deputies of the Parliament of the Czech Republic, were separated into the endowment assets of selected foundations, and on the distribution of their proceeds; in this task the Council shall cooperate with the Ministry of Finance.

“The first round (of the Endowment Fund. edit) had fairly strict conditions for eligibility (minimum number of grants made, formal criteria, etc.), but the criteria for the second round were less strict and opened the process to small regional foundations. This has caused a real change in the structure of the Czech foundation sector and supported the development of local funding sources for NGOs. Recipients of the first round of FIF made their first grants in 2001. Results suggest that foundations did gain a significant source of funding for model and innovative projects as well as for projects in the regions and in areas with a lack of resources (human rights, environmental protection, and non-profit sector development).”²⁴

There are rules of overhead and program cost ratio (20-80%), restrictions on distribution on grants (only allowed through open, public grant-making schemes), strict policies in investing the capital, also restriction that grants should be made from the interest earned and not from the capital, etc.

3. Instruments and criteria used by national government to monitor the development of the sector

The government of the Czech Republic has recently started to gather and publish data annually on state support provided to CSOs. The Analysis of financing NGOs²⁵ from public budgets is available for the years 2008 and 2009 (Analysis published in 2010 and 2011 respectively (in Czech).

The analysis does not cover funding for all nonprofit organizations, but only those that the Government Council for non-governmental organizations (RVNNO) describes with the term “non-profit organization”, that is, the associations and their organizational units (hereinafter referred to as “civil association”), churches and religious societies, charitable organizations, foundations and endowment funds.

The data are mostly obtained from the automated budget Information System called ARIS²⁶ –which was created to unite data from both central and local governments into a standardized system.

²⁴P. Kalousová, published in Alliance, Vol. 7, No. 2, June 2002

²⁵http://www.vlada.cz/assets/ppov/rnno/dokumenty/rozbor_2009.pdf

²⁶The system operated by the Ministry of Finance, „ARIS - a system for monitoring the management of public budget. This system has extensive coverage and it belongs to all budgetary chapters, budget organizations, subsidized organizations, provinces and municipalities. This system is structured to enable receiving data from a wide variety of commonly sold commercial accounting packages used by different users, and combines the data for reporting to the initial budget, revised budget and revised budget and actual budget expenditures” (Google translate), see more: http://www.mfcr.cz/cps/rde/xchg/mfcr/xsl/studie_expert_11359.html as of 25.10.2011.

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Creating such a data collection and dissemination mechanism was one of the key requests from the side of CSOs, academics and public sector decision makers as well. It was really hard to understand and monitor the development of the sector without relevant evidences, especially taking into account the size and variety of CSOs operating in the country.

Czech Statistical Office (CSU)

Unfortunately, the Czech Statistical Office²⁷ is still does not publish a full and , detailed report on all aspects of the CSO sector, but started publishing a so called Satellite account²⁸ on non-profit institutions²⁹ starting from 2002 (published in 2004)³⁰.

The office started to apply the principles of the still unrivaled Johns Hopkins Research's³¹ Handbook on Non-Profit Institutions in the System of National Accounts, which was published in December 2003. There is a separate unit created for non-profit statistics, as CSU recognized that sector-specific methodology and understanding are needed to analyze the sector's specific skills. Members of the unit are also members of the Governmental Council.

²⁷http://apl.czso.cz/pll/rocenka/rocenka.indexnu_sat?mylang=EN

²⁸Principles formulated as a result of cooperation of The United Nations Statistical Organisation with the Center for Civil Society Studies at the Johns Hopkins University on best practices for national statistical offices in relation to evidences of CSOs

²⁹http://apl.czso.cz/pll/rocenka/rocenka.indexnu_sat?mylang=EN

³⁰Key areas(Aggregate) reported by the CSU are: Production, Generation of Income , Primary distribution of income, Secondary distribution on income, Redistribution on income in kind, Use of disposable income, Acquisition of non-finacial assets, Financial account, Employees, Number of NPOs by legal form, Output by industry, Value added by industry,Number of employees (FTE) by sector and type of institution. . CSOs are selected for the sample according to various legal and fiscal parameters, the accounts are generated based on their filled questionnaires returned – information is available from the methodological description of the accounts (in czech only), see links in footnotes above.

³¹Lester M. Salamon, S. Wojciech Sokolowski, Regina List, Global Civil Society – An Overview, The Johns Hopkins Comparative Nonprofit Sector Project, 2003.

COUNTRY ASSESSMENTS: CROATIA

In 2010, there were more than 43,000 registered civil society organizations, including associations, foundations, sports and religious organizations.³²

From 1999 to 2009, 27,543 projects of CSOs were funded by the state, more than 320 million of Euros were allocated to the sector. In 2010 alone, over 65.3 million Euros were distributed to CSOs from state resources. According to a research conducted among CSOs that received grants from the state budget in 2010, almost 70% of CSOs rely on funding from the central and regional/local government's budgets as the main source of funding.³³

During the relatively short period of its independence, Croatia managed to create a complex system of strategic and practical tools and policies to manage government relationships with the CSO sector. CSOs were getting into the centre of attention during and after the 1991-1995 Balkan war: the country had to cope with pressing social, economic, psycho-social, etc. problems and parallel to this, it had to build an independent state with all its mechanisms. There wasn't enough capacity or funding available for all tasks and obligations of the government, alternative solutions were necessary. CSOs were able to attract funding and mobilize capacity. The process was interesting also in terms of the speed of development of the sector as well. Various donors recognized the potential in east-east experience transfer, and in their programs and strategies involved to a great extent CSOs from Eastern Europe. Their intention was to speed up the democratization, stabilization and progress in the country by saving time on a long adaptation process of the Western models.³⁴

To assist the sector with indigenous funding, the government established a grant mechanism to support the sector in its development needs not answered by other donors. The existence of the National Foundation for Civil Society Development (National Foundation) helped CSOs in Croatia to cope better with western donors withdrawing their funding from the country compared with some countries that were considered to be more advanced in terms of their levels of institutionalization (e.g. Hungary, Poland, Slovakia).

1. National Government Policies on the development of the civil society

The most important national policies to assist the development of the civil society in Croatia are: (1) The Program of Cooperation between the Government of the Republic of Croatia and the Non-Governmental and Non-Profit Sectors signed in 2000 (Annex CRO-01); (2) the National Strategy for Creating a Supportive Environment for the Development of Civil Society approved in 2006 (annex CRO-02); (3) the Operational Plan of the National Strategy from 2007 (Annex CRO-03); and (4) the Code of Good Practice and Standards for the Financing of Programs of Civil Society Organizations out of State and Local Budgets, approved in 2007 (Annex CRO-04).

These policy documents are embedded in a three-pillar institutional framework for supporting NGOs. The framework is based on the collaboration and continuous interaction of the following institutions: Council for Civil Society Development, National Foundation for Civil Society Development and Government Office for Cooperation with NGOs. These institutions work closely together to promote policies and initiatives for the development, support, and sustainability of NGOs in Croatia. This institutional framework is a combination of centralized policy-making and decentralized support to NGOs.

³²USAID, The NGO Sustainability Index for Central and Eastern Europe and Eurasia: Croatia, www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex 2010.

³³<http://www.uzuvrh.hr/vijestEN.aspx?pageID=1&newsID=1415>

³⁴E.g. one of the largest Croatian CSO development projects, the CroNGO program (1997-2007) successfully used development organizations from Poland, Hungary and other countries in the region

COUNTRY ASSESSMENTS: CROATIA

POLICY DOCUMENTS

(1) The Program of Cooperation between the Government of the Republic of Croatia and the Non-Government and Non-Profit Sectors is³⁵ a non-binding agreement³⁶ which outlines the principles of cooperation and responsibilities of both the Government and the CSOs. The program was approved by the Government in January 2001. The Program was created as a result of a highly participatory policy exercise, where both the leading CSOs and the Government were putting big emphasis on ensuring the maximum feedback and participation from the side of CSOs; but also involving people responsible from the side of the government.

The Programme of Cooperation between the Croatian Government and the Non-government and Non-profit Sector is based on the mutual values of a modern democracy and the values of citizens', civil initiatives based on social changes, cooperation, solidarity, social justice, transparency, personal power and responsibility, participation in decision-making, respect for personality, self-organization, respect for differences among organizations and continuous education, and is aimed at creating efficient mechanisms that will further the relations between the Government and the Sector.

From the Programme of Cooperation

The Program of Cooperation defines the following fields as areas for cooperation:

- consultations with NGOs in legal initiatives and their inclusion in working groups;
- consultation in designing the Government's National Program and evaluation of its strategy and priorities, , consultation in evaluation of projects in which public money is invested;
- evaluation of national policy in all areas;
- decentralization and cooperation for the durable development of the society;
- partial or complete financing for programs and services;
- citizens' participation (public participation) in the process of decision making and meeting the community's needs for support and the enhancement of self-organizing and volunteer actions for the benefit of their communities;
- development of social enterprise and social capital as an important component for social development and support for a socially responsible business sector.

(2) The second document is the "National Strategy for Creating Supportive Environment for the Development of Civil Society" from 2006. The development of this Strategy was envisioned in the above mentioned Program, and its draft was initiated by the National Council. The Strategy was developed in cooperation with over 60 representatives from the CSO sector, government bodies, academics and businesses. The Government adopted the strategy in July 2006.

³⁵<http://www.icnl.org/knowledge/library/files/Croatia/program.pdf>

³⁶The Program was adopted by a non-binding act of the Government - i.e. not a law or regulation. This was due to its unusual purpose – an agreement with CSO signatories. Regardless, the Government complied with its provisions and implemented the document as though it were binding.

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The objective of the Strategy is to create conditions for community development in which citizens and civil society organisations, in synergy with other sectors, actively, equally and responsibly, on the basis of the principles of sustainable development and acting for public benefit, participate in the building of a society of wellbeing and equal opportunities for all.

Therefore, the creation of an enabling environment for civil society development should be considered much more widely than just as one strategy or the five-year period to which it applies, since it penetrates all pores of social and economic development in the country. Indeed, the extent of the development of democracy and the openness of Croatian society is measured, along with other indicators, by the degree to which civil society is developed.

We expect continuous work on re-examining and widening the space for civil society development, as well as cooperation among sectors in society: the public, profit and the non-governmental, non-profit sectors. The state should have an ever increasing role as mediator and partner, not as the creator of social and economic development.

From the Introduction of the strategy ³⁷

The Strategy outlines the goals and measures that should be accomplished by 2011 in order to increase and strengthen the legal, financial and institutional framework for the support of civil society.

The Strategy covers 11 major thematic areas including: the value basis of relations between the state and civil society; social cohesion; citizens' participation; civic education; legal framework for CSO activities and development; civil society support; regional development; development of volunteering and philanthropy; and civil society development in the international context.

In each of the thematic areas, concrete objectives are outlined which are to be achieved by 2011. For example, under the "Legal Framework for the activities and development of civil society organisations", the following key objectives are listed:

- To harmonise primary and secondary legislation horizontally (one regulation with the other) and vertically (sub-ordinate regulations with superior ones) pertaining to CSOs;
- To adopt new enabling regulations for the development of voluntarism and foundations;
- To adopt a new model of classification of civil society organizations, differentiating between organisations that perform activities for public benefit on the one hand, and organisations established for the purpose of meeting the needs of their members on the other hand;
- To change the tax laws in order to stimulate philanthropy and the culture of donations through the means of certain tax benefits
- To produce a Programme on Cooperation of the Government of the Republic of Croatia with the Non-governmental, Non-profit Sector in Croatia, accepting the specific features of the local programme of cooperation/ charters on cooperation of the local self-government units;

³⁷http://www.uzuvrh.hr/userfiles/file/Nacionalna_Strategija_ENG.pdf. Page 9, emphasis added

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- To adopt the Code of Good Practice, Standards and Benchmarks for the Allocation of Funding for Programmes and Projects of NGOs in order to ensure clear conditions for financing civil society organisations, as well as to measure their impact on the changes within the community accomplished through projects financed with public money
- To comprehensively harmonise the legal framework, especially those regulations indirectly related to the functioning of civil society organisations, for example, labour relations and protection at work, taxes, participation in legal transactions within and outside the country, transactions in foreign and domestic currency, etc.
- To abandon the practice of separately listing different types of benefits and categories of privileged civil society organisations in the laws pertaining to the functioning of civil society organisations, since the listing, in the absence of firm criteria, leads to unevenness of regulations and discrimination of certain types of civil society organisations
- To improve the legal and institutional framework for the work of non-profit media for the purpose of democratisation and the development of civil society.

In addition to adopting the National Strategy, the Office for Cooperation with NGOs developed an Operational Plan³⁸ for the Implementation of the Strategy which was also adopted by the Government in 2007. The Operational Plan (in total 30 pages) has a clear, understandable, detailed and relatively easy to monitor approach: after each chapter and respective subchapters there are objectives formulated, followed by measures for implementation, competent authorities and deadlines for completion. (See example in the textbox.)

Excerpt from the Operational Plan for the Implementation of the National Strategy to Create a Supportive Environment for the Development of Civil Society

Goal #4: Promote citizen's participation in the creation of public policy

Measures:

4.1. Drawing up a Code of Good Practice for Consultations and promoting its implementation: Develop Guidelines for the inclusion of the relevant civic stakeholders in all stages of the decision-making process pertaining to the adoption of regulations or measures; rules and examples of good practice for the inclusion of civic stakeholders in consultations, discussions, expert analysis and other forms of consultation during the analysis of problems and preparation of political measures, legislative proposals, other regulations and other forms of systematic resolution of problems.

Competent authorities: Government Office for Cooperation with NGOs with the Council for the Development of Civil Society, Central State Office for Administration

Timeframe: January – September 2007

4.2. Analysing the legal framework on public access to information according to European Union standards, and, based on this, proposing amendments to the Access to Information Act by introducing a public interest and proportionality test in the case of denial of access

Competent authorities: Central State Office for Administration, central state administration bodies

Timeframe: January – June 2008

³⁸The operational plan (in total 30 pages) has a clear, understandable, detailed and relatively easy to monitor approach: after each chapter, resp. subchapter there are objectives formulated, followed by measures to follow, competent authorities and deadlines for completion

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While there are no explicit monitoring criteria, progress against these objectives is monitored on an annual basis, as the specific bodies assigned to undertake the tasks in the Operational Program report to the Office for Cooperation on their accomplishments and challenges. The Office for Cooperation is responsible to submit annual reports to the Government on the progress of the implementation. The report is then reviewed and discussed by the Government at experts work groups and coordination meetings before being adopted. This annual report contains the following information:

- the description of the measure,
- the responsible body for its implementation,
- description about the actions undertaken and status of implementation,
- the anticipated deadline and recommendations for next steps, and
- actions to improve the enforcement of that measure.

According to the Report of the Work of the Government Office for Cooperation with NGOs for 2007-2008, 64% of the measures in the Operational Plan anticipated for the first year have either been launched or implemented.³⁹

(4) The Code of Good Practice, Standards and Benchmarks for the Allocation of Grants for Programmes and Projects of NGOs adopted by the Parliament in 2007, proved to be a valuable tool for standardizing funding procedures. The Code on Good Practices for government funding of CSOs is also exemplary, as it sets out basic rules and procedures for public authorities at all levels of government in relation to the distribution of public grants. It achieves this through a very simple and easy-to-follow document that contains eight key principles with concrete guidance for their application. The eighth principle concerns monitoring and evaluation:

“8. Monitoring and evaluating the implementation of approved programs and projects, and of the purposeful spending of the grants awarded on the basis of an obligatory descriptive and financial report submitted by NGOs to grant providers pursuant to the provisions of grant agreements.”⁴⁰

INSTITUTIONAL FRAMEWORK

The Council for the Development of Civil Society was established in 2002 as a governmental advisory body and until today it plays a strategic advisory role in regard to formulating policies affecting CSOs. In addition to giving advice on the government on strategies related to the implementation of the Program of Cooperation and the National Strategy, it gives recommendations on larger scale development concepts, like how to enhance philanthropy in Croatia. Decisions and suggestions of the Council are not binding for the government.

The Council meets every three months or more frequently if necessary. Members of the Council are elected⁴¹ for three years, and they can get reimbursements for their costs but the position is not paid. The Council has members both from the CSOs (12) and the government (12) but it includes also includes experts dealing with international cooperation (3). Members both from the CSOs and Ministries are selected based on advertised expectations.

³⁹<http://www.uzuvrh.hr/userfiles/file/UZUVRH-Izvjesce%202007-2008%281%29.pdf>

⁴⁰Code of Good Practice, Standards and Benchmarks for the Allocation of Funding for the Programmes and Projects of NGOs Official Gazette no.: 16/2007, February 2007

⁴¹The nomination of candidates and later the election is internet based, in both cases specific procedural rules apply (including determining qualifications necessary for becoming a member of the Council), the candidates complying with expectations and receiving the most votes become members of the Council. Procedures in Croatian: <http://www.uzuvrh.hr/userfiles/file/POSLOVNIK%20Savjeta%20za%20razvoj%20CD%20uskl%C4%91en%20s%20novom%20Odlukom%20o%20Savjetu.pdf>

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The participation of hundreds of NGOs in electing the Council members makes it a legitimate body in which the exchange of opinions, standpoints, know-how, and experience between the representatives of different sectors takes place. The Council members actively engage in various awareness-raising events such as public discussions, round tables, and public consultations, and seek to engage with business community representatives, universities, and journalists. The National Council publishes an annual report on its activities.⁴⁴

The National Foundation for Civil Society Development was established in 2003⁴⁵. It is a good example for a state fund supporting civil society. Its concept follows the approach of an excellence model. Based on strategic priorities, it determines areas to be developed that have the largest potential to make positive influence even in the parts of the sector which are not heavily subsidized through the fund (multiplying effect). It has set a strategic goal that it aims to accomplish and it views CSOs as key partners (rather than simply vehicles) in achieving it.

Mission, Vision and Objectives of the National Foundation for Civil Society Development:

- The Mission of the National Foundation is to promote and support civil society development in the Republic of Croatia.
- The Vision of the National Foundation is to create, through its activities, an active citizenship in the development of a modern, democratic and inclusive society in the Republic of Croatia.
- Objectives that the National Foundation wishes to achieve through its activities are as follows:
 - Promoting active citizenship, engagement, and participation in the development of the local community
 - Strengthening capacities of the civil society
 - Developing cross-sector cooperation and cooperation among civil society organizations
 - Increasing public influence and visibility of the activities of civil society organizations
 - Developing social entrepreneurship and employment in the non-profit sector
 - Increasing the influence of civil society in the processes of creating public policy.

З Річного звіту Національної фундації за 2009 р.

⁴²www.smart.hr/dokumenti/ecf-smart-17092010-vidacak.ppt

⁴³CSOs willing to vote have to register online

⁴⁴Igor Vidacak: Developing Standards and Mechanisms for Public Financing of NGOs in Croatia http://www.icnl.org/knowledge/ijnl/vol12iss4/art_4.htm#_edn4

⁴⁵"With the adoption of the Act on Income from Games of Chance and Competitions (2002) the material basis was formed for the foundation of the National Foundation for the Development of the Civil Society, as some of the money, as determined by Article 10 of this Act, intended for organizations which contribute to the development of the civil society, will be directed to the National Foundation. According to the Decree adopted by the Government of the Republic of Croatia in March 2003, the level of that expenditure on the activities of the National Foundation amounts to 14% of the total part of the income from games of chance which is directed towards NGOs, according to Article 10 of the Act on Income from Games of Chance and Competitions." "From Vision to Change", publication by the Government Office for NGOs, 2003

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As can be seen, the main goal is to encourage Croatian citizens to take an active part in public life – not only during elections, but also in taking care of each other and addressing social problems on a daily basis. The Foundation then uses effective and appropriate funding mechanisms that are in line with development principles (such as the rootedness and long-term processes). For example, instead of directly giving very small grants to community based CSO programs (like the Hungarian fund), it agreed with regional intermediaries who can manage those programs more efficiently (see below). Uniquely in the region, it also supports up to three years of institutional development of CSOs. This is not typical of government donors who usually support annual cycles.

Furthermore, the Foundation is financed from the lottery proceeds, which provides a relatively secure and predictable financing year after year (in contrast with other countries where the Fund depends on annual budget appropriations.).

Through its unique model, Croatia could successfully decentralize support for civil society which was previously centralized. (All state funds to CSOs used to be distributed through the Government Office for Associations.) The Program of Decentralization of Grants for Civil Society Development in the Republic of Croatia, in partnership with four regional foundations, streamlined the process of funding short-term civic initiatives at the local level. These efforts are complemented by the activities of the National Foundation's funded network of associated NGO partners in five regions that provide various types of training, networking, technical assistance, and clearinghouse services at the local level which form an important part of infrastructure for furthering the regional development of civil society.⁴⁶

Since 1998, cooperation with CSOs is coordinated by the Government Office for Cooperation on the state level (based on the act of the government)⁴⁷. In a decentralized system of public funding, the Government Office for Cooperation with NGOs remained a focal policy-making point in the Government, responsible for coordinating the work of various government bodies in regard to developing cooperation with the non-profit, nongovernmental sector. This includes the following activities: designing standards and recommendations for improving the financing system of NGOs' activities from the state budget and other public sources; reporting to the Government on the overall funding of NGOs from public sources at all levels; proposing new legal initiatives for the activities of the nongovernmental and non-profit sector in Croatia; monitoring the implementation of adopted national programs and strategies influencing NGOs; developing standards of consultation for NGOs in public policy-making; and programming priorities for funding of NGO programs from the EU pre-accession and structural funds, in close collaboration with the Council for Civil Society Development.⁴⁸

2. Instruments and criteria used by national government to monitor the effectiveness of the state policy

GOVERNMENT OFFICE FOR COOPERATION

The Office is responsible for monitoring the development of the CSO sector as well as for proposing changes to the existing legal framework, and also proposing new laws if necessary. It is also responsible to monitor the implementation of the Program of Cooperation mentioned above as well as the National Strategy and the Operational Plan. The Office for Cooperation with NGOs supports the work of the Council for the Development of Civil Society technically and financially.

⁴⁶Igor Vidacak: Developing Standards and Mechanisms for Public Financing of NGOs in Croatia http://www.icnl.org/knowledge/ijnl/vol12iss4/art_4.htm#_edn4

⁴⁷The government regulation on establishing the Office: <http://narodne-novine.nn.hr/clanci/sluzbeni/128430.html>

⁴⁸Igor Vidacak: Developing Standards and Mechanisms for Public Financing of NGOs in Croatia http://www.icnl.org/knowledge/ijnl/vol12iss4/art_4.htm#_edn4

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In general, monitoring happens based on the yearly reports by the ministries and other state agencies involved in the implementation. They report on the progress against specific objectives that they had to accomplish and the Office compiles these in an Annual Report that is presented to the Government and is available on the website of the Office. The area where the Office conducts a specifically designed monitoring exercise is related to public funding of CSOs at all levels (State, county, city, municipality levels). The Office has developed detailed monitoring forms/questionnaires for this purpose that are being reviewed each year in cooperation with all state institutions.

The latest example of these monitoring activities is a report on public funding of CSO from State budget (in 2010), prepared by the Office.⁴⁹ The report is issued annually and provides both quantitative data (e.g., by summarizing the key numbers of CSO support by the various government bodies) and qualitative information (e.g. by including concrete case studies of supported projects), as well as their analysis for policy makers and the public.

COUNCIL FOR THE DEVELOPMENT OF CIVIL SOCIETY

To support the implementation of specific tasks, the Council established working groups, which work in the following areas:

- legal framework for NGOs,
- financing of NGOs and international cooperation and
- EU accession.

The mandate of these working groups draws from the National Strategy and the specific goals outlined in it. In 2008, a special Committee for the Implementation of the measures of the Operation Plan of the National Strategy was established based on the recommendations of the Council. The Committee's main responsibility is to ensure monitoring and reporting on the implementation of the Strategy through strategic and practical advice to the work of the Government Office.⁵⁰

The Council for the Development of Civil Society has a specific role of in regard to monitoring, analyzing, and evaluating funding from the State Budget based on the Code of Good Practice, Standards and Benchmarks (discussed above). Grant providers are required to submit information about financed programs and projects to the Council for the Development of Civil Society and to the Office for Cooperation with NGOs.

On the basis of this provision, the Government Office for Cooperation with NGOs introduced a regular and thorough monitoring and analysis of public funding of NGOs (see above, under Government Office), which results in detailed annual reports submitted to the Council for Civil Society Development and, finally, to the Government of the Republic of Croatia. The positive impact of the Code is also reflected in the fact that while it used to be widespread practice before, in 2009 only 2.9 % of all state grants have been awarded through grants without public calls for proposals and using discretionary power.⁵¹

As the Head of the Office for Cooperation writes: "One of the major concerns is related to the capacities of public bodies to monitor and evaluate NGO projects and programs financed from the public sources. The sheer number of grants approved – 6,350 grants in 2008 and 5,611 in 2009 – implies substantial challenges for civil servants working on monitoring and evaluating activities in NGO units of the ministries. Therefore, future improvements should include adjustments of the actual size of the grants to the actual costs and scope of projects or programs. Otherwise public funds, especially at the local level, tend to be dispersed without significant effect on the NGOs' capacities to deliver public goods."⁵²

⁴⁹<http://www.uzuvrh.hr/vijestEN.aspx?pageID=1&newsID=1415>

⁵⁰The Council for Civil Society Development is an advisory body of the Government (voluntary body), and one of the most important joint (Government-CSO) platforms for monitoring State policy towards CSOs. The expert, logistic and financial support to Council activities are provided by the Office. There is no overlapping, but rather synergy of efforts, with strong involvement of CSOs in the process. (Information provided by Igor Vidacak)

⁵¹Igor Vidacak: Developing Standards and Mechanisms for Public Financing of NGOs in Croatia http://www.icnl.org/knowledge/ijnl/vol12iss4/art_4.htm#_edn4

⁵²Id.

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3. Instruments and criteria used by national government to monitor the development of the sector

SURVEYS BY THE NATIONAL FOUNDATION

The National Foundation for Civil Society Development commissions a comprehensive study (see below) about the situation in the Croatian CSO sector on a regular basis, every 2-3 years. The latest report is from 2009.⁵³ ((Annex CRO-05); the new research is starting in September 2011. This is a major report that looks not only on CSOs themselves but also on donor programmes supporting CSOs and on the perceptions of the general public regarding CSOs. For the 2009 report 717 CSOs, 21 donors and 629 members of the general public responded to the survey, which included written, telephone and face-to-face survey methodologies⁵⁴. The report analyses the CSO sector in terms of its structure (what legal forms of CSOs are active, in which fields they operate, how many staff and volunteers they have etc.); resources (which are sources of CSOs and in what proportion they are supported by these resources); cooperation (among CSOs, as well as between CSOs and the public and private sectors); community involvement (participation of people in activities of CSOs); and public image (perception of CSOs by the people, CSOs in the media). The report also analyses the legal framework and the social and political context for the development of the sector. The results are compared to those from 2006. While this survey greatly informs the assessment of the effectiveness of state policies concerning the sector, it can be classified as an exercise directed at civil society sector monitoring overall, given that it collects and presents data in a comprehensive way (not directly related to the implementation of the objectives in the various strategies).

NON-PROFIT ORGANIZATIONS REGISTRAR

The new Registrar of Non-Profit Organisations (run by the Ministry of Finance)⁵⁵ is especially useful to monitor the development of the CSO sector as it allows a more detailed insight into financial reports of CSOs, containing useful information on their operations (including the number of employees etc.).

PRIVATE MONITORING

The Civicus Civil Society Index was conducted in 2004 (coordinated by Gojko Bezovan)⁵⁶, but this was only a one-time initiative. It seems that there is no private initiative that would regularly monitor the development of the CSO sector in Croatia.

⁵³Assessment of the development of civil society in Croatia, 2009. http://zaklada.civilnodrustvo.hr/upload/File/hr/izdavastvo/digitalna_zbirka/procjena_stanja_2009.pdf The previous report was conducted in 2006.

⁵⁴The questionnaire and interview guidelines are included in the Assessment document in Croatian, starting from page 161.

⁵⁵<http://www.uprava.hr/>

⁵⁶Gojko Bežovan et col., *Civil Society in Croatia: Gaining Trust and Establishing Partnership with the State and Other Stakeholders*, CIVICUS Civil Society Index Report for Croatia, 2005

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There is no official statistics about how many CSOs can be found in Denmark⁵⁷; however, various sources refer to about 5000 active national level organizations in the “voluntary social sector areas”⁵⁸; and an additional 83,000 CSOs active at the local level, primarily serving their members interests⁵⁹.

Besides the voluntary organizations there are around 14,000 foundations, including around 1,300 so-called commercial foundations (these are set up and controlled by a single company). All the foundations in Denmark have the status of a public benefit institution and tax benefits associated with.

The Danish welfare state is, as a whole, very strong, delivering wide range of the essential social services to its citizens. The main role of non-profit organisations is to step in where the government does not have the ability to provide necessary services that are marginal but still essential. They engage in a wide range of activities, from personal services to awareness raising and also running social institutions (crisis centres, shelters etc.) to many different target groups. In addition, trade unions, insurance mutualities, cooperatives and other associations have a long tradition in Denmark and are still powerful.

While it seems there are not as many big national nonprofit organizations, civil society is well organized and influential in Denmark. Based on the National Civil Society Strategy 2010 (see below), the value of voluntary work in Denmark equals 9,6 % of the gross domestic product (GDP) (around 134 billion Danish kroner/18 billion EUR), where about 35 % of the Danish population performs voluntary unpaid work in the fields of sports, politics, social work, etc. In the social area some 300,000 people regularly carry out voluntary social work, corresponding to 6 % of the Danish population⁶⁰.

1. National Government Policies on the development of the civil society

The serious contribution of associations to the GDP in Denmark reflects a historical tradition. Associations have been critically important in implementing principles and ideals of democracy. During the last centuries, when new challenges, new problems emerged for individuals and the state, these groups stepped in and crystalized the principles for the society to deal with such challenges. This way, associations became the dominant form of organization for major social change for over a century. The general attitude of the Danish population towards these units remain positive.

Due to this “organic development” of the role of associations, there is no single act governing associations in Denmark, i.e. a law that places specific requirements on an association before it can be declared legal or eligible to receive public-sector funding, etc.⁶¹ The details of CSO operation (including funding of CSOs) are therefore left to specific legislation that governs certain sub-sectors of associations – examples include the Danish Act on Popular Education or on Social Services.⁶²

⁵⁷The Danish Statistical Office (StatBank Denmark) does not collect information separately on the civil society organizations in Denmark; they are mixed with other industry organizations. Usually they may be found under categories like organisations active in education, culture and sports, social and health care organisations.

⁵⁸Voluntary social sector is to be understood as CSOs involved in social and welfare services such as children, poverty and employment, housing, elderly etc.

⁵⁹Sources include the National Civil Society Strategy (see below); Ministry of Foreign Affairs, which regularly assesses CSOs involved in international development; and a research on volunteering (2006)

⁶⁰<http://english.sm.dk/social-issues/civil-society/Sider/Start.aspx>

⁶¹Bjarne Ibsen and Ulla Habermann. «Defining the Nonprofit Sector: Denmark.» Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project, No. 44. Baltimore: The Johns Hopkins Center for Civil Society Studies, 2005.

⁶²E.g., according to the Danish Act on Popular Education (ACT no. 480 of 31/05/2000), in order to receive funding, popular education must be organized by an association which (among other requirements) has a board of directors chosen by the members or member organizations, and which is formed to promote a stated objective and has continuous activities for common good.

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In the past decade, five key national government documents have been developed that may be defined as key policy tools to describe the Danish Government Policies towards the CSOs. Two are overarching in scope and pertain to all CSOs operating within the country, while another three of are related to CSOs involved in Official Development Assistance projects (ODA).

OVERARCHING STRATEGIES

The Charter for Interaction between Volunteer Denmark and the Public Sector in Denmark⁶³ (Appendix DK-01) was signed in 2001 by Volunteer Denmark/Associations Denmark⁶⁴ and the public sector representatives. The document aimed to be a conceptual basis for cooperation, to be followed by joint actions and other, more specific agreements and documents.

The committee preparing the document represented the highest level of authorities from all partners involved. It included several ministers, representatives of Volunteer Denmark including chairpersons of major national associations from many fields of nonprofit work.⁶⁵

There is little evidence available relating to the implementation of the Charter; there was no implementation plan and any monitoring mechanism that followed. In general, Danish national priorities have been influential in the implementation process of the Charter. Therefore it was most prominently taken to action in the field of international development. In Denmark, CSOs have traditionally provided international aid, and the implementation of the Charter for Interaction focused on this aspect of voluntary sector activity. As one of the results of preparing the charter for example, the government stopped channelling funding for international aid exclusively through large NGOs, and began funding small NGOs as well, in an effort to ensure that Danish NGOs have the necessary capacity to deliver such programs.⁶⁶

The second overarching document is The National Civil Society Strategy in Denmark⁶⁷ (Appendix DK-02), 2010. The Ministry of Social Affairs was assigned to perform the coordinating and oversight role in the development of this Strategy as it already had a long experience with analyzing and assisting the CSOs through various programs and assistance given (for example it secured earmarked funding for CSOs interested for the year of voluntarism from the central budget) that helped the government understand the sector more. The Government's intention was to contribute to the strengthening of voluntary social activities. In October 2010 the Danish government presented a new strategy for the civil society, with the aim to involve the civil society and voluntary organizations more systematically in the field of socially vulnerable people and families

⁶³<http://www.worldvolunteerweb.org/resources/policy-documents/national/doc/charter-for-interaction-between-1.html>

⁶⁴Volunteer Denmark/Associations Denmark is a network of volunteer social organizations, sports associations, cultural and ecclesiastical organizations, adult education associations, youth groups, associations for persons with disabilities, patients associations, residents associations, grass-roots organizations, international NGOs and many more

⁶⁵A list of the members is provided at the end of the Document.

⁶⁶International aid funding for large groups was reduced by 5 percent and redistributed among a greater number of smaller organizations. In: Toftisova, 2005

⁶⁷<http://english.sm.dk/social-issues/civil-society/Sider/Start.aspx>

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The main objectives named in the National CS Strategy are:

- A civil society that contributes to strengthening early, preventive social action.
- A civil society that is proactive and can make contact with citizens who can not be reached by the public sector. An enhanced investment in civil society that contributes to continued innovation and development in social work.
- A volunteer culture where it is natural to be involved actively in the Danish society.
- A diverse civil society based on the development of citizenship, with room for everyone who wants to make a voluntary effort.
- A civil society that works across fields such as social affairs, health, housing, integration, employment, school and sports to tackle social issues.
- A civil society that works with the public sector and private industry to solve social problems, thereby creating new synergies in the cooperation.

The strategy is mentioning some key areas for action as well (these have further action points elaborated under each)⁶⁸:

1. Strengthened innovation and development in social action
2. Promoting active citizenship and volunteering culture
3. Strengthened voluntary organizations
4. Strengthened cooperation between sectors

The strategy is financed by 100 million Danish kroner from public funding (cca. 13,4 m EUR).

According to the government's intention, the implementation of the civil society strategy shall involve several stakeholders, including relevant voluntary organizations, local government organizations and private sector organizations. (In other words, it is not only the government responsible for the implementation.)

A concrete example for implementation by local governments involves the so-called "block grants"⁶⁹. Section 18 in the Act on Social Services requires local authorities to cooperate with the voluntary social organisations and societies and to allocate an annual amount in support of voluntary social work. The government and the local authorities have signed an agreement on financial compensation in the form of an extra general grant (block grant) for the local authorities. The government compensation totals around DKK 150 million annually (2011 figure) "on the condition" that the local authorities spend these funds to support voluntary social work. The local authorities must provide information on their cooperation with voluntary social organisations and their support to voluntary social work. The information must be submitted once a year before 1 April to the Ministry of Social Affairs or the party appointed by the ministry to perform the task.

⁶⁸As only the summary was available in English, we cannot quote the detailed action points.

⁶⁹Central government grant allocations administered by local governments targeting CSO development

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COOPERATION STRATEGIES REGARDING INTERNATIONAL DEVELOPMENT⁷⁰

Historically the Danish play a vital role in delivering aid abroad. In this function Danida, the development agency under the Ministry of Foreign Affairs plays an important role. Delivery of Danish official aid to developing countries is predominantly implemented by CSOs. This may be a reason why the specific segment of Danish CSOs working abroad seems the most regulated, the most transparent and the most monitored compared to other segments (e.g. environmental CSOs).

Although the following policies relate only to this sub-segment of CSOs, they can serve with good practices and important examples for developing, implementing and monitoring government – CSO cooperation strategies. The Danish practice in this respect is considered to be very progressive, result and impact oriented. In this function the National Government is looking at the CSOs as partners and key service providers. They are also committed to strengthen their partners, this is mainly practiced through progressive funding schemes⁷¹. Based on Concord's⁷² 2011 study⁷³ Denmark already exceeded the 2015 target in terms of ODA (0,88 %to GNI, instead of 0,7%) and belongs among the top three EU member countries both in terms of quantity and quality of aid.

The three key Governmental policy tools in the given field are:

- Strategy for Denmark's development cooperation, "Freedom from Poverty – Freedom to Change"
- Strategy for Danish support for civil society in the developing countries, "The Civil Society Strategy"
- "Governing Support to Development Activities: The General Principles Implemented by Danish Civil Society Organisations"

The strategy for Denmark's Development Cooperation, "Freedom from Poverty – Freedom to Change" (Appendix DK-03) provides the general foundation for the work of Danish civil society organisations working in the field of international development.

It is implemented by the Ministry of Foreign Affairs in cooperation with relevant ministries and other partners. The document emphasizes five principles: growth and employment; freedom, democracy and human rights; gender equality; stability and fragility; environment and climate. Implementation is supported by action plans for the individual priority areas these are revised annually with the involvement of the key stakeholders. Furthermore, the specific implementation of the strategy in the partner countries is suited to local organisations and other partners. Based on the document, the Danish Government is continuously monitoring the development in the partner countries and organisations and the results are regularly measured. In mutually binding cooperation with partner countries, organisations and other development partners they are defining specific targets and monitor progress so that it is easy to identify the results achieved and adjust all involved parties engagement accordingly.⁷⁴

This approach is unique (mostly to Nordic countries), as besides setting clear targets it is also committed to make adjustments if changes in the environment of the program require it. This specific approach is determining the monitoring such programs as well (see below).

⁷⁰The term International Development under this paragraph means Danish official assistance to foreign countries

⁷¹One example to mention are the Framework Agreements: six NGOs are supported through four-year rolling plans with one-year appropriations appearing directly in the Budget and indicative planning figures of the subsequent three years.

⁷²Concord is the European Association of national NGO development platforms (www.concordeurope.org)

⁷³http://www.dochas.ie/Shared/Files/2/Penalty_Against_Poverty.pdf

⁷⁴<http://amg.um.dk/NR/rdonlyres/DB9C5B4A-C3C9-48F4-81B8-5A3DB10C08D8/0/FreedomfromPovertyeng.pdf>

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The strategy for Danish support for civil society in the developing countries, “The Civil Society Strategy” (2008) (Appendix DK-04), defines the foundation for cooperation with Danish organisations implementing activities in the developing countries.

The variety of grant-making and re-granting channels is also described in details which make it possible for partners to design and implement relevant development activities choosing the right form of support. The document also emphasizes that besides the financial aid channeled through Danish CSOs, there are other not solely financial benefits to the beneficiaries. The added value description (see chart) provides a list of benefits for the Danish Government for working mostly through CSOs:

- Professional development: The Danish civil society organisation contributes to promoting professional knowledge and insight of benefit to the partner’s activities.
- Popular contacts and information: The partnership contributes to strengthening, for example, contacts between members, support base and local communities in Denmark and in developing countries, and it ensures that information campaigns about the partner’s activities are conducted.
- International agenda: Cooperation with the Danish partner offers the partner better opportunities to link their work and experience to broader international and global agendas, partly through access to international networks.
- Rights: The Danish organisation can transfer knowledge about fundamental rights within its area of work and about how they are used in practice.
- Protection: Contact to a Danish partner can be a shield against attack and pressure from the state and politicians.
- Diversity: The diversity of Danish organisations contributes to greater diversity in developing countries, thus ensuring that a number of marginalised groups are reached

Source:http://www.amg.um.dk/NR/ronlyres/D5D7B083-FC02-4D8D-947A-AD5D3FB796C8/0/samfundsstrategien_uk.pdf

“Governing Support to Development Activities The General Principles Implemented by Danish Civil Society Organisations” (2011) (Appendix DK-05) describes the overall principles for fulfilling the objectives of “The Civil Society Strategy”.

The General Principles serve as an actual principle set to be followed in relation to the decision on projects chosen for support; CSOs supported; their work in the field; their reporting etc. It covers practically all aspects of development activities starting from the policy and strategic level, ending with the technical level, e.g. how feedback after implementation of an activity might be determined. The principles are well explained, when necessary concrete guidelines are given. The document⁷⁶ also describes their key philosophy in monitoring and evaluation (see below).

⁷⁶<http://www.amg.um.dk/NR/ronlyres/C1CB6791-627C-46A6-9099-942972DD8AAB/0/Generalprinciplessamletengelsk150211.pdf>

2. Instruments and criteria used by national government to monitor effectiveness of the state policy

There seems to be no specific instrument or mechanism to monitor implementation and effectiveness of the overarching civil society policies (2001, 2010). There has been only anecdotal evidence regarding the effectiveness of the 2001 Charter for Interaction. The 2010 National Civil Society Strategy is a recent document, the implementation of which has just began and no monitoring or evaluation report has been issued as yet.

While there is no designated monitoring instrument, the National Audit Office of Denmark (SAI) may undertake occasional monitoring related to these state policies in its own field of competence. The SAI conducts audits of various fields related to public funding including auditing of state services provided by external providers as well as auditing of aid or grants provided by the government.⁷⁷ In this capacity it can conduct an audit of the block grants provided under the Civil Society Strategy and determine their effectiveness in achieving the desired state policy (increased involvement of voluntary organizations in social services).

INTERNATIONAL DEVELOPMENT POLICY RELATED MONITORING

There is a sophisticated system related to monitoring the Civil Society Strategy in the field of International Development.

At the highest level there are two monitoring-advising bodies of the MFA⁷⁸ – both established by the Danish International Development Cooperation Act, cf. Consolidated Act no. 541 of 10 July 1998, as amended by Section 2 of Act no. 410 of 6 June 2002 and by Act no. 411 of 6 June 2002:

- The Danish Board for International Development Cooperation., The Board discusses bilateral and multilateral appropriations as well as proposals for new strategies and similar issues. The Board advises the Minister for Development Cooperation.
- The Danish Council for International Development Cooperation. The Council comprises approximately 60 members who are appointed by the Minister for Development Cooperation. Members represent various stakeholder groups. The Council discusses issues in development policy and arranges large-scale conferences focusing on current development policy issues.

Both of these bodies monitor the achievement of policy goals and specific targets year-by-year based on the reports from the Ministry and Danida. The Board and the Council evaluates progress and provides strategic guidance to the Minister based on the reports.⁷⁹

⁷⁷The National Audit Office of Denmark is an independent institution organizationally placed under the Parliament.

⁷⁸<http://www.netpublikationer.dk/um/9115/html/chapter19.htm>

⁷⁹"The Danida Board and the Council for International Development are mandated to provide independent advice to the Minister for Development Co-operation on development issues. However, while the Board is fulfilling its mandate to provide advice and recommendations to the minister on Danida's strategies, policies and programmes, the Council is not playing its role as a sounding board on development issues more generally. There is scope for the minister to reinvigorate the role of the Council, which could play a more active role in public debates about development." From: OECD, Denmark (2011), DAC Peer Review: Main Findings and Recommendations, http://www.oecd.org/document/59/0,3746,en_2649_34603_47834427_1_1_1_1,00.html

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Organisation

- Section 14. The Minister for Development Cooperation shall appoint the members of a “Board for International Development Cooperation”.
- Subsection 2. The members of the Board shall be appointed for three-year terms.
- Subsection 3. The Board shall consist of up to nine members.
- Subsection 4. The Minister shall appoint a chairman and deputy chairman of the Board from among its members.
- Section 15. The Board shall act as adviser to the Minister for Development Cooperation in connection with the implementation of the tasks assigned to the Minister in pursuance of this Act.
- Subsection 2. The Board shall submit an annual report on its activities.
- Section 16. The Minister for Development Cooperation shall appoint the members of a “Council for International Development Cooperation”, which shall be charged with monitoring the activities of the Board for International Development Cooperation, receiving its report, and providing advice and recommendations.
- Subsection 2. The members of the Council shall be appointed for three-year terms. Subsection 3. The Council shall consist of up to 75 members.
- Subsection 4. As members of the Council may be appointed individuals who have been nominated by authorities, institutions or organisations and who have a special interest in development assistance issues, and individuals holding special professional skills or experience related to the tasks forming part of the Council’s remit.
- Subsection 5. The Minister shall appoint the chairman of the Council from among its members. The Council shall elect two deputy chairmen from among its members.
- Section 17. The Minister for Development Cooperation shall lay down rules of procedure for the Board and the Council for International Development Cooperation.
- Section 18. The Minister for Development Cooperation shall be assisted by a department under the Ministry of Foreign Affairs in the performance of the duties assigned to him or her under this act.
- Subsection 2. The department of the Ministry of Foreign Affairs mentioned in subsection (1) above shall also act as secretariat in connection with the activities of the Board and the Council for International Development Cooperation.

From the Danish Act in the International Development Cooperation

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In the field of International Development, there are clear policy goals and targets set by the international community (UN, OECD, EU), to which Denmark subscribed through international treaties. Therefore, in general, the country set its targets in international development in relation to its international commitments. E.g., the international community has adopted the so-called MDG-s⁸⁰ –which serve as clear targets on how far development in the poorest countries should be reached by 2015. Each time Denmark grants assistance to a developing country, a specific objective is set for what the development cooperation is to achieve in relation to a specific MDG. Stocktaking on the objective takes place once a year.

To ensure monitoring may be carried out professionally, Danida has set up a Programme and Project Orientation (PPO) database with information on objectives, results and the status of Danish development assistance. The fulfilment of objectives through the individual projects is transparent and researchable. The PPO is available in Danish.

EVALUATION PROGRAMMES AND ANNUAL REPORTS

There is an Evaluation Department in Danida, that works on the basis of a two-year programme.

The programme is developed and regularly revised based on discussions with, amongst others, the Board and senior management of Danida, embassies and their partners, relevant departments in the Ministry of Foreign Affairs and stakeholders in the Danish resource base. The objective of the ongoing dialogue is to ensure that the evaluations that are conducted are relevant for practice. Over time, Danida's evaluations are required to cover a representative cross-section of the official Danish development cooperation, including different geographical and thematic areas as well as different aid instruments.

Every year, the Minister for Foreign Affairs submits the evaluation programme to the Danish Parliament's Foreign Affairs Committee for comments. This takes place simultaneously with the submission of a report concerning the evaluation activities of the previous year. Earlier programmes and reports are available from the Evaluation Department upon request. Annual reports for the most recent years can be found on the Danish site.

EVALUATION REPORTS AND OTHER PUBLICATIONS

Evaluation reports are available on the relevant website⁸¹ (they are written in English with a Danish summary)⁸². In addition to actual evaluation reports, the Evaluation Department publishes a series of evaluation studies⁸³, that focus on methods of evaluation and synopses of already existing evaluations. A number of other reports⁸⁴, are also published here, including follow-up studies of evaluations, assessments of Danida's and other donors' evaluation functions etc.

CONTRACTING OUT EVALUATION

Evaluation and monitoring is often contracted to private providers. CSOs are also obliged to maintain their own monitoring systems that are monitored by Danida (see below)⁸⁵. Besides regular project monitoring, impact assessments⁸⁶ and country or region progress studies are often carried out.

⁸⁰Millenium Development Goals

⁸¹http://um.dk/en/danida-en/results/eval/eval_reports/evaluations/

⁸²Наприклад: http://um.dk/en/~media/UM/NVI%20temp%20folder%20-%20EVAL/978-87-7087-256-0/NGO_Eval_wwwtilnettet.ashx

⁸³http://um.dk/en/danida-en/results/eval/eval_reports/evaluation-studies/

⁸⁴http://um.dk/en/danida-en/results/eval/eval_reports/other-reports/

⁸⁵<http://mande.co.uk/2009/uncategorized/mapping-of-monitoring-and-evaluation-practices-among-danish-ngos/>

⁸⁶Like the one about Tanzania: <http://www.docstoc.com/docs/41879092/DANISH-NGO-IMPACT-STUDY>

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In case of unpredictable events like the Tsunami and the ensuing unprecedented flow of donations, Danida contracted an independent provider to evaluate, how much the CSOs strategic and management systems were ready to cope with the situation (with a view to possibly support enhancement of these systems to improve aid effectiveness).

The document discussed above, *Governing Support to Development Activities - The General Principles Implemented by Danish Civil Society Organisations* describes the general approach of the MFA towards evaluation and monitoring. As a key principle, implementing CSOs are obliged to maintain their own evaluation and monitoring systems (which may be methodologically independent from the one suggested by the MFA). Since these systems generally comply with the ministry expectations, together with the cross cutting evaluation and monitoring systems of the MFA they can be seen to serve as an actual monitoring and evaluation mechanism of the Danish development assistance. Therefore, an important element in the Danish monitoring system is that individual CSOs are required to monitor and evaluate their projects not only against their own project objectives but ultimately, against the government objectives. Project objectives should be designed in a way that clearly shows the connection to the broader government objectives and so progress can be measured also at the higher level.

REQUIREMENTS FOR CSOS IN EVALUATION AND MONITORING

Danish organisations can have expenses for evaluations covered when the below requirements are met. Evaluations can be designed differently from organisation to organisation but must meet these DAC principles for evaluating development assistance: impartiality, independence, credibility and usefulness. These principles overlap with the three minimum requirements that the evaluations must meet in order for the organisations to have the expenses covered. These include that the evaluations must:

- be independent: the evaluation must be conducted by an external, independent person. Thus, support cannot be given for evaluations where the organisations' employees, members or others involved in the activities conduct the evaluation
- contain considerations relating to the DAC's evaluation criteria (this provides the link to the government objectives): relevance of the activity's objective, efficiency of resources in relation to result, effectiveness in relation to meeting goals, the direct and indirect impact of the activities and the sustainability of the activities. It will not be relevant in all cases to include all the criteria. However, it is important that the organisation makes it clear why certain criteria have been included while others have not.
- be publicly available on the Danish organisation's website. Moreover, the organisation must submit the evaluation to the Ministry of Foreign Affairs when the evaluation is made available on the website.⁸⁷

The Danish organisation must monitor the project activities on an ongoing basis. The monitoring is to be performed through regular, systematic observation and collection of information about the course of the activities and is to provide an opportunity for improving and adjusting the activities while they are in progress.

Monitoring is primarily for the organisation's own use but it will also constitute a significant contribution to the Ministry of Foreign Affairs' crosscutting monitoring in terms of reaching the objectives of the Civil Society Strategy. This focuses on to which extent the objectives in the strategy have been promoted through the Danish organisations' activities and hence have contributed to creating changes within the civil society in developing countries. Under the guidelines for reporting⁸⁸, all Danish organisations that receive funding from the NGO Appropriation Act, will be required to contribute to the report. In addition to the guidelines, a catalogue for inspiration has also been developed. The purpose of the catalogue is to expand on the context of the thematic areas that require reporting, as well as to unfold and define the questions associated with these themes.

⁸⁷More information about evaluations and a format for evaluations can be found in the [Evaluation Guidelines](#) on the Ministry of Foreign Affairs' website. Using the Ministry of Foreign Affairs' format is not required.

⁸⁸<http://www.netpublikationer.dk/um/7571/>

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In order to effectively coordinate the CSO monitoring systems with the Ministry system and to prepare CSOs to be able to fulfill monitoring and evaluation (M&E) requirements, Danida undertook a mapping exercise on existing M&E practices among Danish CSOs in 2008. The mapping has entailed the consideration of M&E documentation from 35 NGOs, bilateral consultation with 17 NGOs, interviews with other stakeholders within and outside the Ministry, and a mini-seminar with Thematic Forum.

3. Instruments and criteria used by national government to monitor the development of the sector

There is no explicit system in Denmark to monitor the CSO sector as a whole. At the same time, the Ministry of Foreign Affairs through Danida and various consultative bodies regularly gathers information on the sector, and respectively on the cooperating non-profit partners (as seen in the above case when they mapped the M&E capacities of CSOs); and other ministries may also engage in similar exercises.

It seems to be that the systematic approach to monitoring and evaluation described above – the principle of setting clear, measurable targets for each program, implementing professional and thorough program audits and monitoring, regularly revisiting strategies - provides enough information and feedback to all parties involved in the given sub-sector. CSOs are in regular communication with the competent ministry, providing regular feedback and information, and the ministry is in a position to accommodate justified needs. In case the development of the subsector requires larger scale, strategic interventions, the CSOs signal it, and the government applies the relevant measures. The same organizations are also members of national interest organizations, like the Volunteer Denmark/Associations Denmark advocating for better conditions for CSOs in general. This body and other umbrella organizations provide regular feedback to the government.

Certain part of the assessment of the domestically active Voluntary sector is done on an annual basis by the National Statistical Office. The office doesn't have a separate CSO database or data collection, but certain sectors and sub-groups are covered on an annual basis. This primarily concerns fields where CSOs provide services on behalf of the state: e.g. health, education, elderly care, etc.. They are analyzed under the relevant field but without distinguishing them from other sectors' providers.

Occasionally, usually linked to certain issues of a national importance, e.g. before signing a CSO-government agreement or linked to a comparative international study⁸⁹ cross-sector assessments are done to map out the situation. Usually these researches are followed by some kind of policy intervention (like the block fund allocation after the completed research in 2006 and New National CSO strategy formulated in 2010).

One area where the government monitors development of CSOs is that of funding. In order to promote development of the sector the Danish Government is committed to ensure that the funding system is organised in such a way that the voluntary social organisations may operate under favourable conditions. A funding system that, among other criteria, secures the organisations' independence and at the same time ensures that government grants are used in the optimum way.

⁸⁹Here we refer e.g. to the so far most detailed study on the state of global civil society that Denmark was taking an active role in, the global comparative research completed in 1995 lead by Lester M. Salamon from the Johns Hopkins University. This is still one of the most cited reports outside and inside the country, even if some data are rather old.

COUNTRY ASSESSMENTS: DENMARK

Central government aid is provided from different programs, partly as basic grants⁹⁰, partly as project grants⁹¹. Basic grants are awarded through the so-called Football Pools and Lotto Funds. Project funds are provided e.g. through the Grant Programme for Development of Voluntary Social Work. In addition, a part of the Football Pools and Lotto Funds has been set aside for the Grant Programme for Special Social Purposes, intended for, among others, organisations that are neither nationwide nor strictly local and, as a result, neither qualify for central government basic grants nor receive grants from local authorities and counties. Grants from this programme are also awarded to projects that involve some innovative approach to voluntary social work. In the course of their multi-annual programming, these funds make assessments of CSO sector development respective to their strategic interests.

Danish CSOs receive exceptionally high amounts from the central budget in the field of international development. Around 1 billion DKK (€155 million) of Denmark's bilateral aid was channelled through Danish NGOs in 2008⁹² Therefore the Ministry of Foreign Affairs engages in continuous dialogue with Danish organisations regarding progress of their work and lessons learned. For the larger organisations with framework agreements and agreements on delegated funding arrangements, annual consultations are held based on reporting formats described in the administrative guidelines for civil society support. Consultations review results, lessons learned, problems encountered, new developments in partnerships as well as the constituent base (popular support) of the organisations. An annual meeting with representatives of the Danish development organisations is also held to follow up on the goals set out in the Civil Society Strategy

Two further (related) institutions can be seen to be involved in monitoring civil society development in Denmark:

Since 1983 the Minister for Social Affairs set up the Danish Committee on Volunteer Effort. This is a political committee made up of representatives from public authorities and voluntary organisations. The aim of the Committee on Volunteer Effort is to bolster the possibility for individuals, groups of citizens and private associations and organisations to participate in the solution of tasks in the social field. In pursuit of this aim, one of the Committee's duties is to compile information about the field and to submit proposals to both the public sector and voluntary social organisations. Moreover, the Committee must point to barriers to adjustment in the social field and submit proposals for ways to abolish or reduce such barriers. The Committee's principal function, though, is to advise the Minister for Social Affairs⁹³.

To offer a broader range of services to the voluntary organisations, the Volunteer Centre in Denmark⁹⁴. was established in 1992. The Centre was established as a self-governing institution, i.e. an independent unit with its own supervisory board under the Ministry of Social Affairs. The Committee on Volunteer Effort is the political body of elected members. Furthermore, the Volunteer Centre provides services to voluntary social organisations and associations in the form of, for example, advisory and counselling services, courses, consultancy and method development. The Centre also initiates information and documentation work.

Besides rendering services to organisations, the Centre is under an obligation to disseminate knowledge and experience to the Ministry of Social Affairs and to other public authorities and co-operation partners. Finally, the Centre serves as secretariat to the Committee on Volunteer Effort.

⁹⁰Basic grants are grants awarded to the organisation without being earmarked for a specific activity or a specific project. Instead, they are awarded on the basis of objective criteria such as purpose, turnover and own collected funds. The intention is to stimulate the voluntary organisation's autonomy and freedom to determine its own activities and be capable of promoting the interests of others

⁹¹Project grants are grants awarded directly to specific projects or activities. A source of central government funds for this purpose is the Grant Programme for Development of Voluntary Social Work, which has existed for more than a decade. Grants from this programme, for which both nationwide and local organisations and projects may apply, are intended to support voluntary social work undertaken to prevent and address problems encountered by socially vulnerable people

⁹²Unfortunately similar precise data for funding of domestic CSOs was not found during the desktop research and expert interviews.

⁹³<http://www.statensnet.dk/pligtarkiv/fremvis.pl?vaerkid=14225&repid=0&filid=9&iarkiv=1>

⁹⁴<http://www.frivillighed.dk/Webnodes/da/Web/Public/Forside>

COUNTRY ASSESSMENTS: ESTONIA

Estonia is a country of less than 1.5 million with a relatively high number of registered CSOs and unique approach in Eastern Europe in terms of public sector-CSO sector partnership.

Estonia's regaining of its independence in 1991 marked a significant milestone for the country's civil society. On the one hand formal and informal groups (such groups were allowed to be created based on the Freedom of Association Act adopted by the Supreme Soviet in 1989) played an important role in mobilizing and assisting citizens in fighting for independence. On the other hand, after the independence was achieved, civil society organizations, their activities and services were important to assist and monitor the process of creation the state itself. Also certain state functions were not performed or not performed well, so CSOs stepped in to provide such services and assistance.

There were almost 32,000 nonprofit organizations in Estonia early July 2011 based on data from Network of Estonian Nonprofit Organisations (NENO)⁹⁵ According to the Ministry of Interior, the number of associations was 27,790 in January 2009. The figure includes almost 12,000 housing associations. As housing associations are a compulsory feature of the Estonian housing market, it would be hard to characterize them as regular CSOs. From among all CSOs there are around 1,500 public benefit organisations, which are entitled to financial (tax) and other benefits as they carry work for the public good.

However, the precise number of all CSOs is hard to tell and one of the main goals of the Estonian civil society development policy is to create a mechanism for reliable statistics about the sector. A new electronic registry has been put in place in 2010 but this is as yet very new and still being in its induction phase.

Based on a comparative analysis implemented annually by the USAID, the NGO Sustainability Index, this is the CSO sector with the most potential for sustainability in Eastern Europe.⁹⁶

The high ranks in the Index are not linked to complex public financing mechanisms scheme, nor to an unrivaled legal and fiscal framework (even if the below described EKAK Concept was the 3rd of this kind in the world, after UK and Canada). Rather they may be due to a combination of consistent and long-term foreign funding (initially from USAID, then from Soros Foundation); the ability of CSOs to coalesce and form a national network for representing their interests (NENO)⁹⁷; and a general climate of trust and constructive relationships between the government and CSOs.

1. National Government Policies on the development of the civil society

The Estonian Civil Society Development Concept – EKAK (Appendix E-01) is a unique policy document relating to government – CSO cooperation in CEE. It is a so called compact⁹⁸, type agreement which was adopted in 2002 by the Riigikogu (the Estonian Parliament). Its implementation started in 2003. The document describes the different roles of the public sector and the nonprofit sector which supplement each other, and the co-operation principles in developing and implementing public policies and building up the civic society. It defines: mutually complementing roles of public authorities and civic initiative; principles of their cooperation; and mechanisms and priorities for cooperation.

⁹⁵<http://www.ngo.ee/node/277>

⁹⁶http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2009/. Estonia ranked highest among 29 countries of the region in terms of sustainability of its CSOs for the past several years.

⁹⁷Network of Estonian Nonprofit Organizations

⁹⁸On compacts read: http://www.icnl.org/knowledge/ijnl/vol8iss1/special_2.htm

COUNTRY ASSESSMENTS: ESTONIA

The preparation of the policy document was initiated by NENO (Network of Estonian Nonprofit Organizations), the umbrella body of Estonian CSOs, with the financial support of UNDP and later supported by the Estonian NGO Roundtable, an open forum for all CSOs in Estonia active between 2001-2004. It was the Roundtable that adopted the EKAK in 2001 (February) on behalf of CSOs, which was consequently submitted to the Estonian Parliament, where it was approved in December the same year. The Ministry of Interior was named as the governmental body responsible for the implementation of the Concept. There are hearings on the implementation of EKAK, which take place every two years in the Riigikogu-the Estonian Parliament.

The less than ten-page document has three main parts: Introduction and goals, Principles of cooperation and values, Ways of achieving goals (with a focus on acknowledgement and representation, partnership, development of policies, and resources). It also sets priorities for implementation, in total 14 points where 3 are long term (e.g. Introduction of the co-operation based on partnership principles between the public sector and nonprofit sector), 11 are short term (e.g. Mapping, improvement and strengthening of the co-operation and support structures; Development of the order for concluding and implementing co-operation agreements between the public sector and the nonprofit sector.).

EKAK Concept is a statement of mutual devotion of the public sector and the nonprofit sector for supporting and promoting the self-initiated organization of citizens. By establishing voluntary associations, people create new possibilities for expressing and following their interests, values and goals and for public discussions, also for solving daily problems and offering mutual aid. Consideration of the citizens' associations and co-operation with them raises the efficiency of public authorities and the legitimacy of public policies in the eyes of the citizens.

EKAK is based on the understanding that in the name of a lasting and developing democratic regime, the public sector needs to hear its citizens and co-operate with possibly many of them. In decision-making, the public sector must consider the special interests, values and goals of the members of the society and their associations, and take them seriously also in case they form a numerical minority. At the same time the historical experience proves the positive influence of self-initiated activity. By ensuring citizens' associations and democracy, members of the society and their organizations and the public sector can work together for the preservation of fundamental values enacted in the Constitution of the Republic of Estonia: liberty, justice and law, internal and external peace, social progress and welfare, Estonian nation and culture.

From EKAK Introduction, 2002

EKAK has its own Implementation Plan (Appendix E-02), and the implementation schedule is followed more or less by both parties. The EKAK implementation plan formulates goals, activities to achieve each goal, and specific indicators to measure achievement. It allocates responsibilities and contains a fixed schedule. Although the implementation plan was drafted in pursuit of the EKAK's short-term priorities, it also came as a result of the government's and the non-profit sector's joint efforts and understanding of the essential aspects of civic, legislative, and economic life in the country and the importance of adopting a comprehensive approach to solving problems in these areas.

Based on the long-term priorities specified in the EKAK in 2006 the Government adopted the Development Plan for Civic Initiative Support (KATA) (Annex EST-03) for the period of 2007-2011. The main aim of this document was to follow up on the previous activity plans for implementation of EKAK.

KATA combines and consolidates various initiatives from the development plans of various ministries. Hence, while Ministry of the Interior is responsible for the implementation and management of KATA, KATA's activities are implemented by the Ministry of the Interior, State Chancellery, Ministry of Finance, Ministry of the Education and Science, Ministry of Foreign Affairs and Ministry of Economics. The Development Plan for Civic Initiatives support also emphasizes the importance of cooperation on the local government level, in cooperation with the CSOs and businesses in the implementation of the activities. The new development plan for the period of 2011-2014 is being drafted, where more ministries will be involved in its implementation.

COUNTRY ASSESSMENTS: ESTONIA

The first Development Plan was setting five goals for the following three years: (1) to raise the administrative ability of the public sector in communicating with citizens and NGOs/NPOs; (2) to bring into order the system of financing the NGOs/NPOs; (3) to engage NGOs/NPOs consistently and successfully in the decision-making processes; (4) to raise awareness and develop cooperation between the public, private and the nonprofit sectors and (5) to develop and support civic activism.

NENO, as an organization played probably the most important role in institutionalizing the relationship amongst the CSO and public sectors, and as such it has also been an important critic of the process. It said for example, that KATA is essentially a document that “brings together information about all the activities from the development plans of the various ministries that are connected with civil society. The main problem however is that KATA does not perceive civil society as a whole (as EKAK does) but as a sum of specific activities particular to one sector. Therefore its focus is not on the cross-sectoral issues, e.g. sustainability of NGOs. Further, NGO participation in the development of KATA is also limited, because of the fact that it relies predominantly on the ministries’ development plans.”⁹⁹ To remedy this problem, NGOs have lobbied for the establishment of an implementing unit called the EKAK bureau, which would help the nonprofit sector in taking the ideas and commitments of EKAK forward.¹⁰⁰

Besides these policy documents there were some more specific documents adopted, contributing to the vision described in EKAK. Agreements were made on several Codes of Good Practices of cooperation between the public and nonprofit sector, namely the Code of Good Practice on Involvement, the Code of Good Practice on Public Service Delivery and the Code of Good Practice on Funding (in process).

The Code of Good Practice on Involvement (Annex EST-04) was developed in 2005. The objective of Code of Good Practice on Involvement was to harmonize the principles, from which the public sector institutions and non-profit organizations can proceed in involving the public and interest groups in decision-making. The Code is in the form of recommendations and aims to be applied by government in the preparation of policy documents that are important to the country’s development. Importantly, the Code covers not only draft laws and regulations but a wide range of documents, which is not typical in the CEE context.

The Code of Good Practice on Involvement is applied by administrative agencies in the preparation of at least the following documents (hereafter, strategic documents):

Drafts of laws and their amendments

Drafts of the regulations and directives of the Government of the Republic

Drafts of Ministers’ decrees

Documents, concepts, policies, development plans, and programs that are important to the country’s development

Drafts of legislation of European Union institutions and other strategic documents (i.e. green and white books)

Instruction and procedures for rendering public service

Conventions and international agreements, as well as the documents that are worked out within their framework, and that influence the society.

⁹⁹http://www.emsl.ee/orb.aw/class=file/action=preview/id=21846/EKAK_brussels.pdf

¹⁰⁰http://www.icnl.org/knowledge/ijnl/vol10iss4/art_1.htm

COUNTRY ASSESSMENTS: ESTONIA

In terms of the Code of Good Practice on Public Service Delivery seemingly the process takes longer than expected. No evidences were found so far on whether the Code was approved besides being mentioned by various sources that is in process of preparation¹⁰¹. NENO website summarises it's main mandate as follows:

"The objective of the good practice for contracting out public services is to ensure that the public authority as transferor and the civil society organisations as service providers would base their provision of the service on the same principles to make sure that goals important to the society are achieved. All public services, which can be provided by ensuring the achievement of clear responsibility mechanisms and which are not prohibited to be transferred by the constitution can be subject to transfer to civil society organisations.

The objective for transferring a public service could be to improve or maintain the quality and availability of a service, to improve the efficiency of service provision or to achieve another socially accepted goal. The transferor and provider will be guided from the need to protect the public interest and the rights of third persons when transferring a public service."¹⁰²

2. Instruments and criteria¹⁰³, used by national government to monitor effectiveness of the state policy

Besides the cooperation model itself (described above) the way in which, how the state policy is being monitored also represents a good example. One key feature of the Estonian approach is that most of the actions and monitoring efforts incorporate CSO representatives to a great extent. Certainly in comparison to most Eastern European new democracies this represents an outstanding attitude.

JOINT COMMITTEE

To monitor the achievements and in order to support the short term goals outlined in EKAK, a Joint Committee was created in late 2003. The Committee consisted of 22 members, where the nonprofit members were approved by the government. Out of 22, there were 8 government representatives and 14 nonprofit representatives, chaired by the Minister for Regional Affairs (Ministry of the Interior). The committee's tasks and members were divided into three working groups. The three working groups were the following ones:

- working group on involvement, consultation, policy appraisal, and legislation
- working group on funding and statistics
- working group on awareness, civic education, media and infrastructure

Each ministry has its representative in the committee. Among other things, the Committee had to evaluate the degree to which the parties have fulfilled the commitments from EKAK, as well as to develop the action plan for 2004-2006 for implementation of EKAK

The document was prepared in an easy-to follow format, a kind of logical framework (different from the one EU programs are using) including all 11 goals of EKAK, determining activities to achieve the wished stage, specifying results and indicator to each, specifying timeframe and key responsibilities.

¹⁰¹E.g Urmo Kübar 2008: http://www.emsl.ee/orb.aw/class=file/action=preview/id=21846/EKAK_brussels.pdf

¹⁰²<http://www.emsl.ee/node/279>

¹⁰³Since in Estonia there is lack of reliable data on the CSO sector in general (see below under the statistics), it is hard to introduce sophisticated monitoring mechanisms. The methodology of monitoring of the effectiveness of state policy is left in hands of various committees and CSO bodies, where transparency and accountability are the key principles.

COUNTRY ASSESSMENTS: ESTONIA

In the years following the establishment of the Committee, its membership increased to 30, which slowed down the efficiency of the work of the Committee. In 2006, NENO was contracted by the government to conduct an audit for the Joint Committee that identified three main problems in implementing EKAK. The study found the following key challenges:

- lack of political interest on the side of the government;
- poor quality and implementation of activity plans due to insufficient financial and human resources;
- unclear role and responsibilities of both the committee and its members, especially from the side of public sector (the ministries were represented by officials who usually didn't have the power to make decisions in the name of the ministry).

The study suggested the revision of the principles and membership of the Joint Committee and formation of implementation units in both the public sector and NGOs. In 2007, the principles and membership of the Committee were revised, and as a result the new committee is smaller in number, but composed of higher level officials. It includes representatives of 10 umbrella organizations, business and trade unions, as well as chancellors (the highest state officials in Estonia) of the ministries of Finance, Social Affairs, Education, Culture, and Economic Affairs, and the deputy-chancellor of the Ministry of Interior. The Minister of Regional Affairs chairs the Committee. In addition, a representative of Riigikogu and two government foundations (Enterprise Estonia and Non-Estonians' Integration Foundation) also sit on this Committee. The composition has been changed as well, instead of nonprofit majority as it was in the first concept, now there are 11 representatives of each sector.

NATIONAL AUDIT OFFICE OF ESTONIA

The National Audit Office of Estonia played a role in monitoring the system of financing CSOs from public budgets, which was part of the original EKAK as well as KATA.

The National Audit Office is a constitutional institution which works to reassure the Riigikogu and the general public that public sector resources are being used both legally and effectively. In order to achieve this objective, the National Audit Office carries out financial and performance audits in full independence, impartially, and in accordance with the law and internationally recognised auditing standards¹⁰⁴.

The results of an audit conducted in 2004 on the funding system functioning through the Gambling Tax Board showed that the system had many shortcomings (vague priorities, unclear roles of the decision-makers, unspecified requirements for applicants, chaotic reporting and supervision, etc.) and it needed some changes. The given shortcomings are presented in the audit report „Support paid out of gambling tax”¹⁰⁵. of the National Audit Office of Estonia. The idea for reform, geared towards establishing a CSO support mechanism, reached the financial commission of the Estonian Parliament but due to the collapse of the coalition, discussions were not closed with a resolution.

The discussion and the proposal of the CSO sector to establish a more transparent mechanism to distribute such funds was not supported by the parliament in 2005 but became part of the program of the coalition Government. In 2008 the National Foundation of Civil Society (NFCS) was set up. The foundation follows the same approach as EKAK, at least in terms of involvement form both sectors.

¹⁰⁴<http://www.riigikontroll.ee/>

¹⁰⁵Audit report No. 2-5/04/24, 7.05.2004 of National Audit Office of Estonia, «Support paid out of gambling tax» http://www.riigikontroll.ee/fake_index.php?lang=et&uri=%2Faudit.php%3Faudit%3D325

ESTONIAN PARLIAMENT

The EKAK is revisited every second year by the Parliament, hearing the report on progress. Besides the hearings, at the level of the Parliament, there is a Civil Society Support Group. The group is a caucus that includes representatives of all parties and it is one of the largest of its kind. The group uses the parliamentary administrative support and receives no separate funding. The purposes of this group are to attend to issues concerning civil society and to initiate legislation in support of the development of the third sector. The Chair of the Group also delivers a report during the Parliamentary hearing session which evaluates the achievement of the EKA.¹⁰⁶

3. Instruments and criteria used by national government to monitor the development of the sector

In case of Estonia it is hard to delineate the instruments for monitoring the state policy from the instruments to monitor the sector. The CSO sector is heavily involved in formulating and monitoring the state policy through various joint bodies, while it is being monitored in order to improve policies on an ongoing basis. It seems that until today, there is no specific mechanism established to monitor the development of the sector itself.

STATISTICS

Already in EKAK one of the weaknesses identified was the lack of data and information available, that needed an urgent intervention¹⁰⁷. Various sources mention, that during the preparation process of the EKAK it became obvious that existing statistical data was not sufficient and reliable enough. In 2002-2003 with the support of the Baltic-American Partnership Program in Estonia, policy center PRAXIS conducted a pilot project to map the current state of statistics in the Estonian nonprofit sector and offer policy recommendations. Precise statistical information needed for decision-making was not available; data-collection was not being organized systematically and data-collectors were usually not familiar with the specific characteristics of the nonprofit sector. Furthermore, the system of national accounts did not allow full overview of the sector and there was neither a systematic effort to improve the situation, nor the financial resources for that. As a result, the improvement of nonprofit sector statistics became one of EKAK's short-term priorities; however no evidence was found that this has been resolved despite the fact that in the action plans the tasks related to better statistics were indicated to be dealt with.

Without measurable evidences there is a risk that the goals and targets remain inspirational rather than realistically achievable.

REGISTRY INFORMATION

There has been progress in the implementation of a central electronic registry system, which will at least provide the basic data on CSOs across the country. The activity plan for the EKAK for 2004-2006 already set a goal to develop an adequate register of associations and foundations and give descriptive statistics of civic initiative. It is important to add additional data to the existing register, systematically control and update the existing data and detail the classification of nonprofits by their activities¹⁰⁸.

¹⁰⁶Based on <http://www.icnl.org/knowledge/themes/ngogovcoop/paperpol.pdf>

¹⁰⁷Unfortunately no evidence was found despite the fact that in the action plan task related to better statistics was indicated to be dealt with in 2005, still no such system available.

¹⁰⁸<http://www.ngo.ee/node/205>

COUNTRY ASSESSMENTS: ESTONIA

The Center of Registers and Information Systems (under the Ministry of Justice) conducted a wide-scale training program that helped NGOs prepare for amendments to the law that were made in 2008 and which came into force in 2010. These amendments also made nonprofit associations' annual reports public.¹⁰⁹ (Annex EST-05) Reports have to be presented electronically, which is helping the sector become more transparent and remove defunct organizations from the public registry.

MINISTRY STUDIES

In addition, the various ministries conduct studies that are relevant for the implementation of their policies and also provide a picture about the CSOs. An important example was when the Ministry of Interior had prepared an overview of the funding allocated to the civil society organisations from the state budget in 2001-2003; it was heard in a cabinet session in September 2004. The survey of the ministries was repeated in the autumn 2005. The results of the survey indicate that the funding schemes can be made more transparent and be better targeted through agreement regarding the general principles of supporting the citizens' associations, continuous analysis of the efficiency and bottlenecks of different schemes, as well as the development of assessment methods for the results of funding¹¹⁰. This, together with the report of the National Audit Office, played a role in the establishment of the National Foundation for the Development of Civil Society.

¹⁰⁹http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2009/complete_document.pdf

¹¹⁰In: Overview of the work of the joint committee of the Government of the Republic and representatives of citizens' associations for implementing the Estonian Civil Society Development

COUNTRY ASSESSMENTS: GREAT BRITAIN

The UK has a great history and tradition of the charity sector. Its role and functions were first legally defined in 1601 and they are redefined from time to time by the policy makers. In the past two decades, the role of the British charity sector came into the focus as the UK was redefining the role of state, market and civil society in social and economic development. In 1998 the Government and the CSO sector made a historic step by discussing, preparing and signing the English Compact defining principles and practices of good cooperation. This event was a symbolic act marking the already existing partnership between the parties involved. Importantly, beyond and before being supported by the Government, the English sector is strongly embedded and supported by society.

The UK is a common law country and as such, it has different practices and historical roots than continental European countries. However, it has always been the leader in introducing good practices in regulation and the area of government – CSO cooperation is one which has been often looked upon as a model for Western Europe and CEE. There are two often quoted characteristics of the UK CSO-government relationship: (1) one is the system of “contracting out”, i.e. purchasing services from the private sector (including charities)¹¹¹, which keeps CSOs professional and effective (it creates competition); and (2) the second is the autonomy it enjoys vis-a-vis the government, in a big part due to the high level of philanthropic and own-income sources of the sector. About 75% of UK CSOs do not receive governmental funding (see below), which clearly shows the level of autonomy of the sector.

The registered sector in the UK counts 161,961 charities in England and Wales.¹¹² Government funding of CSOs was around £12.8 billion in 2007/08 and it accounts to over one third of all income to the sector. Around 40,000 organizations have a financial relationship with the public sector, but over 75% of CSOs do not have direct financial relationship with the state.¹¹³ Most of the funding from state sources is distributed to organizations working in social service fields.

As part of the state funding, an important source of income is the proceeds from lottery: 28% of lottery proceeds are distributed to good causes £25bn has been distributed to over 350,000 projects by the end of 2010.¹¹⁴ The largest distributor of lottery proceeds is the Big Lottery Fund.¹¹⁵

While the Compact was revolutionary back in 1998, it was repeatedly revised and simplified over the following decade. After the Coalition government took over in May 2010, the massive, complex and sophisticated system of CSO-government cooperation was already expected to be changed. This was expected due to the effects of the financial crisis but also due to the alternative vision of the conservative-liberal government in regards to the voluntary-charity sector compared to that of the labour party.

¹¹¹Based on the Compact, charities have been to some extent preferred in service contracts compared to for-profit providers; however, they have been in a highly competitive environment among each other as well.

¹¹²<http://www.charity-commission.gov.uk/showcharity/registerofcharities/registerhomepage.aspx> (data as of August 5, 2011) However, charities are not the only form of CSOs. Significant part of around 865,000 CSOs in the UK. European Commission, “Recent Public and Self-Regulatory Initiatives Enhancing NPO Transparency and Accountability of Non-profit Organizations in the European Union”, developed by ECNL, 2009, www.ecnl.org

¹¹³NCVO, Funding Commission, Paper 4- Public Sector Funding- Findings and Emerging Recommendations, 2010, www.ncvo-vol.org.uk

¹¹⁴www.lotterygoodcauses.org.uk/lottery-grants/lottery-grant-faq/

¹¹⁵<http://www.biglotteryfund.org.uk/>

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Indeed, the Coalition government introduced the Big Society (Annex UK-01) concept, which builds on the achievements of the Compact but represents a broader approach to the development of civil society – focusing not only on voluntary organizations (CSOs) but also on other stakeholders of society. In relation to this, several initiatives were launched – e.g. a Big Society Bank was set up -, and local compacts started to be revisited.

Critics of the government say¹¹⁶, that the vision of more flexible, more responsible and more choice based “Big Society” concept lacks evidences that it will work, but also suggest, that the government wanted to thematize the media to drive attention away from cuts planned and implemented.

At the time of the research all these changes were either very fresh or still under preparation, therefore their consequences are hard to evaluate.¹¹⁷

1. National Government Policies on the development of the civil society

The UK was the first country to sign a contract on good cooperation amongst the CSO and government sectors in November 1998, titled: Compact on Relations between Government and the Voluntary and Community Sector in England.¹¹⁸

As Prime Minister Tony Blair’s foreword describes its purpose:

„This Compact between Government and the voluntary and community sector provides a framework which will help guide our relationship at every level. It recognises that Government and the sector fulfil complementary roles in the development and delivery of public policy and services, and that the Government has a role in promoting voluntary and community activity in all areas of our national life.

The work of voluntary and community organisations is central to the Government’s mission to make this the Giving Age. They enable individuals to contribute to the development of their communities. By so doing, they promote citizenship, help to re-establish a sense of community and make a crucial contribution to our shared aim of a just and inclusive society. This Compact will strengthen the relationship between Government and the voluntary and community sector and is a document of both practical and symbolic importance.”

Following the 1997 general election, a national Working Group on Government Relations hired by Sir Kenneth Stowe and co-ordinated by the National Council for Voluntary Organisations (NCVO), was set up to work with government to develop the framework for a National Compact (Compact Working Group). This included representatives from leading voluntary and community sector umbrella bodies, representatives from community groups and organisations, volunteering organisations, Councils for Voluntary Service, the National Council for Voluntary Organisations and Black and Minority Ethnic organisations.

¹¹⁶E.g. <http://www.guardian.co.uk/commentisfree/2010/jul/20/more-choice-not-helpful-society>

¹¹⁷E.g. the Big Society Bank launch was on July 29. 2011, after the desk research was completed.

¹¹⁸The 1998 Compact webpage is accessible via UK Gov archives: <http://webarchive.nationalarchives.gov.uk/20060802143634/http://www.thecompact.org.uk>

COUNTRY ASSESSMENTS: GREAT BRITAIN

The group consulted over 25,000 organisations about what the Compact should include and the text was agreed in 1998. Critically, the consultative document that the Working Group issued indicated that the Compact should be seen as an enabling framework and not as a prescriptive document. Following detailed negotiations, a national Compact was launched first in England and then in Scotland, Wales and Northern Ireland as separate developments.

The English Compact, an 18 page document (Annex UK-02) describes the following main areas:

- Status of the compact,
- shared vision,
- shared principles,
- undertakings by government (focusing on independence of the voluntary and community sector, funding, policy development and consultation, better government),
- undertakings by the voluntary and community sector (with a focus on funding and accountability, policy development and consultation good practice).

There are five additional documents to the compact, each about a specific area under the main document on: Black and Minority Ethnic Voluntary and Community Organisations (Annex UK-03), Community Groups, Consultation and Policy Appraisal(Annex UK-04), Funding and Procurement (Annex UK-05), Volunteering(Annex UK-06).

The Annex A of the Compact describes the process, the participants and other factors. The voluntary and community sector's Working Group on Government Relations carried out a three year consultation exercise to gather expectations and evidences as well as to reach an agreement on what and how should be regulated in relation to the government.

The Compact was not implemented without difficulties.¹¹⁹ Over the years, several attempts were initiated on the national and local level to make the Compacts become more relevant and used. A Reporting Group was established for Both the Scottish and English Compacts.¹²⁰ They reached similar conclusions, mainly, that the Compact should not be a "dead" paper but a "living" compact – and recommended that its implementation should be ensured "through regular reviews."

For example, the Review Group on the Scottish Compact found that the Compact should have been implemented better by both parties, awareness of the Compact must be raised, stronger leadership and political commitment are essential, capacity building across both sectors needs further attention, and enhanced monitoring and evaluation are crucial. The group proposed a three-year strategy in light of these findings, taking advantage of momentum toward good implementation.

¹¹⁹Radost Toftisova refers to figure of less than 40 % of voluntary organizations in England believed the compact had positive influence on CSO-government relationships: http://www.icnl.org/knowledge/ijnl/vol8iss1/special_2.htm

¹²⁰The Scottish Compact Review Group was established jointly by the Scottish Executive and the Scottish Council for Voluntary Organisations (SCVO) to undertake a review of Compact implementation. Membership of this Review Group consisted of the Scottish Executive, its Agencies and NDPBs, SCVO, Volunteer Development Scotland, and a range of voluntary sector intermediary organisations and representatives. More information: <http://www.scotland.gov.uk/Publications/2004/02/18719/31440>. The English Compact Reporting Group was a group of independent researchers commissioned by the Home Office, who produced the document: The Paradox of Compacts: Monitoring the Impact of Compacts. More information: <http://webarchive.nationalarchives.gov.uk/20110218135832/http://rds.homeoffice.gov.uk/rds/pdfs05/rdsolr0205.pdf>. In both cases the review was commissioned to professional researchers who conducted a comprehensive multistakeholder survey.

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The monitoring plan for the three-year strategy includes the following Performance Indicators in eight main areas that monitoring and evaluation should focus upon in order to demonstrate implementation of the Compact principles:¹²¹

- awareness of the Compact;
- dissemination – the extent to which knowledge and awareness of the Compact permeates through an organisation, especially to front-line staff;
- usage – there may be limited impact of the Compact, regardless of the extent to which there is awareness of the Compact, if parties make limited use of it;
- usefulness – the extent to which each party finds the Compact of use in their dealings;
- Good Practice Guides – in terms of the extent to which they have been used; and the impact that they have had;
- mutual understanding – the extent to which each party has developed a better understanding and awareness of one another;
- confidence – the day-to-day functioning of the relationship; and.

trust – the development of trust through the culmination of confidence. In England the National Council for Voluntary Organisations (NCVO)¹²² convened a working group to develop a Mini-guide on Local Compacts Implementation. The Mini-guide offers specific advice on how to prepare and achieve successful compact follow-up at the local level. The guide emphasizes several objectives: raising awareness (making the compact known through publications, Internet postings, briefings, etc.), identifying good resources and allocating responsibilities (finding competent staff, organizing discussions, etc.), making the best application and use (good planning, briefing, developing local codes, etc.), ensuring compliance (setting up monitoring, dispute resolution, and mediation systems), and undertaking evaluation (holding review meetings, revising the texts, etc.)

After realizing difficulties with implementing the Compact, the government launched the so called Compact Plus scheme¹²³. The scheme included plans, among other things, to create “Capacity Builders” – an independent agency that will ensure “a sector lead focus” on partnership programs, fund management, coordination. The increased capacity of the NGO sector was expected to help organizations take the lead in their own reform and in service delivery, and to enhance their participation in policymaking. The proposals on Compact Plus suggest the establishment of a Compact Champion, who would need to be seen as neutral between the voluntary and community sector and the Government. The document was launched in 2005, a public consultation was started to get CSO sector opinion.

The UK, as other countries in the world was heavily affected by the financial crisis. The new Government was trying to give a new vision to voters by describing the concept of the Big Society. This became the main general document of a philosophical concept describing the government’s approach to Civil Society¹²⁴. The concept was further developed and promoted to modernize relationship between the state and its citizens.

¹²¹Scottish Compact Implementation Strategy 2003-2006, page 19. For more information please see (ANNEX UK-11)

¹²²The national umbrella body for charities which played a key role in the Compact negotiations.

¹²³http://www.gos.gov.uk/goee/docs/192869/193646/Compact_Plus_Consultation_D1.pdf

¹²⁴<http://www.cabinetoffice.gov.uk/content/big-society-overview>

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As it is described in the document:

“Building this Big Society isn’t just the responsibility of just one or two departments. It is the responsibility of every department of Government, and the responsibility of every citizen too. Government on its own cannot fix every problem. We are all in this together. We need to draw on the skills and expertise of people across the country as we respond to the social, political and economic challenges Britain faces.”¹²⁵

The Big Society concept brought changes also to the government CSO relationship, as the 1998 Compact was replaced by the renewed Compact. The Big Society concept relies on CSOs heavily but it has the broader concept of “civil society” in its focus; therefore it involves relationships not only with CSOs but with public and private sector representatives and society at large as well.

The Big Society is about helping people to come together to improve their own lives. It’s about putting more power in people’s hands – a massive transfer of power from Whitehall to local communities

There are three key parts to the Big Society agenda:

Community empowerment: giving local councils and neighbourhoods more power to take decisions and shape their area. Our planning reforms led by DCLG, will replace the old top-down planning system with real power for neighbourhoods to decide the future of their area.

Opening up public services: our public service reforms will enable charities, social enterprises, private companies and employee-owned co-operatives to compete to offer people high quality services. The welfare to work programme, led by the Department for Work and Pensions will enable a wide range of organisations to help get Britain off welfare and into work.

Social action: encouraging and enabling people to play a more active part in society. National Citizen Service, Community Organisers and Community First will encourage people to get involved in their communities.

Source: <http://www.cabinetoffice.gov.uk/content/big-society-overview>

The Government also established the Office for Civil Society, replacing the former Office for the Third Sector, part of the Cabinet Office. It works across government departments; it has the duty to translate the Big Society agenda into practical policies, provides support to voluntary and community organisations and is responsible for delivering a number of key Big Society programmes envisioned by the coalition government, namely:

- The Big Society Bank –with the aim to give social enterprises, charities and voluntary organisations access to greater resources
- National Citizen Service Pilots - to engage youth aged 16 from different backgrounds to implement local community projects.
- Community Organisers - to find and train local resource people with valuable know-how .
- Community First - a new fund that will encourage social action through new and existing neighbourhood groups.

¹²⁵http://www.cabinetoffice.gov.uk/sites/default/files/resources/building-big-society_0.pdf

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A renewed Compact¹²⁶ (Attachement UK-07)- the agreement which governs relations between the Government and civil society organisations in England - has been published in December 2010 signed and supported by Government and Compact Voice¹²⁷ the organisation which represents civil society organisations on the Compact.

The new agreement is shorter, more focused, easy to understand and aims to create the right environment for partnership of the two sectors. It is backed by a set of accountability and transparency measures outlined in a new guide which has also been published titled The Compact Accountability and Transparency Guide (Attachment UK-08) with the subtitle Helping to build stronger partnership between the Coalition Government and the civil society organisations was launched the same time.

The renewed Compact is aiming to achieve the following five outcomes:

1. A strong, diverse and independent civil society
2. Effective and transparent design and development of policies, programmes and public services
3. Responsive and high-quality programmes and services
4. Clear arrangements for managing changes to programmes and services
5. An equal and fair society

The text itself is structured in a way that lists undertakings under the five points above both for the government as well as the civil society organizations. There are much more undertakings for the government than for the CSOs. In case of such a symbolic document, this might be also a notable point reflecting the general attitude of the government willing to take more responsibility.

The Compact Accountability and Transparency Guide specifies players within the government responsible for implementation as well as within the CSO sector. The document includes the commitment and a duty for the National Audit Office to carry out an audit across the government and its agencies on implementation. The guide doesn't include similar obligations towards the CSOs.

Building a Stronger Civil Society – A strategy for voluntary and community groups, charities and social enterprises¹²⁸ (Attachment UK-09) is the third overarching document directly related to the CSOs, highlighting their role in the governmental reform initiatives.

The document has had three objectives:

1. Section one set out the scale and nature of the opportunities being made available to civil society organisations as part of the Government's wider reform agenda, through empowering communities, opening up public services and promoting social action.
2. Section two spelled out some of the practical measures that the Government is taking to support the sector to realize these opportunities in the immediate future and over the longer term.
3. There was a consultation document published alongside the strategy, inquiring how infrastructure organisations¹²⁹ can best be improved to help develop new skills, partnerships and organisational models so that front-line organisations can seize the opportunities that lie ahead¹³⁰.

¹²⁶<http://www.cabinetoffice.gov.uk/resource-library/government-voluntary-and-community-sector-agree-new-compact-working-partnership>

¹²⁷www.compactvoice.org.uk

¹²⁸http://www.cpa.org.uk/cpa_documents/building_stronger_civil_society.pdf

¹²⁹Infrastructure organizations are those helping the other CSOs to be more effective.

¹³⁰Frontline organizations are those working directly with the beneficiaries, vulnerable target groups..

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First Minister for Civil Society (Nick Hurd) was also appointed to ensure the implementation of this approach in the government. The minister is the member of the Cabinet Office, his key responsibilities include ensuring relevant interaction between the charity sector and the government and the four key focal responsibilities include: the Big Society concept, operation of charities, volunteering and social enterprises.¹³¹

LOCAL COMPACTS

There is a pool of local compacts around the country. They are usually created and revisited by the cascading principle¹³², but often revisions, changes happen more often as there might be direct feedback from the community that makes these local compacts become really practical. The typical areas they regulate is local funding and local policy making; they do not necessarily follow all areas of the 1998 compact. The local compacts started to be revisited and changed recently to reflect on the Big Society concept. These are still ongoing, as the national level initiatives are also rather fresh, documents were not available until the end of 2010, and time is needed for the local consultation processes as well.

2. Instruments and criteria used by national government to monitor effectiveness of the state policy

MONITORING MECHANISMS

In the UK ensuring public control is considered to be a critical concept for effective functioning of the state and society. Both government and private actors (foundations, academia, CSOs) play an important role in monitoring effectiveness of state policy.

Government mechanisms for monitoring the implementation of the Compact have included:

- Annual Review of the Compact, including reports commissioned for the review
- HM Treasury
- Accountability and Transparency Guide
- National Audit Office

Government relies not only on its own monitoring mechanisms; it indeed welcomes and acknowledges private monitoring initiatives. The research on the state and the voluntary sector, which resulted in the so called Deakin Report that led to the first Compact in 1998 was initially also commissioned by one of the leading CSOs – the NCVO. The most important private initiatives monitoring the Compact included the Joseph Rowntree Foundation, which commissioned several key researches that directly informed the Annual Review of the Compact, and the Compact Advocacy Programme, run by the NCVO and funded by the Big Lottery Fund.

¹³¹<https://update.cabinetoffice.gov.uk/content/nick-hurd-minister-civil-society>

¹³²The cascading principle means that when something is undertaken at the higher levels of the government, it happens also at the lower levels, i.e. it "cascades" down to local governments. <http://eprints.uwe.ac.uk/10166/1/rdsolr0205.pdf>

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ANNUAL REVIEW OF THE COMPACT

The progress of the 1998 Compact at the national level has been monitored by meetings of the Annual Review of the Compact, comprising representatives from government departments, the Government Office Network and the national voluntary and community sectors as well as the Local Government Association, with a requirement to make annual reports to Parliament.

The UK Government Offices Network was set up in 1994 to bring together the offices of individual central government departments in each region and so provide a more efficient and integrated service. The Network now works for thirteen central government departments, implementing policies and programmes on the ground, monitoring and reporting on local priorities and responding to civil emergencies.

<http://webarchive.nationalarchives.gov.uk/20100528142817/http://www.gonetwork.gos.gov.uk>

The participants reviewed progress in implementing the national Compact and local compacts and agreed on an action plan to advance the Compact for the coming year.

HM TREASURY

The HM Treasury issued a number of cross-cutting reviews related to the implementation of the Compact. These reviews rely on data reported from various local governments and government agencies (e.g. education and health boards). The indicators depend on the focus of the review. E.g., the Review in 2002 focused on the role of the voluntary sector in service delivery and used indicators related to the number, volume and scope of contracts concluded with voluntary organisations in different sectors. The Review has introduced new measures to encourage the voluntary and charity sector to play a fuller part in service delivery. It saw the Compact as providing the framework for a more effective partnership in this respect; however, it concluded that its usefulness to date had been limited by a lack of awareness of the Compact in both sectors, by its limited scope and its poor implementation.

Budget 2006 announced that the 2007 Comprehensive Spending Review (2007 CSR) would be informed by a review into the future role of the third sector in social and economic regeneration. The 2007 CSR will set departmental spending plans and priorities for the years 2008-09, 2009-10 and 2010-11, within the overall spending limits set at Budget 2007. Budget 2007 confirmed that current spending will increase by an average of 1.9 per cent per year in real terms over the 2007.

HM Treasury, 2007, The future role of the third sector in social and economic regeneration

ACCOUNTABILITY AND TRANSPARENCY GUIDE (ANNEX UK-10)

In terms of the Renewed Compact there is not enough experience and evidence for monitoring as yet but the Compact Accountability and Transparency Guide specifies principles of monitoring and responsible parties. This Guide introduces an important new level in the monitoring system, namely that of holding the government accountable for failures in implementation of the Compact.

COUNTRY ASSESSMENTS: GREAT BRITAIN

As it is specified in the document:

"We believe that in order for the Compact to have a real impact in terms of shaping meaningful partnerships and serving as a foundation for the Big Society, it needs to be backed up by arrangements that detail how government can be held accountable and what options are in place for dealing with departures from the Compact. (...) The purpose of this guide is to increase the transparency around how the Compact is being implemented."

The Guide includes some concrete measures the Coalition Government is aiming to introduce to strengthen the implementation of the Compact. For example, from 2012-13, it is intended that government departments include a statement on how the Compact is being implemented in their business plans. According to the Guide, this will demonstrate not only commitment but also how the Compact adds value and context at a more practical level.

It also explains what to do and whom to contact "when things go wrong" – complaint mechanisms range from informal discussions with departments to formal complaints to the Parliamentary Ombudsman.

NATIONAL AUDIT OFFICE

Based on the above Guide, the National Audit Office will carry out a one-off study into the operation of the Compact across government which will be reported to parliament:

The National Audit Office (NAO) will in 2011-12 carry out a one-off inquiry into the operation of the Compact across government and its agencies. The purpose of this inquiry is to identify areas of good practice, areas for improvement, and to make recommendations about longer term and more permanent accountability structures. Their report will be made to Parliament. This report will establish a sound evidence base on the operation of the Compact and the Cabinet Office stands ready to support existing scrutiny roles including any inquiry which the Public Administration Select Committee (PASC) might eventually undertake on the basis of the NAO report.

COMPACT ADVOCACY PROGRAMME

The Compact Advocacy programme is hosted by the NCVO and supported by the Big Lottery Fund. It exists to offer support and advice to voluntary and community organisations in their dealings with public bodies. When there is a suspected case that a public body has made a decision that's not compliant with the Compact or public law principles, the dedicated Compact Advocacy team will help the CSO to:

- Identify breaches of the Compact.
- Set and agree objectives.
- Identify key decision makers.
- Represent organisations through communications, including letters, emails, phone calls, meetings and press work.
- Seek policy and practice change.
- Identify best and worst practice and share lessons within the sector.

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This is mainly run as a service, but along the way the Programme is compiling a set of case studies in which the typical problems with compact implementation are revealed and analyzed.¹³³ This serves as a useful database for the government bodies as well and provides a basis for reform proposals in the ongoing review of the Compact.

A COMPREHENSIVE, ONGOING MONITORING PROCESS

Perhaps most notably, these mechanisms do not all work on their own, like in most of the other countries examined. Instead, the reports and recommendations from the various actors, including private actors, are channelled into a comprehensive and ongoing review process, which ensures the follow-up and eventual impact analysis of such recommendations. The overall monitoring is coordinated by the competent Minister (earlier in the Office of the Third Sector, now Office for Civil Society).

One example of how the various monitoring and policy review mechanisms have led to a concrete result: an improvement in the efficiency of funding voluntary organizations and the issue of full-cost recovery.¹³⁴

The Compact has encouraged local governments to increasingly contract with voluntary organizations in the delivery of public services. The Spending Review by the HM Treasury in 2002 included an assessment of the extent and impact of this practice.¹³⁵ It recommended that Treasury publish guidance to the government funders, to clarify what is and is not permitted under Government Accounting as it applies to the voluntary and community sector. The cross cutting review, in turn, found that often there is a lack of consistency in the interpretation of Government Accounting Rules, and a widespread perception that so-called “Treasury rules” are inflexible.

The Government realised that getting the funding relationship right is increasingly important if the financial stability of service delivery organisations is to be assured, and so that government can look confidently to the voluntary and community sector to deliver services.¹³⁶ It therefore published the guide: Improving Financial Relationships with the Third Sector: Guidance to Funders and Purchasers (2005). This set out four key points, messages:

- Stability in the funding relationship: moving from one year funding to longer-term funding arrangements where appropriate.
- Timing of payments and the balance of risk: recognising that payment in arrears often results in the third sector bearing the upfront costs of borrowing and the risks that this entails;
- Full cost recovery: ensuring that funding bodies recognise that it is legitimate for third sector organisations to recover the appropriate level of overhead costs associated with the provision of a particular service; and
- Reducing the burden of bureaucracy: streamlining access and performance management requirements for multiple, and often very small, funding streams.¹³⁷

The performance of public funders in implementing these and other recommendations was subsequently tracked in a number of studies. In the recent Compact Baseline Survey Report (2010), the funding practices of governmental funders were also analysed. An example of success is the issue of full cost recovery, which has long been championed by the voluntary sector in the UK and was supported by a wide range of awareness raising and capacity building programs. As a result, in the 2010 report 58% of governmental bodies and non-departmental public bodies (both significant actors in contracting CSOs) reported that they “sometimes” (23%) or “always” (35%) apply the principle of full cost recovery in their funding programmes; placing it among the most widely implemented funding principles in the Compact.

¹³³<http://www.ncvo-vol.org.uk/compact-case-studies>

¹³⁴This example is taken from: B. Sator, Developing an Institutional Framework of Funding CSOs in Ukraine, Report for OSCE PCU, 2010

¹³⁵The cross cutting review of the Role of the Voluntary and Community Sector in Service Delivery, HM Treasury, 2002

¹³⁶http://webarchive.nationalarchives.gov.uk/+/http://www.hm-treasury.gov.uk/spending_review/spend_ccr/spend_ccr_guidance.cfm

¹³⁷Improving Financial Relationships with the Third Sector: Guidance to Funders and Purchasers, HM Treasury, May 2006, pp 5-6

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Another area where the monitoring of Compact implementation by various actors led to an improvement in practice is the development and effectiveness of local compacts.

A feasibility study¹³⁸, funded by the Joseph Rowntree Foundation was carried out while the national Compact was being developed, to establish what kinds of agreement and policy already existed at local level. This concluded that there was wide interest in developing local Compacts and that many local authorities had policies and agreements with the local community and voluntary sector which could provide the basis for local Compact development. The study found that the most interesting and sustainable Compact developments appeared to be emerging in areas where there was both a long history of dialogue between local partners and where key elements – such as local champions – were in place. It also suggested that the process of Compact development was as important as its outcomes.

This was followed by an evaluative study¹³⁹, also funded by the Joseph Rowntree Foundation, which examined in depth over a period of two years the development of local Compacts in twelve case study areas. This second study concluded that although Compacts were becoming an increasingly common feature in the local policy environment, they were being crowded out by other major local policy and partnership initiatives. Instead of being the framework within which the range of new policy initiatives could be embedded, Compacts were taking a back seat while these more immediate imperatives were addressed. The study concluded that, while the Compact could have an important role to play in changing relationships between government and the sector, as trust became established between the sectors, it may paradoxically no longer be needed.

Indeed, it argued, its longer-term future might lie in becoming a template for local partnership working more generally.

The Compact Working Group, and the Local Government Association had both surveyed and published occasional reports on progress relating to local compact development (see, for example, LGA 2000). The Carrington review commissioned for the second Annual Review (Carrington 2002) found that Compact development at both national and local level seemed to have lost its momentum, with insufficient support from central government departments and a decline in support from intermediary organisations such as the Local Government Association, which had played an active role at the outset.

As a result of all the feedback and recommendations, the Home Office has launched the Compact Plus initiative in 2005, which was a tool to engage local actors in the Compact and improve their compliance with the principles and practices of Compact implementation. The tool included a list of concrete commitments that the public bodies and the CSOs need to make at the local level; those who undertake these commitments could sign up for membership in the Compact Plus initiative and receive guidance and support in their implementation.

¹³⁸(Craig et al. 1999)

¹³⁹(Craig et al. 2001)

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3. Instruments and criteria used by national government to monitor the development of the sector

THE CHARITY COMMISSION¹⁴⁰

The Charity Commission (CC) registers and regulates charities in England and Wales. It offers them advice and provides a wide range of services and guidance to help them run as effectively as possible. The CC also keeps the online Register of Charities, which provides information about each of the thousands of registered charities in England and Wales.

RESULTS OF OUR LEGAL COMPLIANCE WORK

The regulatory work of the CC is concerned with ensuring that charities comply with their legal obligations, and with undertaking investigations into serious abuse or mismanagement in charities. The CC publishes the results of its Inquiries and Regulatory Cases. Publishing the outcomes and wider lessons from its compliance work is an important way of monitoring and improving effectiveness of the charity sector. Themes and lessons learnt from our compliance work contains the report Charities Back on Track which summarises the themes and wider issues for charities arising from our compliance work. Its case studies can help improve trustees' awareness of the common problems that can arise in charities, and provide guidance on how to avoid similar situations from happening in their charities.

Where the CC's compliance work brings to light concerns and risks affecting the sector, they also provide Alerts and warnings.

The Charity Commission has different reporting requirements for larger and smaller organisations. In case of Charities with smaller revenues minimum requirements are applied for annual reporting: (if the charity is registered and has an annual income of less than £10,000, all it needs to do is update the Charity file if the charity's details change.)

On the other hand, in case of charities with a turnover of over 1 million GBP there are three different reporting categories as they have to submit: (A) charity information: updates on the charity's entry on the Register, including key areas such as contact and trustee details as well as income and expenditure; (b) detailed financial information about the charity, and (C) summary information: this summarises the charity's key aims, activities and achievements. It's displays as part of the charity's entry on the online register of charities to help the public understand what the charity does and how well it's performed. Such Charities have to confirm that there are no serious incidents or other matters that they should report and have not already brought to the CC's attention. There is also a description what is considered to be a serious incident.

The Commission has a sophisticated cross-checking mechanism through software that automatically screens data entered in the database highlighting any mistakes or mismatches; and if there is unclarity, the charity needs to explain or correct data based on the prescribed procedure. -

STATE OF THE SECTOR PANEL

The State of the Sector Panel was a permanent survey pool made up of 5,600 third sector organizations, functioning between 2003-2008. The Panel was recruited to reflect the range of voluntary and community organisations and social enterprises in England and to pay particular attention to those that provide public services. Panel members were contacted each year to take part in a postal survey and telephone interviews, and approximately 3,600 took part in each of these stages.

The Panel was established by the Active Communities Directorate in the Home Office and the first survey was conducted in 2003. Responsibility for conducting the survey then transferred to Communities and Local Government, on behalf of the Office of the Third Sector. It was decided to end the State of the Sector Panel in June 2008.

¹⁴⁰<http://www.charitycommission.gov.uk/index.aspx>

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The Panel Survey enabled the Office of the Third Sector to gather information about the sector's activities, concerns and needs in a systematic way – to reach the parts that other, smaller or narrower, consultations, did not reach. In 2008 a series of four reports were published, analysing the findings from the four years of the survey. The reports were on the following:

- Activities, resources and engagement with beneficiaries
- Collaborative working and infrastructure organisations
- Engagement with Government bodies and use of the Compact
- Human, capital and organisational resources

The Panel also allowed the Office of the Third Sector to monitor progress in meeting its commitment to increase voluntary and community sector activity under the 2004 Spending Review (in line with Compact commitments). It also contributed to measuring the second element of the Cabinet Office Public Service Agreement (PSA) 4: "to increase the capacity and contribution of the voluntary and community sector to deliver more public services".¹⁴¹

Cabinet Office – Office for Civil Society

The Office for Civil Society also undertakes surveys to monitor the development of civil society. A major recent example of such survey has been the National Survey of Charities and Social Enterprises¹⁴², which gathered the views of the leaders of charities, social enterprises and voluntary organisations¹⁴³ in England.

The survey was first carried out in Autumn/Winter 2008 as the National Survey of Third Sector Organisations. The second wave of this survey took place Autumn/Winter 2010. The title of the survey was simplified to the National Survey of Charities and Social Enterprises. However the two waves of the survey were equivalent in all other respects.

The Office for Civil Society commissioned Ipsos MORI, one of the largest research companies in the UK to independently conduct the survey. Stakeholders from the sector and from government were involved throughout the development of the survey. Initial design and development work for wave one was carried out by a consortium of BMG Research, GuideStar, Inlogov and NCVO, who were commissioned by the Office for Civil Society. Ipsos MORI tested the questionnaire with a mix of 35 different voluntary, community and social enterprise organisations. By and large the same questionnaire is being used for wave two, so that results can be compared and to track changes over time. However, based on learning points from the first wave, minor changes have been made to certain questions in order to refine and clarify the information gained.

The first wave of the survey ran between September and December 2008. 104,391 organisations were invited to take part and over 49,000 responded through completing a written questionnaire, giving a wealth of information that was used to help improve the environment in which the sector operates.

The second wave of the survey took place between September to December 2010. 112,796 organisations were invited to take part and over 44,000 responded, providing insight into the current health of the sector and how things have changed since the first wave in 2008.

¹⁴¹http://webarchive.nationalarchives.gov.uk/20090129112145/http://cabinetoffice.gov.uk/third_sector/research_and_statistics/third_sector_research/state_of_sector.aspx

¹⁴²<http://www.nscsesurvey.com/>

¹⁴³These organisations go by many names, and many also consider themselves to be community groups, co-operatives or mutuals, a club or society, or a non-profit organisation, housing association, faith group or trust.

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The survey is the largest ever of the sector, and asks about opportunities to influence local decisions, the availability and nature of funding and income, support and guidance, relationships with local statutory bodies, and other factors affecting organisations' success.

The survey delivers an unprecedented level of information and insight into the sector at a local and national level. The purpose of the survey is to ensure that citizens, communities, local and central government, and the sector itself has access to information on the health of the sector, and understand the factors which contribute to its development and equip it for success.

HM REVENUE & CUSTOMS (HMRC)

The HMRC monitors implementation of tax relief schemes relating to charities, most specifically the Gift Aid scheme.

Gift Aid is an easy way to help charities to maximise the value of donations, as they can reclaim tax from HM Revenue & Customs (HMRC) on its 'gross' equivalent - its value before tax was deducted at the basic rate. This is 20 per cent from 6 April 2008 (This means that for every £1 donated, charities and CASCs can claim an extra 25 pence –there were additional temporary benefits as well ending in 2011). The HMRC is also monitoring volume of benefits such organizations give back to their donors.¹⁴⁴

NON-STATE MONITORING

The quality and reliability of data and researches of the sector by some independent providers is very high. It can be demonstrated by the case, when reporting to the House of Commons on voluntary sector statistics, the background material prepared for the members were mostly based on data of an independent CSO – National Council of Voluntary Organisation's UK Civil Society Almanac, and only data regarding employment are from the Office for National Statistics' Labour Force Survey.¹⁴⁵

NCVO'S CIVIL SOCIETY ALMANAC

The NCVO has been compiling its annual Civil Society Almanac for the past ten years. This major annual reference publication draws together trends, facts and information from NCVO's own research programme, plus the latest available data from government surveys, academic research, and research by voluntary organisations.

The Almanac is aimed at policy makers and practitioners with an interest in voluntary organisations and civil society. It reports key trends and characteristics on a range of topics, including funding and finance, spending, workforce and employment, volunteering and beneficiaries. It also compares trends with the public and private sectors.¹⁴⁶

THE INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS (ICSA)

ICSA (the Institute of Chartered Secretaries and Administrators) is the international qualifying and Membership body for the Chartered Secretary profession and the world's leading authority on governance and compliance. ICSA undertook a new monitoring initiative related to CSOs. Previously ICSA UK was monitoring the changes of the reputation in the business and public sector. In 2010 they started monitoring CSO reputation as well.¹⁴⁷ In a society where private giving is so significant like in the UK, such analysis is highly appreciated by CSOs as well as authorities and citizens.

¹⁴⁴Practically this means that the charity knows exactly the maximum value of incentives they can give to donors –as giving such incentives is one of the methods applied in professional fundraising.

¹⁴⁵www.parliament.uk/briefing-papers/SN05428.pdf

¹⁴⁶<http://www.ncvo-vol.org.uk/products-services/publications/uk-civil-society-almanac-2010>

¹⁴⁷A total of 34,897 ratings of organizations were obtained from a sample of 10,525, all companies were rated by at least 100 respondents, ratings are statistically significant at a 95% confidence level with a margin of error +/-0.5, respondents distribution was balanced to the UK adult population on age and gender. The research was done based on a copyrighted approach, incorporating questions concentrated around: performance, products/services, innovation, workplace, governance, citizenship, leadership.

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The Royal British Legion	90,11	HM Coastguard	95,27
RNIB	89,94	The local ambulance	94,41
British Heart Foundation	89,66	Air Ambulances	93,09
Scope	89,20	Mountain Rescue	92,74
British Red Cross	88,87	Armed Forces	86,18
RSPCA	88,62	Your Local GP	81,96
Children in Need	88,13	Your Local Police Force	72,99
Cancer Research UK	87,89	Local hospital/trust	71,15
Bernardo's	86,71	National Health Service	70,47
NSPCC	85,80	OFCOM	67,57
The National Trust	85,74	UK Border Agency	66,98
UNICEF UK	83,71	Press Complaints Commission	66,28
Age-UK	83,20	City of London	64,98
Oxfam	78,25	Customs Service	57,70
Christian Aid	77,87	Local Government	39,71
Welcome Trust	72,90	Central Government	36,10

The table demonstrates that the public (which is in the UK much more educated on how CSOs function) perceives the CSOs (in the left column) outperforming the government agencies and service providers (in the right column), with only a few exceptions. Apart from sophisticated monitoring mechanisms, the public being interested and knowledgeable about CSOs can play a role of an effective monitor of accountability of these organisations.

QUALITY STANDARDS IN THE CSO SECTOR

CSOs monitor not only the government but also themselves. There are more than 30 widely known national quality and accountability standards for CSOs in the UK, most organisations operate based on own codes of ethics or guiding principles made transparent to the public. Transparency and accountability standards are generally high and well defined, the principles are clear, and it is often up to the CSO to conduct a self-assessment and enact changes in their operations according to the results. Organizations that run popular quality management schemes such as the Charities Evaluation Services (CES) regularly publish reports on current issues related to charity effectiveness and efficiency. For example, the CES published recent reports on outcome indicators and benchmarking in the charity sector (Annex UK-12), which provide useful data on the current trends and situation in measuring impact of CSOs in the UK.

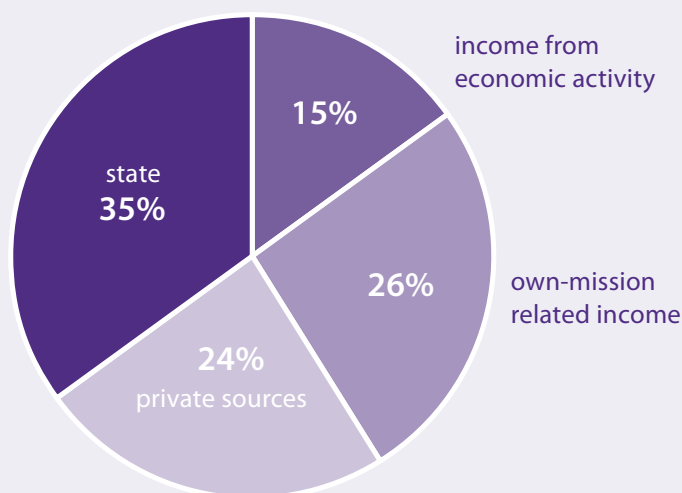
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Based on the data of the Central Statistical Office there have been 66 145 nonprofit organizations in Hungary in 2009. The biggest part of them (87,5%) are categorized as „classical” NGO, i.e. independent private not-for-profit organization. The remaining 12,5% are interest representation organizations (e.g. trade unions) and quasi-NGOs (e.g. nonprofit companies¹⁴⁸ and state established public foundations)¹⁴⁹. In 2009, the income of the whole nonprofit sector including trade unions, professional associations, nonprofit companies and quangos amounted to over 1,1 trillion HUF or 3,9 billion EUR, while the „classical” Hungarian CSOs (associations and foundations) disposed of over 418,4 billion HUF (1,494 billion EUR), which was 37.5% of the total income of the nonprofit sector).

1. National Government Policies on the development of the civil society

During the first decade of the Third Hungarian Republic¹⁵⁰ the civil society sector was developing organically, without major threat from the government, and in a relatively fast and progressive manner compared to other former socialist countries. The legislators increasingly recognized services provided by CSOs; started to treat such organizations as important players of the welfare system and utilized the expertise created in such organizations. At the same time, institutionalized CSO participation in policy and decision-making processes in Hungary has been a sensitive issue, as governments have not always been open to the involvement of CSOs in such processes. However, even without a clear mechanism for participation the government adopted a generally enabling policy and legal framework for CSOs¹⁵¹

“Classical” Hungarian CSOs Incomes Structure, 2009



Until 1996-97 there was no systematic governmental policy approach towards the development of the civil society. Government rather responded to emerging needs¹⁵², while other positive developments were rather “side effects” than an explicit policy goal.¹⁵³

¹⁴⁸In Hungary, any company legal form can be registered as a not-for-profit company if it fulfils certain basic criteria such as including a clause on non-distribution of profit in its founding document. This form is most often utilized by local governments which set up nonprofit companies to undertake municipal tasks (e.g. maintenance of parks, car parking systems etc.).

¹⁴⁹Currently, there is a legal reform process initiated by the government in which they aim to re-regulate the status of associations and foundations, introduce a new legal form called civic partnership (a small association without legal personality) and take the quangos out from among CSOs. The law also aims to review the public benefit status and the system of government support of NGOs.

¹⁵⁰The term is used for the period after October 23 1989.

¹⁵¹The initial framework legislation included the Law on Association (Act II of 1989) and amendments to the Civil Code relating to foundations (1987 and 1993).

¹⁵²E.g. initially the tax framework for foundations had been very liberal and led to abuse by businesses disguising as foundations. As a response, the government consolidated the tax treatment of foundations (as well as associations) in the early nineties.

¹⁵³As an example we can mention the 1991 law on municipalities that has created the opportunity for municipalities to subcontract services to CSOs.

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Between 1994-1996 there was a public debate about the role of the CSO sector and in 1996-97 a set of new laws were introduced reflecting a progressive policy framework for CSOs. These included the so called 1% tax law¹⁵⁴, which allows taxpayers to designate 1% of their income tax to a qualifying NGO (and which was using public control as a main principle¹⁵⁵, thereby contributing to the improvement of communications practices of CSOs); as well as the “public benefit law”¹⁵⁶, that provided motivating incentives to CSOs in exchange for higher transparency practices. During these years, various ministerial funds were also set up to support CSOs, and in the late nineties, a law was passed which transferred ownership rights to certain CSOs of former socialist party properties.¹⁵⁷

The most significant development in this field was the adoption of the Strategy Paper of the Government of Hungary on Civil Society (2002-2006)(Appendix HU-01) The 15 page document created the framework for and declared principles of governmental cooperation with CSOs. While preparing the document, the original vision of the government was the signing of a compact agreement with the representatives of the civil society sector. However, since there was strong resistance among civil society organizations against the notion of a single representative body of NGOs, the government had to abandon this idea and passed the document as a governmental decision. However, the document was widely consulted and hundreds of CSOs provided their input into the strategy, many of which were considered in the final version.

The Civil Strategy was based on a key provision in the Government Programme : “The state views an autonomous civil society as its partner”¹⁵⁸. The Strategy consequently incorporates a set of principle declarations that aim at recognizing the importance and value added of civil society and the nonprofit sector; provides an analysis of the situation of the CSO sector and its current needs; and commits to a range of concrete legislative and policy measures to respond to those needs.

One of the key statements within the document illustrates the general approach of policymakers towards the civil society:

“Democracy and national solidarity do not exist without social dialogue, a well-functioning system of interest representation and strong civil society. The Hungary of tomorrow shall only be able to provide security and welfare for its inhabitants if their interests and aspirations are represented in an organised form, and public life is based on cooperation and solidarity. The Hungarian non-profit sector embodies human values, such as independence, individual initiative, pluralism and solidarity”.

¹⁵⁴The Act CXXVI of 1996 on the Use of a Specified Portion of the Personal Income Tax (the “one-percent law”)

¹⁵⁵NGOs have to reach out to the public to receive designations and they have to publish the report on how they used it in order to be eligible the following year.

¹⁵⁶The Act CLVI of 1997 on public benefit organizations

¹⁵⁷Law CXLII of 1997. This related mainly to so-called “social organizations”, usually national unions (e.g. union of pensioners, of journalists, writers, disabled etc.), which were seated in the properties during the socialist regime and which had the right to continue using the property after 1990. However, quite a few properties were not in use any more and made available to other CSOs through a tender process. CSOs which acquired the ownership of such properties had to renovate and maintain them and could not sell them for 15 years.

¹⁵⁸Chapter II, paragraph A, title of point 4 of the Government Programme 2002-2006.

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The concrete measures that are elaborated in the Strategy include among others:

- the review of existing legislation concerning CSO legal forms,
- a review of the public benefit status and the percentage law;
- a differentiation among reporting requirements of CSOs based on their budget sizes;
- an increase in the governmental resources provided in support of CSOs;
- the review of the legal framework for provision of governmental tasks by CSOs and ensuring the necessary resources for CSOs to undertake governmental tasks;
- transforming quangos back into directly supervised governmental funds;
- establishing the National Civil Fund as a mechanism to support institutional costs of CSOs and smaller CSOs in particular;
- Increasing public support of CSOs through increasing incentives for donations;
- promoting volunteering through new legislation;
- supporting the development of a vibrant infrastructure for CSOs (research on the sector, academic training for CSO managers, civil society support centers, IT development etc.).

As can be seen, the document reads more as a wish-list, but there were some concrete targets included as well, for example:

- increasing the proportion of CSO sector income from government sources to 40% (from the then cca 30%) (Chapter III. Section 2);
- establishing the National Civil Fund (III.2);
- creating a unified database of CSOs (III.4.);
- increasing incentives for donations (III.5.);
- adoption of the law on volunteering (III.5);
- introducing nonprofit sector studies in the curriculum for public administration education (III.6.);
- providing a separate chapter to CSO participation in the new law on lobbying (III.7.);
- establishing the Budapest and Region Civil Society Support Service Center (III.10.).

Some of these targets were not met at all (e.g. the Law on Lobbying that was adopted does not even mention CSOs), but there were a few that the government prioritized and that were actually met. These included most of all the increase and development of direct budgetary support to CSOs¹⁵⁹, i.e. increasing the proportion of CSO sector income from government sources to 40% and establishing the National Civil Fund (Annex HU-02).

¹⁵⁹There is a range of mechanisms through which CSOs are supported from the central budget in Hungary. These include grant funds of different ministries, governmental funds, support to social service providers, among others. The target number mentioned in the governmental strategy considers all these in total.

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Further priority was given to the issue of volunteering, and so the Law on Public Benefit Volunteering (Annex HU – 03) was adopted; and to the infrastructure development of the sector (establishing the Budapest CSO Service Center and supporting a network of CSO support centers around the country)¹⁶⁰ In addition, unlike in the early nineties, during this legislative period the government has consulted CSOs extensively and considered their opinion in legislation to a reasonable extent.

However, the actual impact of the realized measures were (and still are) questionable. E.g., according to the Report of the State Audit Office, the National Civil Fund has not been accomplishing its stated objectives (for which it uses public funds) in regard to the development of civil society.

“The operational support linked to budgetary rates is not appropriate to measure the real performance of organizations as the volume of the annual budget by itself does not reflect the quality of the delivery of the task by the organization. The minimum amount determined by the Principles of Support did not ensure the strengthening of the organizations; the logic of the system did not allow smaller organizations to break out of their current situation and undergo qualitative development.

“The Council determined only formal requirements for the decisions on the applications. Stemming from its role as a principle governing body it should have been the Council’s task to develop substantive requirements, which it failed to do. The definition of ‘operational costs’ was not clear and was interpreted differently by the various bodies of the Council as well as the Treasury and the NGOs.

“The minister did not ensure compliance with the Law on use of public funds, transparency and control of use of public property and the related governmental decree, which made it difficult to assess the social benefits of the support provided through the NCF. During the two years of operation the minister did not elaborate performance indicators and normative standards as required by these regulations; therefore the experience and learning points upon which future decisions could be based have been lost.

“The use of the operational support provided to NGOs was overall in accordance with the law but did not result in the expansion of the role of civil organizations as drivers of social change.”

Excerpts from the Report of the State Audit Office on the first two years of operation of the National Civil Fund (September, 2006) – unofficial translation

In the meantime, many of the general principles and targets listed in the document remained without significant tools or mechanisms to implement them, and in some cases government policy even countered the declared intention of the document (namely in the case of supporting CSOs for undertaking governmental tasks, as over the years such support has been decreasing).

However this first experience served as a good basis for developing the second strategy and draw learning points from the whole process. In 2006 the Government launched a process of developing a new strategy or as it was called Principles of Development of Government and Civil Society Relations (Principles) (Annex HU – 04)- for strengthening its partnership with civil society. The Government published the draft Principles on the internet (on the home page of the competent Ministry) and collected CSO opinions both on email and through a series of public consultations in major cities of Hungary. The final version incorporated several comments by CSOs and was published on the internet again.

¹⁶⁰For more information on these centers please see point #3 below.

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The Principles concentrate on five pillars of cooperation:

- Public participation and government-CSO partnership (involving CSOs in decision-making in a more organized manner)
- Legislative review to address the identified issues in current legislation (this was an area not implemented from the first strategy)
- Promotion of effectiveness of CSOs (through supporting training, consulting and other services for CSOs)
- Making state grants mechanisms more “CSO-friendly” (i.e. less bureaucratic administration, less burdensome reporting requirements)
- Promoting CSO participation in provision of governmental services

The document also reinforced the importance of CSOs and the benefits and added value they can bring to the table in support of implementing governmental policies.

Based on these Principles, the Government adopted its Resolution on “certain measures serving the development of government – civil society relations”¹⁶¹ in August 2007. This can be seen as a regulatory tool for implementing the second civil society strategy (i.e. the Principles). The document contains a total of 13 measures, the most important of which include:

- Creation of a web-based civil information portal by the government
- Proposal to introduce a common system of identification of foundations and associations in preparation to the creation of a unified official national registry of all CSOs
- An obligation of all ministries to prepare a biannual plan for cooperation with civil society
- In addition every ministry should review the system of CSO participation in its own work.

It can be seen that instead of developing a very detailed central strategic document for the whole Government, this time the Ministries were entrusted with developing their own separate strategies and action plans to work with civil society. The decision to entrust Ministries with developing their own strategies was made due to the following reasons:

- A learning point from the implementation of the previous strategy was that government objectives cannot be realized without cooperation from the competent ministries (e.g. the objective to involve CSOs more in social services delivery was not realized in part due to the Ministry of Social Affairs; tax incentives for donations were not increased due to the Ministry of Finance etc.)
- A key central objective of the government, as detailed in the Principles, was the improved participation of CSOs in decision-making and most CSOs are involved in policy making at the Ministry level; therefore the government found it imperative that the Ministries develop good practices in cooperating with CSOs in their own fields.

While the concept of decentralization seems to be very progressive, it was a challenge to implement it for the various ministries. Their previous experience and level of cooperation with the civil sector or its organizations highly determined the quality of these subsectoral strategies and implementation plans. While some of them have had well developed frameworks for cooperation, others had little or inadequate mechanisms to comply with the principles listed in the document.

¹⁶¹Government Resolution #1065/2007 (VIII.23)

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The governmental crisis in 2009 and the change of the government in 2010 followed with significant restructuring of the ministries and put the promising process on hold. There is a general expectation that after the adoption of the new NGO legal framework that is currently in process, the sub-strategy model described in the guidelines will become the main approach of the current government as well.

One of the weaknesses of such a decentralized approach can be the lack of coordination and leadership on the side of the government in ensuring consistency which was partly the case in Hungary. The Ministry of Social Affairs that was entrusted with coordinating the process had a weaker position and lobby power within the government. On the other hand this Ministry was the one with the most complex and sophisticated system of mechanisms ensuring cooperation and mutual assistance with the nonprofit sector and could therefore show a good example to the others.

In comparing the 2002 Strategy and the 2006 Principles many overlapping issues may be recognized. Some of them were characterized as burning issues already in 2002 and in 2006, and they still remained unresolved until today, for example the creation of a unified central national registry for all CSOs.

The two above listed attempts to create a strategy had another positive result, namely that local and county municipalities started to develop their own civic strategies. This, at least on the level of rhetoric gave credit to local CSOs, but also many municipalities actually implemented their own strategies and provided local support to CSOs. Even if the real mechanisms remained declarative, they contributed to the better recognition of the CSOs on the local level as well.

In the past two decades the government and ministries also adopted various sub-sectoral strategies that affected CSOs and CSO development. Most of them remained within the framework of the ministries (e.g. the National Drug Strategy, Equal Opportunities Strategy, Autism Strategy, etc.), but some issues of critical importance were discussed and approved by the parliament (most recent ones included e.g., the National Program Against Child Poverty, 2007 or the National Elderly Strategy, 2009). Such strategies often were prepared by the CSOs in cooperation with relevant state bodies, and their implementation is in most cases a shared responsibility of the CSOs and the government.

2. Instruments and criteria used by national government to monitor effectiveness of the state policy

CIVIL INFORMATION WEBSITE

The main way to monitor the implementation of State Policy relating to civil society has been the civil information website of the Ministry of Public Administration and Justice (www.civil.info.hu). (This website previously was maintained by the Ministry of Social Affairs.)¹⁶²

On this website, there are a range of services available for CSOs, including: news items, legal monitor (legislation affecting civil society), civil society support centers, volunteering, international news, links, documents to be downloaded; and policies relating to civil society. Most of the news, links and documents on the website relate to the implementation of the government strategy (though this is not clearly stated anywhere). Most specifically, under the last category: Policies, the website compiles all the strategies and action plans that were developed by the different ministries and the reports they have submitted (the latest available reports are from 2009)¹⁶³

The Reports are structured in a table where the tasks described in the Action Plan of the given Ministry are listed in one column, and evaluation of their implementation (and other comments to the task) are listed in the second column.

¹⁶²The website is currently suspended until the new government decides how to reorganize competences among the ministries and where to host it.

¹⁶³<http://www.civil.info.hu/modules/Documents/cat/16>

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As an example, the Report of the Ministry of Local Governance lists 40 tasks.¹⁶⁴ Three of these include:

Task	Evaluation/comment
#17 Synergies among the departments and possibilities for concentration of resources (e.g. grants) should be explored in order to assist partner CSOs to be more effective, their support and cooperation with the Ministry.	The economic crisis overwrote the possibilities for exploring additional resources.
#18 Associations of local governments and other representative CSOs should be involved in the preparations of policies and legislation which can widen cooperation among municipalities and CSOs.	Local government associations regularly provide their opinion on the legislative proposals and are also represented in the committees deciding on support.
#36 An institutionalized mechanism should be set up to ensure that civil society organizations can be included in the national system of rescue operations after natural catastrophes.	The inclusion of volunteer rescue organizations in the database is ongoing. The Department of Rescue Organization has the contact list those organizations that need to be notified; the database has been complemented by the contacts of charitable organizations and their experts as well.

Besides this very targeted tool of monitoring, there are certain state institutions that – stemming from their mandate – monitor implementation of specific elements of the overall government policy. These include: (1) the State Audit Office; (2) the Office of the Public Prosecutor; (3) the National Tax and Customs Authority; and (4) the Directorate of Auditing European Funds.

STATE AUDIT OFFICE OF HUNGARY

The State Audit Office of Hungary (SAO) is the financial and economic audit organisation of the Parliament, the supreme organ of public auditing with a mandate to evaluate the financial operation of public agencies and the effective and efficient use of public funds.

It regularly carries out audits of areas and state sector actors that have direct business relationship with CSOs (e.g. auditing regularly municipalities, including the lawfulness and effectiveness of their service purchasing practices from CSOs); and it also audits non-state bodies, including CSOs, that have received public funding in regard to the use of these funds.

The office sets its priorities every year described in the Annual Audit Plan. Besides standard audits, they often conduct audits of complex, multi-year public programs not only in terms of regularity or legal compliance but also in terms of performance and results. The office conducted several quasi impact assessments establishing such a culture within the framework of the Hungarian Republic. State programs aiming to resolve issues like Roma integration or early childhood development are coordinated by various institutions, laws and regulations, and require a complex approach. Analyzing them from one aspect would result in a distorted picture, and due to its relative independence from the government the SAO is in the position to provide unbiased analysis and thus, serve as a basis for effective use of public funds through strategic, impact oriented solutions. Due to the enormous portfolio to assess there is very little capacity to monitor CSO programs but audits like that of the National Civil Fund or the funds to support CSOs in the field of Roma or disabilities were important studies to challenge the existing grantmaking practices and their impact on CSOs.

¹⁶⁴http://www.civil.info.hu/uploaded/documents/Iranyelvek/124879296620090630_OM.pdf

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THE OFFICE OF THE PUBLIC PROSECUTOR

The Office of the Public Prosecutor (OPP) under Hungarian law is responsible for supervision of CSOs. They have competence to examine whether CSOs are compliant with the laws that govern them; primarily the Law on Associations, the provisions of the Civil Code relating to foundations; the Law on Public Benefit Organizations; and laws regulating sub-sectors such as social services or the sports.

Every local prosecutor office prepares their annual work plan that includes the number and type of CSOs that will be examined in the given year, while there is also a national examination undertaken every year coordinated by the Office of the Chief Prosecutor. The annual national examinations focus on a certain segment of CSOs – e.g. environmental or sports organizations. While the OPP is free to choose the focus of its investigations, the choices are often in line with current government policy priorities. (E.g., in 2003 when a review of the public benefit status was planned, they examined CSOs with the so-called prominently public benefit status.¹⁶⁵

The prosecutor must take the appropriate measures towards the CSO if it sees problems in legal compliance. The results of examinations are therefore confidential as they contain sensitive information on the CSOs. However, a statistical summary of the investigation is usually published or made available upon request (depending on the local office). This shows what were the typical problems and in what volume they occurred. Such information is valuable for policy makers and legislators who monitor the development of civil society – at the least it shows the trend of legal compliance in relation to various laws and in various segments of the sector. However, the data needs to be analysed carefully; e.g. the cause of a high volume of incompliance can be the lack of capacity or bad will but also a wrongly constructed legal requirement.

Data on the number of procedures initiated to dissolve a CSO is also available through this mechanism as in justified cases the OPP will initiate this procedure based on its own investigations as well as based on petitions it receives from interested stakeholders.

NATIONAL TAX AND CUSTOMS AUTHORITY (NTCA).

Another important mechanism that helps monitor the implementation of government policies is the National Tax and Customs Authority (NTCA). The NTCA publishes a detailed account of data relating to the 2% tax designations every year¹⁶⁶. The report is available on the NTCA webpage and includes the total number of taxpayers who made designations, the total amounts designated, the number of organizations that received designations, the number of invalid designations etc. The webpage also provides a full list of organizations which received designations and the total amounts they received. This information is particular to one law but it serves as an important tool to monitor the implementation of government policies relating to the 1% designations and serves as a basis to such policies as well. For example, when it became clear that the number of taxpayers who use the mechanism is not growing any more, the government decided to support CSOs embark on a major campaign to increase taxpayer participation in this scheme. The data also showed in the next two years¹⁶⁷; that there has been a slight increase; but a cost-benefit assessment of whether it justified the resources spent on the campaign was not established.

The NTCA also has data on other aspects of CSO development, e.g. the number and amount of tax deductible donations, but these are not made publicly available.

¹⁶⁵CSOs who undertake a governmental task named in a law or regulation are eligible to receive such status, which provides slightly higher benefits than the “regular” public benefit status.

¹⁶⁶Taxpayers may actually designate 2% of their taxes: 1% to a qualifying NGO and another 1% to a church or governmental programme.

¹⁶⁷Contrary to the HCSO, the NTCA is able to provide the data within 4 months of the deadline for tax returns.

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DIRECTORATE FOR AUDITING EUROPEAN FUNDS

Hungary as an EU member country has an agency called Directorate for Auditing European Funds (DAEF), which monitors the implementation of the National Development Plan and controls the spending of European funds, including the Structural Funds which are the main mechanism of channelling EU money through national governments to realize social and economic development goals. They are also a source of funding for various types of CSOs.¹⁶⁸ DAEF was created recently (July 2010), prior to its existence, control of EU funds belonged to the competence of the National Development Agency (NDA), the same entity that manages the Structural Funds. Therefore the establishment of an independent agency was an important step towards greater accountability in the use of public funding; however, it also meant that a task assigned to its predecessor to develop a detailed procedure for monitoring and control, as well as to ensure in-depth (including on-site) monitoring of projects selected on a risk-based approach, was cancelled. Regardless, the DAEF may produce valuable reports and information on the impact of EU funding on civil society development.

Additional instruments and institutions that contribute to the monitoring of the implementation of government policies affecting civil society development are the Equal Opportunities Authority and the Office of the Ombudsman.

3. Instruments and criteria used by national government to monitor the development of the sector

Today in Hungary there is no mechanism that is used by the government to “officially” monitor civil society development (e.g., there is no designated official or institution with this purpose); however, there are a few mechanisms that are used by the government to monitor the development of civil society in a somewhat more systematic way.

HUNGARIAN CENTRAL STATISTICAL OFFICE

The most important mechanism is the annual data collection of the Hungarian Central Statistical Office (described above), which serves as the central source of information.

Unlike other new member states of the EU but also many old member states, Hungary has a wealth of valuable data and information on the nonprofit sector. This is in a large part due to the data collection by the Hungarian Central Statistical Office (HCSO), which conducts an annual analysis of the CSO sector. The reports published by the HCSO are also a key tool to monitor the effectiveness of the state policy regarding the development of the civil society.

The first such research of the (HCSO) dealing with CSOs was published under the title “Social Organisations in Hungary in 1991”.¹⁶⁹ This short overview failed to provide precise data on the nonprofit sector. As a result of the inadequate data collection, it became clear that no records system suitable for even showing the exact number of such organisations existed. A new unit, a specialised section within the HCSO was created.

¹⁶⁸For CSOs receiving such funds there is no separate set of expectations (compared to other sectors) in terms of implementing the programs, however there are some motivating factors included: e.g. lower percentage of own contribution, acceptance of volunteer time value as own contribution, etc.

¹⁶⁹Published in 1993

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“The primary aim of the data collection was to assess, in co-operation with the Department of National Accounts, the contribution of the nonprofit sector to the national economy. Another reason why the information collection started was the fact that the socio-economic changes led to decreasing public trust in the governmental sector’s problem-solving ability and the concurrent growing importance of nonprofit organisations. Nevertheless, there was little empirical knowledge about the number, economic strength and economic characteristics of nonprofit organisations or the structures of their activities.”

Nagy-Sebestény: Fifteen years in Nonprofit Statistics, 2006

Hungarian NGOs are obliged by law to provide their basic data (type of activities, income sources, number of employees etc.) (Annex HU- 06) to the HSCO. Therefore, except for a few years in the mid-2000s, the data were based on the full population of NGOs, rather than a representative sample. The knowledge base emerging from this data provided a strong empirical basis for policies and strategies the government, as well as civil advocacy organisations, academic experts and researchers dealing with the nonprofit sector. Unfortunately the weakness of such sophisticated research and monitoring mechanism lies in its basic concept: the time and capacity needed to collect and process fully populated data. It takes more than a year for HSCO to publish a report, so e.g. the data on the year 2009 became available only in March 2011. This means that changes in some major trends will not be seen for almost two years. This is a long time for adequate policy reaction - e.g. the economic influence of the financial crisis on the CSOs was lacking evidences for two years and then it was late for any intervention to bail out some critically important CSOs. A two-year delay also means a critical risk in terms of feasibility and assessing potential impact of new governmental policies and strategies.

From the technical perspective these surveys practically represent the monitoring system of the national government. However there are no defined criteria or objectives/expectations linked to state policy or otherwise in development of CSOs, which makes the monitoring complicated and it is not obvious how the complex system of information and data is applied. The HCSO has its own system of analysing data and presenting information; however it also makes data available for a fee to researchers or others who may want to look for different kinds of information. The HCSO does not have a mandate to report on the state of civil society.

NATIONAL CIVIL FUND

The only institution with a legal mandate relating to civil society monitoring is the National Civil Fund. Section 1.1.e) of the Law on the National Civil Fund Program¹⁷⁰ lists “supporting academic research, monitoring activities and record keeping on the civil society sector” as an objective of the fund. This entails that the Fund does not conduct monitoring itself, instead, it supports monitoring activities by interested parties. Since, however, the Fund’s mandate is to support CSOs, it cannot support e.g. universities or other institutions, so most monitoring projects that are supported are conducted by CSOs (though universities often have foundations, which are eligible for support from the NCF). Another problem with this setup is that the NCF can only fund a year-long project, therefore “monitoring” research is usually understood either as ex-post evaluation or as a short-term exercise. There is no guarantee that a project would win every year so it can actually “monitor” the progress in a certain aspect of CSO development.

Another mechanism that provides the government with monitoring data is the network of Civil Service Centers, which are CSO support centers based in every county of Hungary. They are financed from the budget and supervised by the competent Ministry.¹⁷¹

¹⁷⁰Act L of 2003

¹⁷¹It used to be the Ministry of Social Affairs, and now it will likely be the Ministry of National Resources.

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They are selected through an open tender every 2-3 years. Their main task for which they contract is to support the development of the CSO sector locally, and they have to report to the Ministry on their accomplishments every year. In these reports they may give an overview of the trends, issues and needs in CSO development and make recommendations for future support. However, it is not clear how these reports are accomplishing any broader goal of monitoring the sector, in the lack of which they become simple activity reports of the centers. There are no benchmarks or clear criteria against which the performance of the centers are measured in light of the development of the local CSOs.¹⁷²

A better conceptualized monitoring practice exists within ministries and ministerial funds related to CSOs. At this level the development and its stages are more specifically defined, with more measurable expectations and procedures to gather and process data¹⁷³, so it is easier to make a detailed analysis, They often finance and implement researches, including cost-benefit analyses or impact assessments. Especially the former Ministry of Social Affairs and former Ministry of Labor (now both under the Ministry of National Resources) have had a practice of conducting rather sophisticated researches.

The area of European funds distributed by governments may be well monitored, as the way such programs are created through the “logical framework” approach makes the monitoring relevant. Unfortunately no report in this field is known so far, even though the 7 year financing cycle ends soon, the impact or results are not accessible for the public.

ADDITIONAL (PRIVATE) INSTRUMENTS AND SOURCES

- The Nonprofit Research Group has been considered for many years as the most effective organization monitoring and researching the sector. This independent organization has been monitoring, analysing, publishing books and booklets about the CSO sector as a whole and its subsectors for almost two decades. Some of the Group’s members work or used to work at the HCSO. Alongside the data of the HCSO, it is the studies and “research notes” of the Nonprofit Research Group that best serve experts dealing with the sector. The Group is often making the conclusions and recommendations that are not allowed to be made by the HSCO as a neutral information providing state agency.
- The other significant platform for analysing and understanding the development of the nonprofit sector is the nonprofit bi-monthly research and policy magazine : Civil Review. The magazine gathers top experts of the sector as contributors, it provides space for publishing research results, and in general contributes to understanding of various factors influencing the development of the sector. From its establishment it is supported by various government agencies and funds (chiefly the NCF) for the valuable contribution the magazine has made.

¹⁷²For example, the government financed a major national program supporting organizational development through these centers, but it is not known how the results will be measured, say in three years’ time.

¹⁷³E.g. the National Employment Service not only regularly gathers data but also runs a knowledge management system to make the most efficient use of the data.

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Based on data from 2009, Latvia - a country of 2.2 million inhabitants - had 11,669 registered civil society organizations including 10,344 associations, 747 foundations and seventy-three open foundations.¹⁷⁴ The country has a significant Russian minority that has historically been a sensitive issue. Some government interventions (like the obligatory language exams as a condition of granting citizenship for Russians living there) have been perceived by members of the minorities as an unnecessary challenge. Nowadays, most documents and governmental mechanisms are focusing on building a cooperative and multi-ethnic state.

1. National Government Policies on the development of the civil society

COOPERATION MEMORANDUM

In Latvia, cooperation of CSOs and the highest levels of state administration is based on a Cooperation Memorandum (Appendix LV-01). The Memorandum was initially signed by 57 CSOs and the Cabinet of Ministers in 2005 represented by the prime minister. Signing of the Memorandum remained open for the NGOs and by today, a total of 237 organizations joined through their signatures.¹⁷⁵

The document has been developed with the aim of facilitating the operation of an efficient public administration system that meets the interests of the society by ensuring the involvement of the civil society in the decision-making process.¹⁷⁶ The document itself is rather short, emphasizing the principles and the ways how these principles should be implemented, staying on a general level. However, it is thoroughly implemented through a well-functioning implementation and monitoring mechanism. An Implementation Council was established for this purpose, consisting of CSO and government representatives (see below).

Declaration on the development of civil society in Latvia and cooperation with Non-governmental Organizations

Another non-binding but still important document in Latvia between the CSOs and the state to ensure cooperation between the Saeima (Parliament) and civil society, adopted in 2006 and entitled: "Declaration on Development of Civic Society in Latvia and Cooperation with Non-governmental Organizations"¹⁷⁷ (Appendix LV-02). The document specifies areas of cooperation:

The Saeima recognises the need to:

- 1) facilitate the legal environment (including a favourable financial and budgetary policy) required for developing and strengthening a civil society as well as for the activities of non-governmental organisations;
- 2) support the involvement of regional non-governmental organisations in the decision making process, and, together with these organisations, to develop mechanisms to facilitate the participation of regional NGOs on the regional and national level;
- 3) support the establishment of NGO cooperation networks and their activities in developing a civil society, as well as in other areas that benefit the public.

¹⁷⁴The open foundation is a specific hybrid legal form, in which a foundation can have additional "members" joining the founder once it is established.

¹⁷⁵ The number is being continually updated at the website: <http://www.mk.gov.lv/lv/sabiedribas-lidzdaliba/sadarbibas-memorands/>

¹⁷⁶<http://www.nvo.lv/recourse.php?lang=en&id=568>

¹⁷⁷http://www.nvo.lv/files/Cooperation_Saeima_-_NGOs.pdf

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Implementation of this document is ensured through formal meetings that are held annually. These meetings serve as a forum which assesses the results of existing cooperation, and works out an agenda for further cooperation. The first forum between the NGOs and Saeima was held in May 2007; the most recent (fifth) one in May 2011.

POLICY PROGRAMME STRENGTHENING THE CIVIL SOCIETY 2008-2012.¹⁷⁸ (Додаток LV-03)

In addition to giving a detailed overview about the current situation of the CSO sector in Latvia, this document sets targets for each year, including percentages and exact figures. The document itself is 44 pages long, and the analysis included in the document is one of the most detailed and updated ones.

The main tasks may be summarized under three main categories: to improve the cooperation between CSOs and various governmental and local governmental bodies, to increase effectiveness and develop capacity of the CSO sector, and to create mechanisms that ensure that the public and the CSOs may influence decisions.

The Policy Programme (approved by the Cabinet of Ministers in June 2008) is part of the Integration Policy of Latvia (for social integration, i.e. integrating the poor, marginalized population and minorities) and its implementation is monitored by the competent Ministry. This has been changing over time (Ministry for Integration, Ministry for Family Support and Integration, Ministry of Culture), therefore implementation has not been as consequent; however, the responsible people remained the same and are able to ensure continuity in the process.¹⁷⁹

Guidelines for the policy of strengthening the civil society 2005-2014¹⁸⁰

The main objective of the Guidelines (Appendix LV-04) is to contribute to a healthy civil society, to promote democracy, enhance and mobilize social capital, to contribute to the increase in the participation of citizens taking action for the common good, and to help solve the problems of society.

The Latvian civil society is still in an early stage of development. The main issues that the concept wants to improve are as follows:

- Low public activity and trust;
- Citizens' distance from the public administration;
- The public is not familiar with the activities of NGOs, and also NGOs' performance and efficiency are rather low

The Guidelines is a cross-sector set of policies related to all state and local policies that address the above problems from various perspectives (e.g. culture, education, welfare, employment etc).

2. Instruments and criteria used by national government to monitor the effectiveness of state policy

COUNCIL FOR IMPLEMENTATION

One of the main monitoring instruments of government policies is the Council for Implementation of the Cooperation Memorandum between Nongovernmental Organizations and the Cabinet of Ministers (hereinafter Council).

¹⁷⁸Available in Latvian only

¹⁷⁹Information from Zinta Miežaine

¹⁸⁰Available in Latvian only

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Essentially, this Council is responsible for implementation of the Memorandum. In addition, the Council aims to promote the Memorandum and to support the involvement of the civil society in the decision-making process.

The Council organizes, assesses and improves the implementation of the Memorandum, including the determination of respective state budget priorities and the preparation of recommendations on necessary legal acts and policy planning documents in relation to implementing cooperation between the public administration institutions and the NGOs. The Council consists of the Director of the State Chancellery, a representative of the Prime Minister's Bureau, the State Secretaries of ministries, as well as seven authorized representatives from NGOs that have signed the Memorandum. At the meetings of the Council, NGOs and experts invited by the Head of the Council or Deputy Head of the Council as well as representatives of other organizations and institutions may participate without the right to vote.¹⁸¹

The mandate of the Council is described in a following way:

- a) develop an effective mechanism to monitor the implementation of the Memorandum;
- b) ensure the assessment of implementation of the "Strengthening of Civil Society 2005–2009" National Programme, as well as planning and developing necessary changes;
- c) implement similar projects providing for socially comprehensive civil education on issues concerning public administration and the education of public administration employees on issues concerning the operation of non-governmental organizations;
- d) promote the development and practical implementation of a transparent and accessible mechanism to use the structural funds of the European Union and other sources of funding;
- e) prepare proposals on the amount of funding necessary to achieve the common objectives;
- f) prepare proposals on changes in regulatory enactments in order to ensure the channelling of 1 per cent of personal income tax towards public benefit organizations.¹⁸²

The Council meets on a regular basis based on detailed annual workplans.¹⁸³ There are monthly or bimonthly meetings and current issues as well as scheduled reports are discussed at each.¹⁸⁴ Every six months, at the Council meetings new CSOs which wish to join the Memorandum may provide their signatures. At the annual meetings where the signing of newly joining members takes place, the Prime Minister and other high level dignitaries are represented thereby signalling the importance of the event. In addition to the formal agenda points, substantive discussion also takes place at the meetings; for example at the most recent one (April 7, 2011, see agenda in Annex LV-05) the need for a new model of partnership, presented by the Prime Minister, was discussed. (Experience showed that CSOs lack the capacity to participate in every consultation process, so in order to balance the participatory nature of policy making with effectiveness new ways of partnership need to be explored.) At the end of the meeting, those CSOs which expressed their intention to join the Memorandum signed the document.

¹⁸¹<http://www.icnl.org/knowledge/themes/ngogovcoop/paperpol.pdf>

¹⁸²http://www.nvo.lv/files/Cooperation_Memorandum_Latvia.pdf

¹⁸³Workplans can be downloaded from <http://www.mk.gov.lv/lv/sabiedribas-lidzdaliba/sadarbibas-memorands/istenosanas-padome/>

¹⁸⁴The schedules, agendas and minutes of the meetings are available at <http://www.mk.gov.lv/lv/sabiedribas-lidzdaliba/sadarbibas-memorands/padomes-sedes/>

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An example of a progress report is the document *“Implementation of the Memorandum of Cooperation between Non-governmental Organizations and the Cabinet – 2010: Information provided by the Ministries”*.¹⁸⁵ This document provides details as well as a summary of all the answers given by the various Ministries to an annual survey that monitors the implementation of the Memorandum. There are 11 simple questions for the Ministries to answer and in addition it has all the responsible contact persons and reports on actions that they undertook related to cooperation with CSOs (see Box).

Questions to the Ministries on the Implementation of the Memorandum in 2010:

1. Ministry employee who is responsible for cooperation with NGOs.
2. Has the Ministry entered into collaboration agreements with NGOs in 2010?
3. Has the Ministry and NGOs have signed a memorandum of cooperation or other similar document?
4. Has the Ministry organized educational events / lectures on NGOs' participation opportunities in public administration?
5. Has the Ministry used the below listed forms of cooperation with NGOs (events, conferences etc.)?
6. Has the Ministry hosted educational events / lectures to the public administration working on the involvement of NGOs in consultation with NGOs, participation in various aspects?
7. Please give details of what the relevant Advisory Council / Task Force of the Ministry completed in 2010!
8. Please give details of participation of NGOs in the drafting of legislation in 2010!
9. Please indicate the number of public consultations and public discussions organized by the Ministry! Ministries organized 146 consultations and 95 discussions in 2010
10. Please provide details about 2010 NGOs, financial support (not related to EU structural funding for projects) and funding of NGOs, which provides regulatory Papers!
11. Has the Ministry considered it possible to transfer certain government tasks to NGOs?

Additional information on the Ministry Advisory Councils: appendix lists the names of advisory board members, the number of NGOs in the board, its composition, frequency of meetings and date of last session.

A summary of the main data from the document on the implementation of the Memorandum in 2010 by the Ministries in Latvia:

- All ministries have listed a contact person.
- Four (4) ministries (culture, welfare, justice, agriculture) signed 40 collaboration agreements.
- Eleven (11) Ministries conducted 589 activities (events etc.) with the involvement of NGOs, in total 3368 NGO representatives took part in these.
- Staff of 13 ministries participated in altogether 705 NGO events
- Four (4) ministries have organized 14 actions around the country for public administration employees on how to involve NGOs.

¹⁸⁵The report can be downloaded from <http://www.mk.gov.lv/lv/sabiedribas-lidzdaliba/sadarbibas-memorands/>

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The document provides very detailed information on all this; however it is not clear what progress this has meant in terms of the Cooperation (e.g. has this been more or less than in the previous years and whether CSOs found the events and cooperation actions qualitatively useful or helpful in their work etc.). Based on the minutes of meetings, such evaluation seems to happen during the discussions at the meeting itself. (Another example of a progress report can be found in the *Appendix: Excerpt from the Interim Report (01.01- 06.30) on the work program to include implementation of the measures*).¹⁸⁶

IMPLEMENTATION OF COOPERATION WITH THE SAEIMA

In relation to the Declaration on Cooperation with the Parliament, the Declaration provides detailed tasks and instructions related to implementation. As it is expressed in the document:

- regularly assess the cooperation between the Saeima and NGOs and facilitate the exchange of experience of the Saeima committees by promoting the creation of a unified method for involving these organisations in the process of preparing laws;
- provide the Saeima in general and each Saeima committee with a coordinator responsible for cooperation with NGOs;
- continuously improve the Saeima's website and other mechanisms in order to inform NGOs and society about the work of the Saeima and its committees, as well as to facilitate educating the nongovernmental organisations about participating in the process of preparing laws;
- involve, according to a specific procedure, representatives of NGOs in the work of the Saeima committees and, within the framework of these committees, listen to the opinions and suggestions of NGOs and society about the issues within the competence of the relevant committee;
- arrange, according to a specific procedure, the consideration of proposals for improving draft laws and draft decisions;
- organise, not less than once a year, a meeting between the Saeima, along with the chairmen of its committees, and representatives of NGOs, i.e., a forum which assesses the results of existing cooperation and works out an agenda for further cooperation;
- ask the forum to create a cooperation institution the aim of which is to administer and coordinate the cooperation between the Saeima and NGOs, as well as to gather and review proposals for developing a civil society and improving cooperation between the Saeima and NGOs.

The Speaker of the House is the main person responsible for implementation from the side of the Parliament; while CSOs responsible for monitoring the dialogue are elected annually at the Parliament – CSO Forum. In addition, various Committees of the Latvian Parliament are also entitled to monitor the development of cooperation with CSOs in the spirit of the Guidelines signed. A list of the Committee coordinators is available at the Saeima's website.¹⁸⁷

PARLIAMENT – CSO FORUM

The main instrument in monitoring the implementation of the Declaration is the Parliament – CSO Forum. This is convened annually. At the Forum participants discuss and evaluate the results of the cooperation and set out the program and action points for the coming year.¹⁸⁸

¹⁸⁶<http://www.mk.gov.lv/lv/sabiedribas-lidzdaliba/sadarbibas-memorands/padomes-sedes/darba-kartibas/mem-dk-270711/>

¹⁸⁷<http://www.saeima.lv/lv/sabiedribas-lidzdaliba/koordinatori>

¹⁸⁸<http://www.saeima.lv/lv/sabiedribas-lidzdaliba/saeimas-un-nvo-forums>

COUNTRY ASSESSMENTS: LATVIA

The fifth Parliament and NGO Forum “Stability. Partnership. Development” took place on May 16, 2011. The Forum held three cross-section debates. The first discussion was devoted to National Development Planning by linking it with the long-term budget planning and the country’s foreign policy priorities. The second discussion forum engaged participants on issues of demographic development - migration, family policy and social security systems, analyzing the role of the non-governmental sector and the opportunities to engage in policy-making. Finally, a separate discussion was devoted to the educational and scientific role of the state and national economy through sustainable development. Each section of the forum heard experts’ and NGOs’ reports, followed by discussion. All materials, photos, video and audio recordings of the Forum are available on the website of the Saeima.

Source: <http://www.saeima.lv/lv/sabiedribas-lidzdaliba/saeimas-un-nvo-forums>

CIVIC ALLIANCE LATVIA

As the umbrella organization representing collective interests of Latvian CSOs, Civic Alliance Latvia (CAL) is part of the implementation and monitoring mechanism of the cooperation agreements. Indeed, CAL is represented in both the Government and Parliament at several committees, departments and forums that are responsible for implementation of the policy documents and takes an active part in reporting on and evaluating the results.

Civic Alliance Latvia involvement in state policy monitoring and implementation

Parliament level

- Saeima Human Rights and Public Affairs ;
- Saeima European Affairs Committee ;
- Saeima Public Expenditure and Audit Committee ;
- Saeima Public Administration and Local Government Committee ;
- Implementation Council of the Declaration on cooperation between parliament and non-governmental organizations (operating in between the Parliament and the NGO Forum).

Levels of government

- State Secretaries’ meeting ;
- Council on Implementation of the Memorandum of Cooperation between the Non-governmental Organizations and the Cabinet;
- National Development Council ;
- National Programme “Strengthening of Civil Society’ Supervisory Board;
- European Economic Area Financial Mechanism and Norwegian Financial Mechanism Committee on Management and Monitoring Committee ;
- Latvian-Swiss Cooperation Programme Steering Committee ;
- European Social Fund Operational Programme “Human Resources and Employment” objective 5.2.1. “Human Capacity Building” Monitoring Committee;
- Ministry of Citizenship and Migration Affairs created the group “ Reception Centre for asylum seekers “Mucenieki” economically efficient model for maintenance “
- Working Group to develop criteria for NGO funding from the state budget.

3. Instruments and criteria used by the national government to monitor the development of the sector

REVENUE SERVICE

The main supervisory organ of the CSO sector is the tax administration office (Revenue Service), which supervises the use of assets and payment of taxes. It may apply certain sanctions for violating tax laws. The Tax Revenue Service supervises also the activities of public benefit organizations, and may annul the public benefit status of organisations that are not observing the rules of the Law on Public Benefit Organisations. The activity of a foundation can be stopped by a court decision if it has violated the law.

UMBRELLA ORGANIZATION AND OTHER CSOS

CSO's monitor the development of the civil society sector depending on available resources (donor funding or as a service to the Ministry). Besides Civic Alliance Latvia, there are some other CSOs which have done a surveys on the CSO sector (e.g., on voluntarism, sustainability etc.). These include the Workshop on Solutions, the Baltic Institute of Social Sciences and others.

COUNTRY ASSESSMENTS: POLAND

During the economic crisis in 1980s when the inefficiency of the state system led to serious market shortages, the new era of the CSO movement began in Poland. Citizens dissatisfied with the state and with the constant difficulties they faced in their everyday lives started to organize themselves. Polish dissidents were also well-organized, and Solidarity was born - a new phenomenon, the strong, critical group which was previously known as a trade union. It played an important role in the democratic transition.

This movement emerged from the massive strikes of the summer of 1980, and it survived legally for over a year (August 1980 – December 1981)¹⁸⁹ Those days, the country experienced political and cultural liberalization, but the inefficient economy was not reformed. Solidarity was made illegal in late 1981, and its leaders were arrested. The authorities attempted to introduce some market reforms in 1983, but notable reforms were only carried out in 1988. These involved limited freedom of economic activity, but also registering and operating non-state CSOs became somewhat easier. The permission to form NGOs became truly effective in mid-1989. Even within the framework of the old system at its final stage, the civil society started to develop very quickly. The freedom of association was restored in 1990.¹⁹⁰

By the end of the third quarter of 2008 (the most recent data available), Poland had about 73,000 registered NGOs, 63,500 of which were associations and 9,500 were foundations.¹⁹¹ The number of registered NGOs is growing every year, but since the registry does not remove NGOs that have ceased to exist, it is impossible to determine the actual number of active NGOs. The existing data also shows that the number of newly registered NGOs has been declining for some years.

1. National Government Policies on the development of the civil society

Although not a policy document but an Act, the Law on Public Benefit Activity and Volunteerism has been a major factor around which the debates on civil society and CSOs in Poland have evolved and which determined the attitude and operations of the state towards CSOs in the past 15 years. The discussions on the need for such law started already in the mid-late nineties among governmental and CSO stakeholders, and since its adoption in 2003 it has been under constant monitoring and review through its main implementation mechanism, the Public Benefit Council. Further, it provided the basis for the adoption of the National Strategy for Civil Society Development and the ensuing Civic Initiatives Fund that provide key elements of support for civil society in Poland today.

LAW ON PUBLIC BENEFIT ACTIVITY AND VOLUNTEERISM

In April 2003, the Polish Parliament adopted the Law on Public Benefit Activity and Volunteerism, following a six-year public debate – formal and informal – among governmental and CSO representatives (Annex PL-01). It establishes the category of Public Benefit Organizations (PBO). The law sets higher standards for CSOs to comply with in case they aim to apply for the status. First, the organization must be active in one of the 33 areas listed in the Act. These areas include, among others: social and charity work; promotion of the integration and reintegration into the labour market of persons susceptible to social exclusion; support to various minority groups and local communities; and promotion of culture and learning (Article 4). The Council of Ministers may add additional public benefit activities by decree.

The main goals to adopt this act were to arrange relations between the government and the CSO sector, to arrange and tighten the mechanisms of NGO support from public sources, to regulate the area of volunteerism and to create the dialogue on the basis of citizenship. Poland regulated all these fields in one act. The first version of the act was discussed and submitted to the Parliament seven years before its approval.

¹⁸⁹http://www.cbos.pl/PL/wydarzenia/04_konferencja/Civil%20society%20in%20Poland.pdf

¹⁹⁰l.n.

¹⁹¹USAID Sustainability Index, 2009

COUNTRY ASSESSMENTS: POLAND

The main areas regulated by the Public Benefit Act are as follows:

- Terms of providing public benefit work by the organisations and public administration agencies
- Terms of commissioning public tasks for the benefit of the general public
- Criteria of obtaining Public Benefit status by the non-governmental organisations
- Conditions of conducting paid and unpaid public benefit work
- Supervision on public benefit work
- Conditions of services provided by volunteers and obligations of beneficiaries

The Act represents a very important step in improving the relationship between CSOs and public authorities, especially at the local level. Nevertheless, its implementation has brought some challenges, especially because although the law presented a new framework and clear procedures of the commissioning of public tasks locally, it could not address a number of hindering factors (such as the mutual lack of trust, disinterest on the side of the local government or lack of sustainability on the side of the CSOs etc.). In fact, the incentive it introduced, i.e. the right of the CSO to initiate the contracting out of a service did not fulfil expectations either, as it became a practice that the local authorities contracted the service (initiated by the CSO) to a public provider based on the tender procedure ascribed in the Law. There have been similar initial difficulties also in the implementation of the percentage mechanism that was adopted as part of the “package” with the Act. Therefore, despite the progressive legal framework ensured by the Act, progress in its implementation has been slower than expected.

STRATEGY FOR THE DEVELOPMENT OF CIVIL SOCIETY

After joining the EU, Polish CSOs, with leadership from the members of the Public Benefit Council lobbied successfully to integrate the idea of supporting civil society into the National Development Strategy of Poland, the overarching policy that governs the spending of EU structural and cohesion funds in the member states of the EU. As a result, the first Strategy for the Development of Civil Society (SWRSO)(Annex PL-02) was adopted in 2005.¹⁹² The Strategy set goals and objectives for strengthening civic engagement and CSOs in Poland between 2007-2013 (the programming cycle of the EU funds). Its main benefit (and result) was that it provided the basis for the establishment of the so-called Civic Initiatives Fund, a government programme for support of civil society initiatives along the priorities described in the strategy (see below). The 2005 version of the SWRSO provided a thorough analysis of the situation of the CSO sector in Poland but remained at a rather general level in terms defining the objectives and measures to achieve them. There were no indicators on implementation mechanisms envisioned. In fact, the document itself acknowledged its focus on the “fundamentals” and the lack of concrete implementing mechanisms:

“The dynamics of the development process does not allow for the provision of clear and definitive answers. But it opens the way for thinking about the fundamental objectives and priorities, which are a prerequisite for the success of any major project. So this document should be understood as an invitation to a debate over the shape of the Strategy for the Development of Civil Society and how it may be operationalized.”¹⁹³

Due to delays in implementation of the National Development Strategy and some complications in ensuring resources to run the Civic Initiatives Fund, the government undertook a review of the SWRSO in 2008 (as part of the general review of the Development Strategy). The Council of Ministers on 4 November 2008 passed a resolution on the adoption of the Strategy for the Development of Civil Society in 2009-2015 (Annex PL-03) and a resolution adopting the National Operational Programme for Civic Initiatives Fund for 2009-2013 (Annex PL-04), submitted by the Minister of Labour and Social Policy.¹⁹⁴

¹⁹²Strategii Wspierania Rozwoju Społeczeństwa Obywatelskiego 2005, available for download from <http://www.pozytek.gov.pl/Strategia,Wspierania,Rozwoju,Społeczeństwa,Obywatelskiego,493.html>

¹⁹³From the Conclusions of the SWRSO 2005

¹⁹⁴Resolution adopting the Strategy for the Development of Civil Society in the years 2009-2013, together with the Annex: <http://www.pozytek.gov.pl/Strategia,Wspierania,Rozwoju,Społeczeństwa,Obywatelskiego,493.html>

COUNTRY ASSESSMENTS: POLAND

The current SWRSO is a more comprehensive document, following on the key priorities that were already determined in the first version. It provides an update in the analysis of the current situation, including also priorities of the National Development Strategy and how they relate to the objectives of the SWRSO. It identifies three major strategic objectives for the development of civil society:

- Achieving the optimal level of citizen participation in public life
- Quantitative and qualitative development of the institutions of civil society
- Improving efficiency of functioning of the state in its relationship with CSOs and citizens.

It sets out priorities and concrete implementation measures as well as a monitoring system and overall indicators for the results (see below). However, its main function is to guide the realization of the Civil Society Operational Program (Civic Initiatives Fund – see below), which has become integrated into the EU National Development Policy Framework (Strategy) and therefore, its resources are committed for the period of the programming cycle (until 2013).

CIVIC INITIATIVES FUND / CIVIL SOCIETY OPERATION PROGRAM¹⁹⁵

The Civic Initiatives Fund (FIO) is a long-term program of the government, passed by the Ministers' Council and administered by the minister responsible for social care issues (currently by the Minister of Social Policy).

The FIO is a grant program addressing not-for-profit organizations formed for the purpose of initiating and strengthening civic initiatives in cooperation with NGOs. It is complementary to the already functioning solutions and practices in this area.

The program stems from the idea of strengthening the civic sector which is being implemented by the government with the help of legal, informational, infrastructural, financial and institutional instruments, and is part of the overall EU National Development Strategy of Poland

Following the resolution passed by the Council of Ministers passed on August 11, 2004 entitled "the Governmental Program - Civic Initiatives' Fund", the Public Benefit Works' Council passed and forwarded the programme to the Minister of Social Policy priorities for the year 2005. These have been substantially revised in 2008 and are currently operating under the Operational Program 2009-2013.

The main goal of the FIO is to provide financial support to civic initiatives aiming at:

- supporting activities initiated by NGOs in the area of public tasks defined in the article 4 of the Act on the public benefit and volunteer work.
- supporting cooperation between the NGO and public sectors,
- providing financial support to NGO activities to enable the use of the EU funds,
- supporting comprehensive endeavours in the area of civic initiatives, demanding integrated forms of NGO activity,
- promoting good practice, model solutions in the area of subsidiarity rule implementation, standards of cooperation and shaping the democratic social order.

¹⁹⁵Operational programs are main methods of implementing the National Development Plans in each EU member country

COUNTRY ASSESSMENTS: POLAND

Hence, the FIO's tasks have been defined as follows:

- Provide financial support to activities initiated by NGOs in the areas of public duties, as defined in the article 4 of the Act on public benefit and volunteer work, follow the open competition procedure; preference criteria shall include: innovativeness and guaranteeing equal opportunities and starting NGOs from impoverished environments;
- Financing NGO operations aimed at obtaining EU funds (resources from the FIO shall be treated as the NGO's contribution in applications for the EU funds);
- Supporting comprehensive civic initiatives demanding integrated forms of NGO activity (due to objective reasons, activities undertaken in diverse types of partnerships need to be supported);
- Promoting good practice, model solutions serving the idea of civil society development with the collaboration of NGOs, and the cooperation between sectors (financial aid in this field aims at developing appropriate standards, taking into consideration rules and forms of cooperation defined in the Act on public benefit and volunteer work).

The FIO is to be coherent with the National Strategy for the Civil Society Development, and its size correlates with the "1% institution" provided that the amount cannot be lower than the amount paid within the framework of "1%" mechanism to public benefit organizations by taxpayers in the preceding year. In the years 2005-2007, regardless of these decisions, the government shall allocate the amount of 30 million zloty for the purpose of implementing FIO priorities.¹⁹⁶

Non-governmental organizations and church organizational units, defined in item 1 of article 3 of the Act on public benefit and volunteer work, active in the area of public benefit work are eligible to apply for the FIO funds.

The above mentioned financial resources shall be managed and distributed by the office of the minister responsible for social policy issues.

Support within the framework of the FIO is distributed through open grant competitions. The assumed procedure is simple and based on tested mechanisms (public tasks commissioning as defined in the Act on public benefit and volunteer work; templates of grant proposal, agreement and of the reports defined by the resolution of the Minister of Economy, Labour and Social Policy of October 29, 2003 (Journal of law No 193, item 1891) and institutions (Ministry of Social Policy and the Public Benefit Works Council - an opinion-making and advisory body affiliated to the minister responsible for social security issues).¹⁹⁷

¹⁹⁶This arrangement has been modeled on the Hungarian National Civil Fund but was finally not implemented as such in Poland.

¹⁹⁷<http://www.pozytek.gov.pl/The,Civil,Society,Operational,Programs,605.html?PHPSESSID=2df3899464b34d6c7a2291cc1d14d8a2>

COUNTRY ASSESSMENTS: POLAND

2. Instruments and criteria used by national government to monitor effectiveness of the state policy

COUNCIL ON PUBLIC BENEFIT ACTIVITIES

The main body entrusted with monitoring the implementation of the Act on Public Benefit Activities and Volunteering is the Polish Council on Public Benefit Activities (hereinafter: Public Benefit Council) established by the law on public benefit activities adopted in 2003. This Council became operational in 2004; it advises the Minister of Economy, Labour and Social Care, who is responsible for implementing and monitoring the Law on Public Benefit activities. The Council is a codified version of cooperation between the public administration and NGOs at the national level. Its functions are limited to an advisory and opinion-forming role, particularly regarding the implementation of the Public Benefit Act, the Council provides a platform for articulating the interests and concerns of the NGO sector vis-à-vis public authorities in an organised way and within the existing legal framework. In this sense, the Council constitutes an important form of institutionalised civic dialogue that complements two already existing ones: the Socio-Economic Trilateral Commission, a forum of discussion between public administration, trade unions and private employers' organisations, and the Joint Central and Local Government Committee. The establishment of the Council on Public Benefit Activities expands the social partner basis to civic organisations: associations and foundations acting for important social and public interest goals.

The Council consists of 20 members, with half representing the government and local government administration, and half representing non-government organizations and church charity institutions. NGO members of the Council are appointed by the Minister of Labour and Social Policy based on nominations submitted by the NGOs. The Minister has the right of free choice as long as the elected persons are present on the list. The Council's term lasts three years, except for the first Council that was elected for a two-year term.

The Council monitors the implementation of the Public Benefit Act by, for example, commenting on the issues that emerge in relation to its application, on the legislative projects relevant to public benefit activities and volunteerism, and collecting and analyzing information about inspections of public benefit organizations. The Council also mediates between organizations and public administration bodies should conflicts arise during the implementation of the law.

DEPARTMENT OF PUBLIC BENEFIT ACTIVITY

The Department of Public Benefit Activity, which is part of the Ministry of Labour and Social Policy, is a government body responsible for the development of policy towards NGOs and a consultative body which works on supporting implementation of one aspect of the policy – specifically the public benefit status. Namely, it is responsible for establishing institutional and legal conditions that promote development of the Polish NGO sector. The Department actually serves as the main coordinating agency and focal point in the implementation of the Civil Society Strategy. It monitors the PBO law and other laws influencing civil society organizations and consults draft laws which might affect their situation; it manages the FIO, and also provides administrative and office services to the Council for Public Benefit Activities.

PARLIAMENTARY BODIES

While the focus in implementation and monitoring is with the Ministry of Labour and Social Policy, it should be noted that there are also cooperation mechanisms at the Parliament: a special parliamentary subcommittee for cooperation with CSOs and a parliamentary team for cooperation with CSOs which work on draft laws important for the civil society organizations.

IMPLEMENTATION AND MONITORING OF THE NATIONAL CIVIL SOCIETY STRATEGY

The SWRSO adopted in 2008 elaborates a detailed monitoring mechanism and lists specific activities and targets that should be measured and reported on. In the document there are 4 priority areas identified, with concrete measures under each area. In the text box below is an example of how the priorities and measures are broken down.

4.3.1. Strategic Priorities and measures

Priority 1: Active, conscious citizens, active local communities

Priority 2: Strong non-governmental organizations in a good state

Priority 3: Development of NGOs for social inclusion

Priority 4: Developing social entrepreneurship

4.3.2 Priority 2: Strong non-governmental organizations in a good state

Activity 2.1 Strengthening of the NGO sector as a partner of the public administration

Activity 2.2 Equal opportunities for CSOs - supporting infrastructure development of the third sector

Activity 2.3 Improving the quality of governance in modern public administration

Activity 2.4 Promotion of social dialogue as a form of civic participation

4.3.3. Targets of activities

Activity 2.1 Strengthening non-government sector

Supporting the building of social structures of NGOs, both development of professional staff and membership and volunteer base,

Supporting the third sector self-regulatory initiatives to promote transparency of their actions,

Strengthening the financial and organizational sustainability of NGOs, particularly in financing civic initiatives (create a system of public finance funding opportunities, under certain conditions, through investments planned and realized by the third sector and linked with the performance of public tasks),

Monitoring of legislation affecting the development of the organization NGOs,

Supporting the development of research facilities and expertise of civil society organizations.

The document also identifies concrete indicators but these relate to the three overall strategic goals and not to each of the priority areas/activities/targets. These can be found in Appendix PL- 04. As can be seen, the “targets” are still rather general and it will be up to the persons responsible for implementation to determine the concrete outcomes of each target line.

COUNTRY ASSESSMENTS: POLAND

MINISTER OF LABOUR AND SOCIAL AFFAIRS

The Minister is responsible for overall coordination of the implementation of the Strategy. Among others, s/he is responsible for:

- Coordinating the work related to the preparation and implementation of the Operational Program Civil Initiatives Fund 2009-2013,
- Preparation of the periodic report of the Act of 24 April 2003 on Public Benefit Activity and Volunteerism,
- Preparation of regular update of the SWRSO,
- Monitoring the implementation of the SWRSO,
- A Biennial Council of Ministers report on the implementation SWRSO,
- Establishment of the Coordinating Committee SWRSO, directing its work and providing it documents required to enable monitoring of SWRSO,¹⁹⁸
- Participation in work on the programming of structural funds for 2007 - 2013 in terms of support for CSOs, particularly in the Operational Programme Human Capital 2007-2013 (OPHC)
- Implementation of tasks related to the implementation of OPHC in terms of support for CSOs.

The Minister will monitor the implementation SWRSO and reports every two years to the Council of Ministers. The report is also forwarded to the Public Benefit Council. The Strategy is to be reviewed every four years.

The Strategy enlists the data sources for monitoring the implementation and which will serve as a basis for the biennial report:

“The report will be prepared by the minister responsible for security society, based on information collected by the Ministry of Labour and communicated by the authorities central administration and local government and the beneficiaries of the Operational Programme Fund Civic Initiatives.

The report will include an analysis of actions taken and the resulting recommendations for the next period and include the following information:

- The results of the Act of 24 April 2003 on Benefit public and volunteer work (based on reports from the Act of 24 April 2003 on public benefit activity and volunteerism prepared periodically by the Ministry of Labour)
- The results of the implementation of the Human Capital Operational Programme 2007-2013, in relation to areas identified in SWRSO,
- The results of the implementation of the Operational Programme for Civic Initiatives Fund
- The results of implementation of the NGO Fund under the Mechanism Financial Mechanism and Norwegian Financial Mechanism 2004 - 2009 (based on information obtained from the Ministry of Regional Development),
- The results of implementation of the Fund for Non-Governmental Organisations in the Swiss Financial Instrument (based on information obtained from Ministry of Regional Development)

¹⁹⁸This committee seems to be identical to the Public Benefit Council.

COUNTRY ASSESSMENTS: POLAND

- The results of the implementation of the Rural Development Programme 2007-2013, in relation to areas identified in SWRSO (for marinated information obtained from Ministry of Agriculture and Rural Development)
- Information about the condition and prospects of development of civil society raised under research, analysis and expertise,
- Information on the progress of coordination related to the implementation SWRSO, together with any solutions, serving suggestions to improve them from public consultations.

As can be seen, there is a wide pool of resources which will provide data for the monitoring and coordination will play a key role in their usefulness.

3. Instruments and criteria used by national government to monitor the development of the sector

CIVIL SOCIETY ORGANIZATIONS

There is no official monitoring of the development of the civil society sector outside the above described monitoring mechanisms. The association Klon/Jawor¹⁹⁹ is regularly conducting a survey on the sector and on cooperation between the government and NGO. According to Polish CSO experts, these surveys are the most accepted source of information on the sector; even the main statistical office is using the Klon/Jawor data and database to assess the development of the sector. Other CSOs, such as the Institute for Public Affairs have also undertaken detailed surveys on certain fields (e.g. impact of the Act on public benefit activities on the delivery of social services), however, these are occasional and dependent on available funding.

REGISTRY

The National Official Business Register, REGON also plays a role in monitoring sector development by compiling data on the registered CSOs. REGON register is a continuously updated set of information on subjects of national economy. Based on the website of the central statistical office,²⁰⁰ реєстр REGON (серед іншого):

- provides general characteristics of businesses²⁰¹ operating in the national economy in the following cross-sections: territorial, proprietorial, types of activities, legal form, etc.,
- enables the preparation of an address list of active businesses,
- is the foundation to create databases and data banks on businesses,
- is the main source of supply for the base of units drawn for statistical surveys.

Entry into the REGON register is obligatory for all legal entities, therefore CSOs are also registered and their basic data are collected and actualized. However, apart from generating the overall picture of registered organizations, data are not processed further on a regular basis.

¹⁹⁹Klon-jawor is one of the longest standing CSOs in Poland, a resource center governed by renown Polish researchers that maintains an NGO database, a website for NGOs, and runs several research projects and surveys on the CSOs and civil society. It was supported initially by US-based private foundations; more recently it is supported by Polish foundations and it also generates income from government commissions. Due to the expertise of its governing board, Klon-Jawor is conducting highly professional surveys that are trusted by all stakeholders. For more information see: www.klon.org.pl

²⁰⁰http://www.stat.gov.pl/bip/regon_ENG_HTML.htm

²⁰¹Including all legal entities, therefore also CSOs.

THE MOST IMPORTANT PRACTICES AND THEIR IMPACT ON THE DEVELOPMENT OF THE SECTOR

The Report identified a range of good practices in the implementation and monitoring of government policies toward CSOs and civil society development, which are summarized in the chapter “General Summary of Findings”. Of these practices, the Report aims to single out a few which have special importance due to their effect on the success of the implementation of the government policies and their effect on the development of the sector as whole.

Sector surveys to gain a thorough and agreed understanding of the situation. It is important at the outset that the policy is built on a thorough understanding of the current situation in civil society and the CSO sector, which is shared by the key stakeholders. To achieve this, most governments have undertaken major surveys of the whole sector when developing the policies to gather current and relevant data (rather than relying on existing data only). Furthermore, such data needs to be publicly discussed and its interpretation agreed upon by the key stakeholders (usually CSOs, government, Parliament). This is key to develop a common ground for the goals and objectives, and also to ensure ownership of the process. A typical example for debatable interpretation is the concentration of CSO capacity in the capital and major cities: if the data shows that – say – 80% of the total income of CSOs is concentrated among only 20% of CSOs, is this something wrong to be changed, so the majority of state resources should go to strengthen the small ones; or is this a sign of a “normal” differentiation within the sector as it becomes more developed, and the 20% should be supported in becoming more sustainable?

Strategic focus through a vision as well as clear objectives and indicators. Another important condition for successful implementation and monitoring is a strategic focus for the policy so that resources can be concentrated and coordinated to further the same goals. It would seem that clear, measurable objectives and concrete indicators are needed to ensure this; but in fact, it seems equally (if not more) important that there is a clearly communicated and widely shared vision about the overall goal that the policy aims to achieve.

An example is the difference between the implementation of the UK Compact and the Polish Act on Public Benefit Activities. Both policies served in essence the same goal, i.e. to increase the involvement of CSOs in local level service delivery. However, in the case of the Compact, there was a compelling vision and value base that was put forward by the government that eventually trickled down to the local authorities; the tools used by the government to achieve that were also communicating a greater importance of the concept than a mere “checkbox to be ticked”. In addition, CSOs were equally committed and engaged and both pressured and assisted the local authorities in delivering on the Compact. At the same time, the Polish Act also created a new framework as well as clear procedures for local authorities to engage in the commissioning of public benefit activities; however, it did not invest in an effort to communicate the vision in the same way as the British government did. This presented further challenges in achieving the desired results.

Joint committees to build mutual trust. Based on the country practices there is compelling evidence that in countries where there are joint committees or councils working to implement and monitor the strategies – and where they are really functional -, there are visible results over the years. Joint committees help build trust among the key players on each side as they learn to work together; and trust is key not only in developing but perhaps even more so in implementing the policy concerning CSOs. This form represents a very direct mutual accountability mechanism that is the basis for the success of achieving commonly agreed goals through shared responsibilities. There are of course potential risks of this form, e.g. the separation of CSOs who are part of the council from the rest of the sector, or becoming an informal forum for self-dealing, however, these can be prevented by transparent election or appointment and reporting mechanisms.

Funding mechanisms need to have a strategic focus and avoid building dependence. A common practice in almost every country examined has been the creation of a special funding mechanism to support CSOs as part of the implementation of the policy priorities. The experience shows that where these mechanisms chose to support less CSOs with a more strategic focus (as in Croatia and Estonia), they achieved greater recognition and support than in a country (as in Hungary) where it chose to support essentially every CSO to ensure a more “just” distribution of state resources. In addition, when less but more focused projects are supported, it is easier to develop appropriate monitoring mechanisms, as in Denmark where CSOs follow the practice of “aligned reporting”.

THE MOST IMPORTANT PRACTICES AND THEIR IMPACT ON THE DEVELOPMENT OF THE SECTOR

One major risk of introducing such funding mechanism is that it can easily develop a dependence on government funding (in the same way as foreign funding which it is often meant to replace). Recent research from Croatia and Hungary has shown a certain level of dependence among the grantees of these funds and they need to be mindful of implementing practices that aim at reducing such dependence or avoiding it at all (e.g., limiting the number of years one CSO may be supported from the fund, limiting the proportion of its budget that can be supported etc.).

Independent audits need to be conducted for real impact assessment. The practices showed that countries will most typically measure output and – in some cases – outcome indicators. Only in a few cases did they engage in measuring the actual impact of their policies. In such cases (UK, Denmark, Hungary) there was an independent assessor that undertook the research – either an independent state agency (the Audit Office), or a private contractor (CSO as in the UK & Denmark). Looking at impact requires special skills of assessment and evaluation that is not typical among public administration officials or even CSOs; at the same time, those assessments are important not only to see the results of a policy but ultimately to determine whether public funds have been invested in a meaningful way.

Effective coordination of implementation and monitoring is of key importance. Specifically, the case of the UK demonstrates that coordination among the bodies that implement the government policy means more than requesting information from various actors and following their activities related to the policy priorities. In the UK it can be seen that the reports and recommendations from the various actors, including private actors, are channelled into a comprehensive and ongoing review process, which ensures the follow-up and eventual impact analysis of such recommendations. The overall monitoring is coordinated by the competent Minister (Office for Civil Society). There are several examples included in this Report that show how a coordinating body can effectively build upon the results, reports and recommendations delivered by separate state agencies or CSOs to ensure progress towards the agreed goals.

Well run CSO Forums can enhance ownership and trust among CSOs. In countries where there is an opportunity for government or Parliament to directly discuss the outcomes of the policies on an annual basis, this practice seems to have a good effect on the general level of trust among the stakeholder. As noted in the General Findings, the forums are a key mechanism to engage in discussions on the most important current issues and agree on solutions or ideas to address them. The CSO Forums also have a symbolic relevance in showing the commitment of the government or legislator to the realization of the goals and objectives of the cooperation. The key risk to be aware of in the case of the forums is that they should not be run as a formal exercise and should provide ample opportunity for contributions by CSOs and free-flowing debates.

Dedicated websites ensure access to information and an effective communication platform. The internet serves as a relevant monitoring tool in essentially all the countries. In most countries there is a separate dedicated page where the key policies are found and that serve as the main platform for communication with the CSO sector on these policies. CSOs can follow the major events, projects and funding opportunities that are part of policy implementation; monitoring reports are uploaded on these sites as well. Thus, the websites ensure easy access to information and facilitate a participatory process in the development and implementation of the policy.

Compliance should be encouraged among public administration agencies. Since documents governing the implementation of civil society policy are typically non-binding in nature and they do not determine sanctions for non-compliance, a special challenge is presented as to the incentives for public administration bodies (ministries, state agencies, local authorities) to abide by the principles and guidelines included in the documents. In many cases compliance is granted in the beginning due to the initial enthusiasm and novelty of the policy and the tools it presents; however, once the policy loses its appeal (e.g., in light of bigger challenges such as the financial crisis) the interest of public administration to comply with the policy guidance can reduce. In such cases they may end up reporting formally (the “checkbox” approach) but not involving or supporting CSOs in a meaningful way. Some governments have tried to address that; most notably the UK, which is even supporting a CSO umbrella organization to uncover cases of non-compliance and assist the CSOs to achieve their goals with the public agency involved.

LEARNING POINTS AND RECOMMENDATIONS FOR UKRAINE

In this section the Report aims to summarize the key learning points and recommendations stemming from the country reports, general findings and the most important practices identified.

- 1. Baseline data are needed.** One can only monitor something that is planned to be monitored, so there is a need to identify what will be monitored and at what stage (when, where) the monitoring starts. Consequently, there is a need to engage in an overarching assessment of civil society at the time of developing or reviewing the relevant policies in order to ensure that there is correct baseline data available that enables the government to set realistic and measurable targets for the coming years.
- 2. A plan for monitoring and evaluation is needed.** Based on the country practices, the chances for following up on the monitoring and evaluation of the policy are much higher if the document (or its implementing plan) contains a detailed section on monitoring and evaluation; these tasks can then be included in the annual workplans of the responsible actors. The plans should contain the overall responsible person as well as other organs and bodies that take part in the implementation (e.g. ministries) and their expected tasks regarding monitoring and evaluation; most importantly the data they are expected to collect and report on throughout the year.
- 3. Impact measurement requires more than monitoring outputs and outcomes.** Monitoring the outputs (e.g. number of CSOs registered under the new public benefit law) and outcomes (e.g. the extent to which newly registered public benefit organization received the benefits envisioned by the law) do not lead automatically to the information needed for impact measurement. In order to appropriately assess impact of the policy, government needs to engage in a separate exercise, best conducted by an independent state or private body (e.g. the Audit Office or a contracted independent think-tank) that possess the skills needed for this complex undertaking.
- 4. The effectiveness of monitoring highly depends on the capacity of public administration.** It can be seen from the development of the more recent versions of civil society strategies in several countries that the quality of the monitoring plan as well as the actual implementation improved as the monitoring and evaluation capacity of the involved public administration bodies was developed. Thanks to the EU accession, in most new EU member states (but also in Croatia) ministry officials were trained to understand the differences among the three levels of results (outputs, outcomes, impact), their indicators and the logical framework as a means to establish a correlation among those.²⁰² Unfortunately, this approach could also lead to a very technical understanding of measuring progress where the focus is on meeting indicators rather than achieving the overall goal. While it is doubtlessly challenging, public administration officials need to find the balance between technical skills and a deeper understanding of the role and added value of civil society in order to be able to measure progress in a meaningful way.
- 5. CSO involvement & ownership is key to success.** The fact that CSOs are involved in the main implementing and monitoring body of the government policies relating to civil society in almost every country speaks for itself regarding the importance of their participation. At the same time, such involvement must result in meaningful participation that helps further the overall policy goals, not to become an end in itself (see learning point #7).
- 6. Trust matters.** As noted earlier, trust is a key factor in the success of the implementation of the policies. It can be observed that in countries where there is a constructive, ongoing relationship between the CSO sector representatives and the government or parliament, monitoring mechanisms work more regularly and substantively. (In contrast, where there has been distrust, reporting tends to become a more formal exercise.) One factor to additionally consider is that trust among CSOs themselves also matters: cooperation works better in countries where CSOs are well-organized and entrust a membership-based umbrella body with representing their interest in the various policy-related processes (UK, Estonia, Latvia). It is therefore generally advised that trust-building tools and methods (e.g. joint working groups, participation in each others' events, access to information, transparent reporting etc.) are used as widely as possible during the implementation and monitoring process.

²⁰²The EU uses a specific set of tools for the development, monitoring and evaluation of policies and projects that can be found on the websites of various DGs. The two most well-known are the Project Cycle Management http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101_en.htm and the Logical

LEARNING POINTS AND RECOMMENDATIONS FOR UKRAINE

- 7. Successful cooperation is not the same as successful policy implementation.** Although effective cooperation is a prerequisite for successful policy implementation, it is not the only factor. If it were, it would be enough for the government and CSOs to sit together and agree on everything. Except for the case when developing or improving the cooperation mechanisms is the targeted policy goal, cooperation has to happen with a view to the policy objective that is to be jointly achieved. Therefore it can be misleading e.g. for ministries to report on the level of involvement of CSOs but without linking their increased involvement to an increased effectiveness in policy delivery. However, because this latter is a more complex task, the tendency seems to be to stop at the level of reporting on CSO involvement.
- 8. Resources are indispensable.** Last but not least, sufficient resources need to be committed both for the implementation of the policy and the monitoring itself. Monitoring and evaluation plans should have a budget column where these resources are clearly seen. When that is missing, it can be predicted that there will be no substantive monitoring happening (this has been the case e.g. in Hungary where it was left to the individual ministries to report on their own action plans – which provides some interesting information but tells nothing about the progress on the overall policy). On the other hand, monitoring may be very expensive especially when undertaking impact assessments. The cost-benefit analysis of certain monitoring methods is therefore of key importance. For example, in the UK the government discontinued the otherwise very useful State of the sector panels after six years due to a cost-benefit analysis.

Recommendations:

- Have monitoring and evaluation plans in place.
- Ensure that there is baseline data for the indicators through a targeted research at the development or review of the state policy.
- Ensure participation of CSOs and other affected stakeholders (e.g. municipalities) in the development and implementation of not only the policy but also its implementation and monitoring plan.
- Introduce a joint implementation and monitoring body to ensure ongoing communication and trust-building among the key stakeholders.
- Include various trust-building tools and methods throughout the implementation and monitoring process to ensure good-will and an effective relationship between the government and CSO actors.
- Provide training for public administration bodies and CSOs taking part in the monitoring to master both technical skills and conceptual understanding of the monitoring process.
- Ensure for effective coordination of all the actors involved so their actions in implementation and monitoring can be channelled into a comprehensive review process and lead to follow-up.
- Ensure that qualitative, not just quantitative data are gathered during the monitoring process (this can be as simple as asking CSOs to fill an evaluation sheet after the event they attended) (Annex GEN-01).
- Ensure that there is evaluation, not just monitoring, through participatory processes, forums and independent impact assessments.
- Support and take into consideration data, information and analysis collected by non-state actors as they may bring a different point of reference into the evaluation of the results.
- Commit sufficient resources to both implementation and monitoring of the policy.
- Ensure a strategic focus in the funding mechanism developed to implement the strategy (including ways to reduce long-term dependence on this mechanism).
- Ensure for incentives or other methods to enhance compliance among the public administration.

RESOURCES

General	<p>http://www.icnl.org/knowledge/ijnl/vol8iss1/special_2.htm - ICNL NGO-Government cooperation</p> <p>http://www.icnl.org/knowledge/ijnl/vol3iss4/special_5.htm - on compacts in general</p> <p>http://icnl.org/knowledge/library/index.php - ICNL online library</p>
Croatia	<p>http://www.uzuvrh.hr/UserFiles/Code%20of%20good%20practice_SG-MDx3.pdf – code of good practice for fund allocation</p> <p>http://www.uzuvrh.hr/userfiles/file/Nacionalna_Strategija_ENG.pdf - national CSO strategy</p> <p>http://www.uzuvrh.hr/page.aspx?pagelD=78 – Office for cooperation with CSOs</p> <p>http://www.civicus.org/new/media/Croatia_country_report_English.pdf - Civicus report on Croatia</p> <p>http://www.aed.org/News/Stories/crongo.cfm - CroNGO program by AED/USAID</p> <p>http://www.ceraneo.hr/index.php - NGO resource center</p>
Czech Republic	<p>http://neziskovsky.cz/_dataPublic/attachments/48ef03863112b56e999d2434fe2991f4/stat_NNO_tabulka_1990_2010.pdf - NGO data</p> <p>http://www.icnl.org/knowledge/ijnl/vol2iss2/art_5.htm - the Czech endowment model</p> <p>http://www.mvcr.cz/mvcren/article/ria-guidelines.aspx - Ministry of Interior, RIA guidelines</p> <p>http://www.vlada.cz/en/ppov/rnno/basic-information-45510/ - government office on nonprofits</p> <p>http://www.vlada.cz/assets/ppov/rnno/jednaci_rad_RVNNO.pdf - Council statute</p> <p>http://apl.czso.cz/pll/rocnka/rocnka.indexnu_sat?mylang=EN – Satellite account</p> <p>http://aa.ecn.cz/img_upload/65636e2e6e6e6f2e2e2e2e2e2e2e2e2e/Analyza_participace_NNO_CR.pdf - CSOs in decision making processes</p> <p>http://www.vlada.cz/cz/ppov/rnno/dokumenty/informace-o-stavu-plneni-priorit-a-opatreni--uvedenych-ve-strategicke-casti-zhodnoceni-koncepcie-podpory-rozvoje-neziskoveho-sektoru-74136/ - development concept evaluation</p>

RESOURCES

<p>Denmark</p>	<p>http://www.statbank.dk/statbank5a/default.asp?w=1366 - Statistics</p> <p>http://www.worldvolunteerweb.org/fileadmin/docs/old/pdf/2002/DNK011201_charter_volunteer.PDF - Charter of cooperation</p> <p>http://www.euroresources.org/guide/donor_profiles/dk_denmark.html - Danish development policy</p> <p>http://www.netpublikationer.dk/um/9218/html/chapter06.htm -the strategy (international development)</p> <p>http://english.sm.dk/social-issues/civil-society/Sider/Start.aspx - the strategy (domestic)</p> <p>http://um.dk/en/danida-en/partners/civil-society-organisations/ - DANIDA Civil Society Organizations</p> <p>http://www.docstoc.com/docs/41879092/DANISH-NGO-IMPACT-STUDY - Danish NGO Impact study</p> <p>http://um.dk/en/danida-en/results/eval/eval_reports/?start=4 - DANIDA evaluation reports</p> <p>http://www.docstoc.com/docs/43754753/Nonprofit-Profile-Denmark - nonprofit sector in Denmark</p> <p>http://www.alnap.org/pool/files/ngo_funding_denmark.pdf - CSO funding - evaluation</p>
<p>Estonia</p>	<p>http://www.siseministerium.ee/?lang=en – Ministry of Interior</p> <p>http://213.136.40.7/wp-content/uploads/21-ekak_process.pdf - the EKAK process</p> <p>http://www.spes.lazio.it/volontariatoeuropa/inglese/5Estonia.pdf - PRAXIs report</p> <p>http://legislationline.org/topics/subtopic/18/topic/1/country/33 - on Estonian CSOs</p> <p>http://ec.europa.eu/citizenship/eyv2011/doc/National%20report%20EE.pdf – volunteering</p> <p>http://www.ngo.ee/node/206 - NENO -lead CSO</p> <p>http://www.rik.ee/commercial_register - registration of CSOs</p>
<p>UK</p>	<p>http://www.ecnl.org.hu/dindocuments/216_UK%20Code%20on%20Consultation.pdf – Conculatation Practice</p> <p>http://nvs.sagepub.com/content/32/3/415.full.pdf - The Compact - big picture</p> <p>http://www.compactvoice.org.uk/resources - new Compact online platform</p> <p>http://www.scotland.gov.uk/Resource/Doc/47210/0025762.pdf - Scottish Compact implementation plan 2003-2006</p> <p>http://www.statisticsauthority.gov.uk/ - UK statistics</p> <p>http://www.nscsesurvey.com/about/ - Ipsos Mori Survey</p> <p>http://www.cabinetoffice.gov.uk/news/big-society-bank-launched - Big Society Bank</p> <p>http://www.hmrc.gov.uk/charities/gift_aid/basics.htm - GiftAid</p> <p>http://www.ecnl.org.hu/dindocuments/219_UK%20Compact%20on%20Government%20NGO%20Relations.pdf – the old Compact</p> <p>http://www.biglotteryfund.org.uk/ - national lottery fund</p> <p>http://www.charity-commission.gov.uk/ - charity commission</p>

RESOURCES

Hungary	<p>http://www.nfu.hu/ - National Development Agency</p> <p>http://www.nca.hu/?page=webtext/show&wte_code=english – National Civil Fund</p> <p>http://nonprofit.hu/ - CSO online hub</p> <p>http://www.ecnl.org/ - Nonprofit Law resource center</p> <p>http://www.kormany.hu/en - Government of Hungary</p> <p>http://portal.ksh.hu/portal/page?_pageid=37,115776&_dad=portal&_schema=PORTAL – Statistics</p>
Latvia	<p>http://www.mfa.gov.lv/en/policy/4641/4642/4649/ - Integration policy</p> <p>http://www.nvo.lv/files/Cooperation_Memorandum_Latvia.pdf - Cooperation Memorandum</p> <p>http://www.nvo.lv/recourse.php?lang=en – CSO resource center</p> <p>http://www.nvo.lv/files/Cooperation_Saeima_-_NGOs.pdf - CSOs, Parliament cooperation</p> <p>http://www.bapf.org/BAPP-LV_2005-7_Strategy.pdf - BAPP Latvia strategy</p> <p>http://www.bsngoforum.org/ginfo.php - Baltic sea CSO forum</p>
Poland	<p>http://wiadomosci.ngo.pl/x/48124;jsessionid=F382338DDCF2ADFA558C3D250E42B21B – CSO online hub</p> <p>http://www.stat.gov.pl/bip/regon_ENG_HTML.htm - statistics</p> <p>http://www.pozytek.gov.pl/The,Civil,Society,Operational,Programs,605.html?PHPSESSID=2df3899464b34d6c7a2291cc1d14d8a2 – public benefit department</p> <p>http://www.pozytek.gov.pl/Law,534.html – public benefit law</p> <p>http://klon.org.pl/ - Klon Jawor CSO</p> <p>http://www.gdynia.pl/eng/the/city/hall/4584_.html - Gdynia city hall, municipal best practice</p>



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UNDP in Ukraine

1 Klovsky Uzviz
Kyiv 01021, Ukraine
Tel.: +38(044) 253-93-63
Fax: +38(044) 253-26-07
www.undp.org.ua

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