

**CURRENT LEGISLATIVE FRAMEWORK IN CROATIA
RELATING TO POSSIBILITIES FOR CO-OPERATION AMONG NGOs
AND STATE AND LOCAL ADMINISTRATIONS**

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Sanja Barić

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Zagreb, 2001.

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INTRODUCTION

Starting from a structural-operative definition by Salomon and Anheier,¹ the non-profit sector is normally identified by the cumulative presence of five factors: a determined stage of organization, private ownership, non-distribution of profits, self-government and voluntariness. The concept of nonprofit organizations does not have an explicit legal definition in the existing legal texts of the Republic of Croatia (henceforward: Croatia). In this paper the concept of non-profit organizations is used in its usual, narrower meaning, and it does not include political parties, religious communities, trade unions and employers' associations (including economic interest associations).² Alternatively, consistent with legal sources, the term non-governmental organizations or associations is used. Furthermore, the term "civil society" needs to be differentiated from the term "non-profit organizations." While non-profit organizations form an important part of civil society, civil society relates to a much wider field and many more subjects. In addition to non-profit organizations, it includes such things as religious communities, political parties, trade unions, and different informal groups within society. In fact, civil society denotes a particular characteristic of an entire society in view of ideal principles of pluralism, democracy and openness, within which non-profit organizations represent one form of incorporation, while their status, role and treatment represent possible criteria for establishing the actualization of those ideal principles.

¹ Salamon, L. M., Anheier, H.K: *In Search of the Nonprofit Sector. The Question of Definitions*, Voluntas (1992), 3(2): pp. 125-151.

² The Company Law (Official Gazette 111/93 and 34/99) defines economic interest association as a corporation founded by two or more natural and legal persons in order to ease and promote performance of economic activities which are part of their businesses, and to improve or increase their efficiency but in such a way that the legal person does not gain a profit for itself. However, since it is a company whose object of work has to be connected with economic activities performed by members of the association, such an association is not considered a nonprofit organization for the purpose of this work.

The cooperation between the state and non-profit organizations for purposes of this paper denotes an “active” cooperation, i.e., direct financing from the central or local budget, contracting and transferring work from a traditionally state domain to non-governmental organizations and includes other forms of cooperation. Tax treatment and possible tax benefits as a system of an indirect cooperation between the state and the non-profit organizations in Croatia have been the subject of a prior work.³

The 1990 Constitution of Croatia proclaims freedom of association as one of the basic political rights. Art. 43 guarantees to “all citizens the right to freedom of association for the purpose of protecting their well being or supporting social, economic, political, national, cultural or other views or causes. For this purpose, citizens can freely found, join, and withdraw from political parties, trade unions and other associations. (2) The freedom of association is limited by a ban on forcefully jeopardizing the democratic constitutional system or the independence, and territorial integrity of Croatia.” However, there are no other provisions on cooperation between the state and non-profit organizations. There are some constitutional provisions dealing indirectly with such cooperation, such as provisions on the organization of local self government, where local issues are listed and the possibility for local people to manage them is indicated (Art. 128 and 129).

The basic forms of non-profit organizations in Croatia are associations, foundations, funds, and institutions. The first part of this paper discusses these organizational forms as well as the Government of Croatia’s Office for Cooperation with NGOs. The second part describes the possibilities for direct state financing of non-governmental associations according to general and particular criteria. The third part deals with contracting for performance of particular jobs, carried out as public services. The fourth part describes other possibilities for cooperation and the fifth part deals with cooperation at the local level.

³ Bežovan, G., Sirovica, K.: *Tax status of nonprofit organizations in Croatia*, ICNL, 1998.

1. BASIC NOTIONS

1.1. ASSOCIATIONS

In accordance with the Law on Associations (Official Gazette – henceforward: OG, 70/97 and 106/97) an association is “any form of voluntary association of persons and legal persons, resident in the Republic of Croatia, for the purpose of protection and promotion of mutual environmental, economic, humanitarian, informative, cultural, ethnic and national, educational, social, professional, sports, technical, health, scientific and other interests, all without the intention of gaining profits, and who submit to the rules which define the organization and activities of that form of association, unless the law provides otherwise.” (Art. 2). By the end of 1999 there were over 17, 000 registered associations in Croatia, out of which only 10% were registered at the state level and 90% were registered at the level of the Counties and the Cities. Most of them deal with social welfare and humanitarian causes, sports and culture on an amateur basis.

An association may be founded by 10 natural or legal persons. It acquires legal status after it is registered in the registry of associations. It can only perform those activities by which the aims stated in the statute of the association can be realized, in accordance with the law, while all profits gained must be used exclusively for the realization and improvement of the aims specified in the statute. The property of the association includes financial assets from membership fees, donations, organizing games of fortune, performing various registered activities, subsidies from the state budget, municipality, city and county budgets and funds, its real estate and other tangible property, as well as other property rights.

Article 23: “(2) The amount of financial assistance from the state budget is specified in the annual budget. Parameters for defining associations of interest to Croatia are specified by the Croatian Parliament, based on a proposal of the Government, and according to the programs of the associations (see, *infra* 2.1.) (3) The provisions of Paragraph 2 apply to subsidies from the budgets of local governmental and administrative” bodies.

Until July 15, 1997, the Law on Social Organizations and Associations was in force (OG 10/90). According to that law, the purpose of social organizations was to realize activities of a larger social interest, while citizen associations were to satisfy personal and mutual needs of their members. This was the basis for a different treatment during the transformation of ownership. In fact, social organizations had the right to dispose of or use real estate in social ownership. However, in 1997, the ownership of that real estate was transferred to the Croatian State with the exception of real estate used by, or at the disposal of, voluntary fire brigades (on condition that the real estate was not acquired and built from contributions from the citizens or other donations). The real estate belonging to the Central Croatian Cultural and Publishing Society and social organizations of members of ethnic and national communities or minorities became the property of the associations' legal successors. Public associations became citizens' associations, while the citizens' associations had to modify their statutes and apply to the registration offices within six months. The Law on Associations provides the opportunity for the Government, according to parameters not yet established by the Croatian Parliament, to return ownership of the real estate transferred to the Croatian state (as described above) back to the legal successor of the public organization or to the unit of local self-government, within a year after the determination of the parameters. The Law on Associations and Social Organizations did not contain provisions on the parameters on the basis of which financing from the budget would be determined.

1.2. HUMANITARIAN ORGANIZATIONS

Humanitarian organizations are associations having as one of their aims the collection and distribution of humanitarian aid. These special associations regulated by the Humanitarian Aid Law (OG 83/92) as *lex specialis* have been among the most active associations in the last ten years in Croatia. This is not surprising in light of the recent war, large numbers of refugees and exiles and a number of social problems. Humanitarian organizations cannot collect and allocate humanitarian aid, that is "material and financial goods meant for disabled veterans of the Croatian War of Independence as well as for civilians who became

disabled in the Croatian War of Independence and their families, exiles, refugees and persons who are in need of social welfare” (Art. 1) without the previous consent of the Ministry of Labor and Social Welfare. Consent is given when such activity is of public interest. In other words, “the aim is the health care of the population; providing and improving the quality of life, especially accommodation, lodging and food; providing conditions for education; and aid for the rebuilding of residential, public and other objects.” (Art. 3). Furthermore, according to current needs, the Ministry can suggest to humanitarian organizations the direction of humanitarian aid (Art. 6). In addition, it can ban collecting and distributing of humanitarian aid if it is not used for the purposes specified, is not allotted in accordance with principles determined in the statute of the organization, if necessary records are not kept, or required reports have not been submitted (Art. 8).

Foreign legal persons, religious communities and other domestic legal persons may collect and allocate humanitarian aid after they have informed the Ministry. The Croatian government may determine tax, duty and transport benefits for activities related to the collection and allocation of humanitarian aid.

1.3. OFFICE OF THE GOVERNMENT OF THE REPUBLIC OF CROATIA FOR COOPERATION WITH ASSOCIATIONS

After an early stage of transition characterized by a distrustful, even openly hostile attitude towards non-profit organizations, the awareness of the state structures in Croatia, concerning the importance of this sector, has gradually developed. The Croatian Government Office for Cooperation with Associations was founded in October 1998 based on a Decree issued by the Croatian government (OG 132/98), and it started to function on November 10, 1998. Its basic aim is to establish trust and to develop cooperation between the Croatian state and non-profit associations operating in Croatia, as these are two basic conditions for modernization and development of civil society in Croatia. The office deals with work related to the activities and financing of associations, except for those determined by the Commission for Asso-

ciations, appointed, at the time, by the Croatian government, to be under the competence of the Ministry of Croatian War Veterans. One of the activities of the Office is the supervision of the work of associations that are eligible for state subsidies as well as the supervision of the use of the funds that have been granted to the associations from the budget. In a short period of time the office has shown efficiency, alertness and straightforwardness in its cooperation with the associations.⁴ In May 1999 it organized a seminar on the development of civil society and the possibilities of cooperation between the state and associations, followed by seminars on regional cooperation in the four largest towns of Croatia. The seminars produced valuable results (see, *infra* 5.2). The office was a co-organizer of a seminar on the tax framework within which the non-profit organizations in Croatia operate.

The Office also joined the work on a new law on associations in view of criticism of the present law both from the international community and the associations themselves. After the first meeting and certain disagreements about the possible merging of the Law on Associations and the Law on Humanitarian Aid, the professional team ceased work during the election campaign. At the beginning of the year 2000, after the change of government, the debate about the new law continued.

1.4. FOUNDATIONS AND FUNDS

The Law on Foundations and Funds (OG 36/95) makes a distinction between these two legal persons according to the criteria of durability. Thus, a foundation is an organization whose purpose is a permanent realization of a public benefit or charitable cause by means of its own revenues, while a fund is limited to performing such activities for a maximum of 5 years. Other regulations are applicable to funds. A public benefit cause is one whose fulfillment promotes cultural, educational, spiritual, moral, sports, health, environmental or similar public activity or purpose or generally benefits society. A charitable cause is one whose realization gives aid to persons who need it. The beginning

⁴ The Office publishes and distributes its bulletin "Connection", while other information are made available on-line <http://www.uzuvrh.hr>.

of a foundation or fund's work requires multiple permits granted by the Ministry of Justice, Administration and Local Government. The registration body appoints a temporary administrator of the property as soon as it receives the founding document. It issues an act (if the requirements of Art. 6. are met), registers the foundation or fund in the register, appoints the administrator as designated in the bylaws of the foundation or fund, authorizes the statute (if the requirements of Art. 19 are met) and appoints the first foundation bodies. Moreover, the Ministry does the following: supervises the work of the members of foundation bodies, determines deadlines for completing duties that have not been carried out regularly, revokes the membership of those who have not acted according to the statutory rules, and it can appoint a commissioner if the bodies are no longer able to or do not want to perform their duties, and measures for their replacement have not been taken on time or if permanent maintenance of the basic property and fulfillment of the aims of the foundation have been jeopardized due to the acts of the bodies contrary to their duties. (Arts. 22 and 23).

The basic property of the foundation or fund is the property which the founder designated for the foundation, as stated in the document of foundation, and whose value cannot be either diminished or lost in the course of realization of the foundation's purposes. The property also consists of goods that the foundation obtained by economic exploitation of its own property, contributions and donation. Furthermore, for the purpose of gaining property, various activities may be organized such as charitable performances, and lotteries.

Unlike the Law on Associations, this law contains special provisions on the indirect cooperation between the state and the foundations. Art. 17: "The state stimulates and supports foundations by appropriate regulations... (3) The property of the foundation as well as its income enjoys special tax benefits. (4) The types of tax benefits and their rates will be specified by special laws as well as special rights for the founders, donors, and foundation users. (5) Special laws can also determine compulsory contributions to certain foundations from lottery income or from the profits of state-owned companies."

The law anticipates the formation of a Foundation Council as the highest professional and advisory body that supervises and stimulates the development of foundations in the Republic of Croatia. The Cro-

atian government is supposed to appoint the chairman and six members of the Foundation Council. However, thus far, the Government has not appointed the members of the Foundation Council.

At the beginning of the year 2000, thirty-eight foundations and funds were registered. Although the data on the foundations and funds are public documents that should be accessible to all, they have been only partly accessible to researchers, while the financial reports have been totally inaccessible.⁵ In any case, it is obvious that a culture of foundations does not exist in Croatia. One of the main reasons is the inappropriate legal framework. In addition, the process of registration takes considerably longer than the time prescribed by the law, the tax regulations do not stimulate donations, foundations themselves are not sufficiently well organized to instigate changes, and the government has not appointed the Foundation Council which should contribute to the development of foundations. Moreover, the generally poor economic situation diminishes the probability of granting donations or of establishing foundations without the introduction of significant state stimulation, including tax benefits. There is a great deal of potential for the development of foundations in Croatia, but there is a lack of understanding on the part of the governing structures about the role and the importance of such a public activity, as well as of the need for the promotion of philanthropy. Since Croatia is not included in the Phare program, foreign stimulation is not present to the extent it is in other Central European countries.

1.5. INSTITUTIONS

Institutions are legal persons formed to "permanently perform activities in the fields of education, science, culture, information, sport, physical culture, technical culture, child care, health, social welfare and welfare of disabled persons and other activities, on condition that they are not performed with the aim of gaining profit." (Law on Institutions - OG 76/93, Art. 1). It is the basic legal form for the permanent

⁵ Bezovan, G., Dika, M. and Ivanovic, M.: *Foundations-activities and founding*, Ceraneo, Zagreb, 1999.

performance of activities of a public nature, meaning activities which are of primary interest to non-governmental organizations and in which the cooperation between the state and such organizations is reflected. Public institutions can be founded by the state, the units of local government in the framework of their self-governmental domain, but also by other natural and legal persons as well as the unit of local government and natural or legal persons together, if that is explicitly allowed by the law. The definition of the activities performed as public service and the possible permission for a natural or legal person to found a public institution is contained in special laws. The most important possibilities for cooperation for non-profit organizations are in the fields of health care, social welfare and education (see *infra* 3).

The founder of an institution must first obtain an evaluation of compatibility of its founding documents from the competent ministry. (Art. 8). It can engage in its activity after being registered in the registry of institutions, kept by a court, and after the issuance of a final decision by the competent ministry, which establishes that all conditions needed for the performance of the activity have been met (Art. 31). An institution must inform the public truthfully and in a timely manner about the conditions and the manner of providing its services as well as about the performance of other activities for which they have been founded.

The property of the institution consists of the founding capital and income generated from rendering services and selling products as well as other sources, including state subsidies. The profit generated from the institution's activities must only be used for advancing the organization's statutory goals. In case the institution performs its activity for the purpose of gaining profits, it will be considered a for-profit corporation.

2. DIRECT STATE FUNDING

2.1. GENERAL CONDITIONS

The conditions for direct funding of associations from the state budget through general competitions were established in 1998, and the special budget item for this purpose was fixed in 1999. On the basis of the above mentioned Art. 23. Par. 2 in the Law on Associations, the Croatian State Parliament issued a *“Decision on the Parameters for Determining, Which Associations are of Interest to Croatia and on Subsidies to the Associations from the State Budget (OG 86/98).”*

In accordance with item II, activities of interest to Croatia are performed by:

- membership associations operating in Croatia; or
- associations whose programs promote the realization of the highest values of the constitutional system: freedom, equality, national equality, pacifism, social justice, the respect of human rights, the inviolability of private property, the protection of the environment, the rule of law and the democratic multi-party system; or
- associations which are members of international organizations.

In accordance with item IV, subsidies may be granted to associations:

- whose activities are of interest to Croatia;
- which do not perform work within the sphere of activities of the state authorities;
- whose activities are not financed on the basis of special regulations or are not entirely financed from other sources; and
- those who submit reports on programs already realized as well as financial reports about all their financial sources.

Therefore, this does not include:

- professional associations which for the purpose of financing their programs turn to the competent bodies of administration independently of these funds;

- students' associations which in accordance with the Law on Student Assembly contact the Ministry of Science and Technology for granting subsidies for the programs of students associations;
- sports' associations, because their activities are financed in accordance with the Law on Sports;
- associations founded during the Croatian War of Independence, since they are financed through the Ministry of War Veterans; and
- all other associations whose activities are financed on the basis of special regulations and/or have special treatment in using funds from the state budget.

Furthermore, an association is forbidden to use subsidies obtained from the state budget to finance claims, which are provided to the association's members under other special regulations. (item IV, Para. 2).

By the end of the year, the Government Office for Cooperation with Associations had announced a public call for financing associations for the next fiscal year. The Croatian Government makes the final decision on the acceptance of the programs of the associations and subsidies, on the proposal of the Governmental Committee for Associations (now Government Coordination for Associations).

Out of 1145 programs of the associations in 2000, the Croatian Government indorsed 351 programs with a total amount of financial subsidies of 25.778.000 kn (app. \$ 3.033.000 US)⁶. There were 16 programs from the field of environmental protection, 10 programs from the field of information technology, 22 programs from the field of education, 25 programs from the field of culture, 70 from the field of youth activities and the protection of family and children, 46 programs from the field of health care, 112 programs from the field of social welfare and humanitarian matters, 49 from the field of protection and promotion of human rights and 1 program from the field of administrative science and development of local government. There are 241 associations altogether engaged in carrying out those programs.

⁶ Decision OG 44/89.

2.2. FINANCING UNDER SPECIAL REGULATIONS

a) Associations related to the War of Independence

In accordance with Art. 1 of the regulation issued by the Croatian Government Office for Cooperation with Associations, those associations that are related to the Croatian War of Independence are financed through the Ministry of War Veterans. The Governmental Committee for Associations determines whether an association is entitled to this status. A Department for Coordination with the Associations of the Ministry, now the Government Coordination for Associations, when deciding which associations to finance, uses the parameters of the Parliament's decision. In other words, only associations that are related to the Croatian War of Independence, operating throughout Croatia, may be considered. Local associations are financed from the local government budgets except in the case of a program of extraordinary quality.

The budget for the year 2000 somewhat reduced funding for associations related to the War of Independence; it now amounts to 30% of the funding assigned for last year. (15.000.000 kn, app. \$1.765.000 US). Registered associations applied for 17 times the amount of funds, and the general problem is that too many associations cover very similar fields of work. Merging such associations would result in better organization and functioning. A decision on granting the funds will be issued in May 2000.

b) Financing from the lottery

In accordance with the Law on the Games of Chance (OG 36/98) "Croatian Lottery" Inc., whose only founder is the Croatian Government, is obliged to distribute its funds annually in four parts (Art. 13):

- | | |
|---|-------|
| 1. for humanitarian aid | 33,3% |
| 2. for sports subsidies | 33,3% |
| 3. for technical culture subsidies | 8,4% |
| 4. for marketing promotion of the games | 25,0% |

The Government distributes funds for humanitarian aid and sports, according to the parameters specified in the Parliament's decision.

c) **Sports associations**

Law on Sport (OG 111/97) regulates sports associations and unions. To the extent this law does not address certain issues pertinent to the legal status of those organizations, the Law on Associations is applicable.

According to Art. 36, sports activities, are financed from...” a part of the profit gained from the lottery and funds allocated by the units of local government and the state to help the performance of these activities.” The Republic of Croatia, the City of Zagreb, cities and municipalities specify public needs in sports and provide the funds for them from their budgets.

Article 38: “Public needs on the state level which refer to stimulation and promotion of sports in general, the activities of the Croatian Olympic Committee and the national sports unions, as well as the Croatian sports union of the disabled, the organization and performance of the national championships and international sports competitions on a representative level, special care for top sportsmen, the maintenance and building of sports objects, etc...” are financed from the funds of the Croatian Lottery and funds allocated from the state budget to the Croatian Olympic Committee. ... (5) Funds for ... financing of sports activities of students’ sports clubs (which are not legal persons), for ... the promotion of health and physical condition among children, teenagers and disabled persons... are allocated to the account of the Ministry of Education and Sports, while the funds for the activities of university students sports clubs ... are allocated to the account of the Ministry of Science and Technology.”

The Croatian Olympic Committee (henceforward: COC) is the highest non-governmental national sports body in which national sports unions integrate as well as other associations whose activities are of importance to the promotion of sports, according to COC rules (Art. 31). From the Croatian budget for 2000, 36.000.000.kn (app. \$ 4.235.000 US) have been allocated for sports programs financed through the COC.

The program for public needs in sports at the local level is established by counties, the City of Zagreb, cities and municipalities within the limits of their budgets and it includes activities listed in Article 39.

d) Associations of technical culture

The Law on Technical Culture (OG 76/93) regulates associations of technical culture and for all issues pertinent to the legal status of those organizations which are not covered by this law the Law on Associations is applicable. According to Art. 4 of the Law, "...activities and work in technical culture which represent public needs ... are financed ... by funds from the state budget, county budgets, those from the City of Zagreb, the cities and the municipalities. ... [and] from the funds of the lottery."

Article 18: "Public needs in Croatia as far as technical culture is concerned are.... activities connected with the work of the Croatian Union of Technical Culture and the national unions of the technical culture, namely: education and training for the purpose of gaining extracurricular technical, technological and information technology knowledge and skills; competition programs and exhibitions of interest to Croatia, international cooperation, computer-publishing and publishing trade of interest to Croatia; research and development work and professional work on education and training of professional employees and the innovators; etc." The program on public needs is passed by the Parliament, at the proposal of the Government, along with the budget. The funds are distributed according to the Regulation on the Criteria and Deadlines for Determining Programs and Securing Funds for Financing Croatian Public Needs in the Field of Technical Culture (OG 60/94). The means for financing public needs in the field of technical culture are allocated to the account of the Ministry of Education and Sports.

The program of public needs in the field of technical culture at a local level is established by the counties, the City of Zagreb, cities and municipalities within their budgets, and it includes activities listed in Article 20.

e) Student associations

According to the Law on Students' Assembly (OG 139/97), all full-time students at institutions of higher education are members of the students' assembly, i.e. of a branch of the students' assembly at these institutions. The basic tasks of the students' assembly are to encour-

age the participation of students in the governing bodies of institutions of higher education; organize and execute students' programs in the fields of higher education, science, culture, sports, technical culture, and other fields; organize and execute programs which influence the social-economic position of the students; appoint students to the bodies of international student organizations; and make suggestions for monitoring and improving the students' conditions, as well as give impetus to issue or change regulations of interest to students.

In accordance with Art. 16, the students' assembly receives funds for the performance of its activities "through the institution of higher education where the students' assembly works, from the funds allocated by the institution itself or funds provided from the budget for higher education and scientific work, for special programs proposed by the branches of the students' assemblies ... (2) The expenses of student assembly activities and international cooperation are financed by institutions of higher education using funds provided from the Croatian budget for financing of higher education."

Special students' associations can be founded in connection with cultural, sports, professional and other activities at the institutions of higher education, in accordance with the Law on Associations, after they have been registered in the Registry of Students' Associations with the Ministry of Science and Technology.

Article 40: "Programs of [students] associations can be financed from the Croatian budget through the Ministry of Science and Technology and after consulting the presidency of the students' assembly of the university or the Presidency of Croatian Student Assemblies for their opinion about the programs of the associations which perform their activities at several universities."

The plan for financing the programs of associations is in general unified by the governing board of the University in the framework of the University's budget and is proposed to the Council for the Subsidy of Higher Education according to the provisions of the special law.

f) Associations of the national minorities

According to the Constitutional Law on Human Rights and Freedom and on the Rights of the Ethnic and National Communities or Minorities in Croatia (OG 34/92), the state protects the equality of ethnic and national communities or minorities and stimulates their versatile development. The application of most of the regulations of the Constitutional Law have been temporarily suspended until the new census which should take place, depending on financial means, in the year 2001. The provisions on cultural and language rights are being applied.

Ethnic and national communities or minorities have the right to self-organize and associate for the purpose of realization of their national and other interests in accordance with the Constitution and this law.

Article 11.: “Members of ethnic and national communities or minorities can freely found cultural and other associations for the purpose of preserving their national and cultural identity. These societies are autonomous, and the Republic and local government bodies subsidize their work according to the extent possible.” The same is applicable to the free organization of information and publishing activities in the language and the script of the minority. Members of ethnic and national communities or minorities can found private nursery schools, schools and other educational institutions.

In October 1998, the Office for National Minorities was founded (Decree on the Office for National Minorities – OG 132/98), whose Department for Cooperation with Non-Governmental Associations and Institutions of Members of National Minorities “supervises the formation and organization of non-governmental associations and institutions of national minorities, analyzes proposed programs of the non-governmental associations and institutions of national minorities and develops proposals for their financing from the state budget, analyzes the financial part of the program of the associations and institutions of the national minorities for the following year, prepares a proposal for the distribution of funds allocated from the state budget for financing the programs of the associations and institutions of the national minorities, helps the associations and institutions of the national minorities in organizing and performing cultural manifestations of interest to all members of a national minority, etc.”

In the year 2000, the Croatian state budget allocated 19.738.076 kn (app. \$ 2.322.000 US)⁷ to non-profit organizations of national and ethnic communities and minorities.

g) Associations for environmental protection

The Republic of Croatia has ratified the UN Convention on Biological Diversity which requires the specification of every party's biological diversity, its endangered status and problems connected with its protection. The Committee, which included the representatives of certain bodies of administration, scientific institutions, non-governmental bodies and public enterprises designed and the Parliament enacted, the Strategy and Action Plan of Biological and Landscape Diversity of Croatia (OG 81/99). The Strategy identifies one of the problems in the existing protection as the insufficient awareness among the public at large about the problems of the protection of the diversity and it points out the weak influence of non-governmental associations. Thus, it specifies a special strategic aim to stimulate methods of informing the public, the development of a network of volunteers on the local level with the purpose of extra-institutional education of the public at large, and an increase in the participation of the public in protective actions. In addition, it includes, as participants in the execution of this program, not only the bodies of state administration,⁸ local government and administration, but also scientific institutions, the business sector and non-governmental associations and local communities in the broader sense.

However, the budget for the year 2000 does not specify funds for the realization of the Strategy and it is expected that only a small part of it will be realized. The Ministry of the Environment and Regional Planning has at its disposal only 200.000 kn (app. \$ 23.530 US) for non-profit organizations.

⁷ The Ministry of Foreign Affairs has allocated 1.150.000. kn (app. \$ 135.300 US) for associations of Croatian national minorities, and the Ministry of European Integrations has allocated 343.000 kn (app. \$ 40.400 US) for nonprofit organizations whose programs are included in the sphere of this Ministry.

⁸ The former State Agency for Environmental Protection has ceased to exist while the new Ministry of Environmental Protection has been formed (OG 15/00 and 27/00).

At the same time, there is an important cooperation between both the state and the environmental protection associations in Croatia with the Regional Center for Environmental Protection for Central and Eastern Europe (henceforward: REC), a non-profit regional organization founded in 1990 by the USA, Hungary and the European Union Commission. The REC is supported by the Western European states, Canada, Japan and New Zealand and it has local offices in 15 countries in the region. The Republic of Croatia has co-financed REC programs since 1995. The REC itself offers financial subsidies at the local level (to help inexperienced associations with the elaboration of the projects and with their work), targeted funds (assigned to advanced associations and sophisticated projects), grants for professionals (government officials, university graduated experts and association leaders) and carries out or supports a number of other projects connected with the environmental protection of the region.

h) Volunteer fire brigades

In accordance with the Law on Fire-Fighting (OG 106/99), volunteer fire brigades and fire-fighting unions are of interest to Croatia, and they are covered by The Law on Associations as *lex generalis*. The funds for equipment and the funds for fire-fighting carried out by volunteer fire brigades are provided from the state budget according to a program of special measures for fire protection of interest to Croatia. This program is designed by the Croatian Government (Art. 50). On the basis of program designed by the Croatian Fire-Fighting Union in cooperation with the Ministry of Home Affairs, funds for professional training and improvement of volunteer fire-fighters are allocated from the state budget, as well as from the budgets of the counties, the City of Zagreb, the towns and the municipalities.

The funds for financing regular activities of volunteer fire brigades are provided from the budgets of the municipalities, towns, the City of Zagreb and the Counties. Article 45 specifies the parameters according to which the minimum funds are determined, i.e. those funds, which the units of local government and administration must allocate from their original income for fire-fighting activities, in proportion to the amount of their budget. Furthermore, the insurance companies allocate 5% of their fire insurance premiums to the accounts of the fire-

fighting unions covering the territory where the insured property is situated, as well as 1% of the settled functional premium of responsibility insurance for the road, river, sea, air and railway traffic (the key to the fund distribution is in Art. 46).

And finally, the public enterprise for timber and timber lands management in Croatia must allocate 5% of the total funds collected from contributions for the management of timber property. They direct the payment to the fire-fighting unions of the units of the local government from the areas often endangered by fires in accordance with the surface covered with woods and wood areas.

i) Other professional associations

Other professional associations can be founded on the basis of special laws (e.g. artistic associations in accordance with the Law Regulating the Freelance Artists' Rights and the Stimulation of Cultural and Artistic Creativity – (OG 43/96) or on the basis of the Law on Associations (e.g. the associations in the field of culture). In addition to income generated from membership fees, donations, their own property and permitted economic activities, they can be financed from the state budget or the local government and administration budget depending on the funds specified for that purpose for the current year.

The Law Regulating Public Needs in the Field of Culture (OG 47/90 and 27/93) provides that the program of public needs in the field of culture, which is passed by the Parliament at the proposal of the Government, covers “all forms of stimulation and promotion of culture and cultural activities which contribute to the development and promotion of cultural life in general in the Republic of Croatia...” and especially “...the realization of cultural actions and events of special interest to the Republic as well as those specified by the law; the care and restoration of cultural monuments, and the cultural heritage in general, destroyed or damaged in the Croatian War of Independence; the stimulation of cultural activities in the areas destroyed in the war; archives activities and the activities of the heritage authorities specified by a special law; the stimulation of artistic creativity; the development of culture in culturally underdeveloped areas and social environments; the development of cultural amateurism etc.” (Art. 9).

The Ministry of Culture allocates 6.000.000 kn (app. \$ 706.000 US) from the budget of the year 2000 for non-profit organizations.

The program of public needs in the field of culture at the local level is established by the counties, the City of Zagreb, the towns and the municipalities within their budgets and it includes activities stipulated in Art 9a.

3. CONTRACTING AND EXECUTING WORK PERFORMED AS PUBLIC SERVICE

3.1. HEALTH CARE

In accordance with the Law on Health Care (OG 1/97), health service is an activity of interest to the Republic of Croatia and is performed as a public service by health institutions and health-care workers in private practice under the conditions and in the way prescribed by this Law. According to Art. 33: "health care is performed by health care institutions owned by the state, counties and the City of Zagreb as well as health-care institutions owned by domestic and foreign natural and legal persons..." These are the institutions for home health-care, poly-clinics, general hospitals, special hospitals, pharmacies and sanatoriums since health-care centers, the institutions for emergency medical care and the Public Health Institutes and Transfusion Medical Centers cannot be in private or mixed ownership".

Health-care institutions are founded in accordance with the health-care institution network developed by the Minister of Health based on the proposal of the Croatian Public Health Institute (henceforward: Institute) and the competent medical chambers. (Art. 35). The health-care institution, or private health-care worker included in the health-care network, is required to obtain the approval of the Minister of Health, after obtaining the recommendation of the Institute and the competent chamber (Art. 40). For the purpose of fulfilling the network of health-care services, the Institute invites applications for the performance of primary, specialist, consultative and hospital health care. The Institute makes the decision on the best tender with the consent of the Minister of Health, and the Institute enters into a contract with that person. The contract specifies relations regarding the performance of health care. The Law on Health Insurance (OG 88/98), provides that beneficiaries of health care insurance are entitled to receive health-care services in public institutions of private or mixed ownership and from private health care workers who have entered into a contract with the Institute

A health-care institution receives its funds from:

- a contract with the Institute;
- a contract with the Ministry of Health for work financed from the state budget;
- a contract with volunteer insurers;
- the founders' funds in accordance with the foundation acts;
- the county budgets or the City of Zagreb budget;
- the social security beneficiary's participation in covering a part of the cost or total cost of the health-care expenses;
- other sources in the manner and under conditions specified by the law, the founding documents and the statutes of the health-care institution.

The Health-Care Law and the Social Welfare Law give the clearest basis for the work of the non-profit sector in the field of social work. In Croatia there are about 20 institutions for home health care and about 70 other privately owned health-care institutions.

3.2. SOCIAL WELFARE

The Law on Social Welfare (OG 73/97) designates social welfare as an activity of special interest to Croatia which provides for and helps to realize the basic life needs for the socially handicapped, the helpless and other persons who are not able to realize them either by themselves or by the help from members of their families because of unfavorable personal, economic, social and other circumstances. The basic institutions that provide social welfare are the centers of social welfare, public institutions founded by the Republic of Croatia covering the area of one or more municipalities or towns in a county or in the City of Zagreb. In performing their activities (e.g. marriage and family guidance clinic, children's education and adoption advisory centers, centers for the prevention of drug and alcohol addiction) the centers of social welfare cooperate with religious communities, humanitarian organizations, associations and other domestic and foreign legal persons and natural persons performing social welfare activities.

Services that can be provided by non-profit organizations are the care outside one's own family and home care.

Article 61: “Care outside one’s own family includes all forms of accommodation in adoptive family, social welfare homes and those forms of accommodation provided by religious communities, commercial companies, associations and other domestic and foreign legal persons and natural persons by which the user is provided with board and lodging, care, health care, education, psychosocial rehabilitation, care and other needs.” For care outside the family a public institution - social welfare home may be established by the Republic of Croatia, a municipality, a town, the City of Zagreb, a religious community, a commercial company, an association and other domestic and foreign legal and natural persons. The above-mentioned subjects may perform social welfare activities outside the family without founding a social welfare home for a maximum of 20 users with the permission of the Ministry of Labor and Social Welfare. Consent by the competent ministry is required to found a social welfare home. Moreover, the Ministry may, on the basis of a public competition, give a concession for social welfare activity outside the family to be performed in a building owned by the Republic of Croatia (Art. 96).

The beneficiaries of social welfare outside the family may be placed in social welfare homes (including those in private ownership) based on a decision of a center of social welfare (which is exclusively a state institution) according to the conditions prescribed by the law, or on the basis of a contract with the home. In the former case the center of social welfare is bound to monitor the conditions of life of the beneficiary who lives outside his/her family and for this purpose it must visit him/her at least once every six months (Art. 77). The prices of the services are determined by the home’s founder, but in cases where the beneficiary is accommodated in the social welfare home based on a decision of the social welfare center, it cannot be higher than the price determined by the Ministry (Art. 188). Moreover, the founders of the home must inform the beneficiaries and the competent Ministry six months in advance of any cessation of the home’s work in order to be able to find adequate accommodation. If there are more than 10 beneficiaries remaining in the home after this six-month period, the building and the equipment are taken without any payment by the Ministry, which will take care of the beneficiaries for the following six months until their accommodation is settled in another way (Art. 98).

Article 51: “Home care and help can include organizing meal supplies, doing housework, taking care of personal hygiene needs and meeting other everyday needs.” Help in the house and home care is provided by the institution of social welfare and can also be provided by a religious community, a commercial company, an association and other domestic and foreign legal and natural persons with which the center of social welfare enters into a contract. For this purpose a municipality, a town and the City of Zagreb, a religious community, a commercial company an association and other domestic and foreign legal and natural persons can found a center for help and care. The standards regarding the space, the equipment, and professional and other workers are prescribed by the minister and the County Office for Work, Health Care and Social Welfare controls whether the required standards are met (Art. 109). The above-mentioned subjects may perform their activities of help and home care for a maximum of 30 beneficiaries without founding a center, with the consent of the County Office for Work, Health Care and Social Welfare. A natural person can provide help and care as well as do advisory work in his/her professional capacity, with the approval of the Ministry of Work and Social Welfare. He should inform the center of social welfare on the beginning, modality and sphere of work (Art. 121-124).

The financing of social welfare is provided from several sources. The Republic of Croatia, municipalities, towns, and the City of Zagreb provide funds for the performance of the activity and realization of the right to social welfare as specified by the Law. Local units, i.e. municipalities, towns and the City of Zagreb are bound to allocate from their budgets funds for social welfare amounting to at least 5% of their income, to provide help covering accommodation expenses. Furthermore, they can “provide funds for the realization of the rights specified by this Law to a larger extent and they can give other forms of help (e. g. to finance associations performing these activities)” (Art. 7). The law does not contain regulations about the means of state financing for social welfare activities of non-profit organizations. Religious communities, commercial companies, associations and other domestic and foreign legal and natural persons can provide some funds by themselves, i.e. the funds for financial and other types of help to persons in need, as well as perform social welfare activities. For this purpose they can found foundations and funds.

The law emphasizes that “municipalities, towns, and the City of Zagreb can especially stimulate good neighborly help, volunteer work and other forms of charity” (Art. 8).

The law contains some important possibilities for cooperation between the state and the local units on one side and non-profit organizations on the other, but it also contains some shortcomings. For example, state financing is insufficiently specified and there is a lack of criteria prescribed by the law, which could be used by the local government units in allocating funds to non-profit organizations. Moreover, it seems that the social welfare homes and the centers for help and care founded by non-profit organizations should be considered a part of the state network of social welfare taking into consideration the regulation of their inner organization. Furthermore, the extensive conditions that must be met in order for the privately owned institutions to be able to perform their activity might limit the volunteer and the alternative approaches of providing services in the field of social welfare.

3.3. EDUCATION

a) Pre-school education

Nursery schools, public institutions performing the activity of pre-school education, can, according to the Law on Pre-school Education (OG 10/97), be founded by “...religious communities and other domestic legal persons and natural persons... [and] the units of local government and administration...” (Art. 7). These institutions are founded on the basis of the nursery school network plan designed by the representative body of a unit of the local government and the City of Zagreb in its own area, and on the basis of these plans the representative body of the county coordinates the development of the nursery school network in its area. The founder must first obtain a positive opinion issued by the Ministry of Education and Sports about the compliance of the funding document with the Law as well as approval from the County department, or the city department of the City of Zagreb, competent for education issues. (Art. 10). Ordinary curricula and the curricula adapted to suit special needs of children (difficulties in development,

gifted children, members of ethnic minorities, etc.) are approved by the Ministry of Education and Sports, while the programs of health care and social welfare are approved by the Ministry of Health and the Ministry of Labor and Social Welfare. Programs of practical training for students, experimental programs on the basis of scientific research and improvement of professional work, as well as programs of a professional development center for the purpose of improving professional employees may take place in nursery schools.

On the basis of this Law and the Regulation on Special Conditions and Parameters for Realization of Curricula of Pre-school Education (OG 133/97) the nursery-school curricula may be realized at private elementary schools, and in the form of play groups at libraries as well as in the health care, social welfare, cultural and sports institutions and associations with the consent of the Ministry of Education and Sports.

The funding for nursery schools must be provided by the founders from their own sources and from the sale of their services. Thus, if the nursery school has been jointly founded by a unit of the local government and a non-profit organization some of the financing may be allocated from the local budget. However, the part to be contributed by the non-profit organization is determined by the founding act of the nursery school. Furthermore, the price of the services of the nursery school founded by a unit of the local government and administration is determined in accordance with the parameters specified by the representative body of that unit. The financing of public needs in the field of pre-school education of children with difficulties in development, gifted children, pre-school children of Croatian citizens living abroad and members of ethnic and national communities or minorities as well as the pre-school curricula, is specially regulated. According to Art. 50 of the Law such funds are provided from the state budget and they can be used on the basis of the Regulation on Managing State Subsidies and the parameters of co-financing the program of pre-school education (OG 134/97). It has to be emphasized that the budget for the year 2000 does not provide for such funds so that the private pre-school institutions which satisfy public needs will be financed from the budget of the units of the local government and administration according to the parameters determined by them.

The criticism of the Law on Social Welfare applies to the field of pre-school education as well.

b) Elementary Schools

State control is even more present and the possibility of non-profit sector cooperation is much more unclear in the field of elementary education. In accordance with the revised Article 16 of the Law on Elementary Education (OG 59/90 and 27/93), elementary schools can be founded by natural persons and religious communities after they have obtained the approval of the Ministry of Education and Sports, and when the need for the existence of such a school is established by the program of development of elementary school education. The representative body of the county or of the City of Zagreb determines the elementary school network for its area while the needs and the interests of society in elementary education are established by the State pedagogic standards worked out by the Parliament.

It is possible to perform elementary school activity in health-care institutions and in the institutions of social welfare, as well as in special institutions for handicapped children, so that it appears that it can also be the case for institutions founded by non-profit organizations.⁹ The same applies to elementary art education realized in special elementary music and dance schools,¹⁰ in the framework of the elementary schools with special curricula and other educational or cultural institutions (secondary art schools, open university etc.)¹¹ The Ministry of Education and Sports can declare certain elementary schools as laboratory schools for student education and training. It is interesting that the Institute for Education, institutions *and* individuals can propose the introduction of experimental curriculum approved by the Ministry of Education and Sports. On the basis of public competition, the Ministry specifies elementary schools in which the approved experimental curricula will be realized. The Institute for Education oversees the curriculum and the work of those schools, in cooperation with the correspondent universities.¹²

⁹ See Regulation on Elementary School Education and Handicapped Children's Education (OG 23/91).

¹⁰ So called popular open universities, see *infra* 3.3. c) Secondary education.

¹¹ See Regulation on Elementary Art Education (OG 53/93).

¹² See Regulation on Conditions and Modalities of Elementary School Experimental Curriculum (OG 40/91).

Provisions on the financing of private elementary schools are unclear as well and it is only certain that the funds needed for the programs representing public needs, the needs of laboratory schools, and for experimental curricula are provided by the state budget and the units of the local government.

c) **Secondary education**

Institutions of secondary education are, according to the Law on Secondary Education (OG 19/92, 27/93 and 50/95), secondary schools and students' homes. While the public secondary schools are founded by the Republic of Croatia, private secondary schools can be founded by a domestic legal or natural person who has obtained the approval of the Minister of Education and Sports.

Article 36: "A secondary school in private ownership which has been founded and which works according to provisions of this law is an accredited private secondary school." The curriculum of an accredited private school must contain at least the core of the curriculum designed by the Ministry of Education and Sports (Art. 10), and use the textbooks approved by the minister. The Ministry determines whether a school has met all requirements needed to begin its work.¹³ Different regulations are applied to secondary education for the members of ethnic and national communities or minorities (see, *supra* 2.2f). Moreover, the Minister may grant permission for a foreign secondary school to provide a foreign curriculum of secondary education in Croatia (Art. 39).

Secondary school regulations are applicable to students' homes as far as their foundation and permission of work are concerned, and students' homes in private ownership (boarding-schools) can determine conditions for the acceptance of the pupils, as well as the cost of their board and lodging (Art. 41).

Secondary school institutions that have the consent of the Ministry of Labor and Social Welfare can be mediators between employers and full-time pupils who want a job.¹⁴

¹³ See Regulation on the Procedure for Establishing Required Conditions for Secondary Schools (OG 50/92).

¹⁴ See Regulation on Mediation Between Employers and Secondary Full-time Students (OG 1/97).

Founders provide funds for financing accredited private secondary schools and boarding schools, but where their curriculum has the character of public need in the field of secondary education of interest to the Republic of Croatia they can be financed from funds for secondary education through the Ministry of Education and Sports. The content and the proportions of the program of public needs in the field of secondary education of interest to Croatia are specified by the Croatian Parliament together with the budget on the proposal of the Government. It refers above all to gifted children's education, handicapped children and the members of ethnic and national communities or minorities. All programs as well as laboratory schools and experimental programs are regulated in a way similar to that of elementary school education.¹⁵

Elementary and secondary education for adults can be provided not only by secondary schools but also by other legal persons that have been granted permission by the Ministry. The minister designs special curricula for the education of adults.¹⁶

Law on Open Universities (OG 54/97), Article 1: "... for the purpose of performing activities of elementary and secondary education for adults, music and similar schools outside the regular school system, the public display of films, journalism and the publishing industry, the mass media sector and training, professional improvement, re-training of young people and adults outside the system of regular education, local government and domestic natural and legal persons can form public institutions for permanent education and culture, called open universities."

¹⁵ See Regulation on Handicapped Children's Secondary Education (OG 86/92), Regulation on Gifted Students' Secondary Education (OG 90/93) and Regulation on Secondary Laboratory Schools (OG 11/94).

¹⁶ See Regulation on Adults' Education (OG 21/98)

3.4. HIGHER EDUCATION AND SCIENCE

On the basis of the Law on Higher Education (OG 59/96), universities and two-year colleges can be founded by domestic and foreign natural and legal persons. According to Article 11, private universities and two-year colleges are founded with the consent of the Ministry of Science and Technology and after obtaining an opinion of the National Council of Higher Education. Such private schools must satisfy specific conditions in Art. 19 in order to obtain permission from the Ministry. As is the case with private secondary schools, after being granted permission, private higher schools are called accredited schools. However, the funds provided from the state budget for higher education and scientific work are intended exclusively for public higher schools while private higher schools gain their funds from foundations, funds, donations, school fees, scholarships and other sources in accordance with the activity of higher schools (Art. 138-145).

Article 17: “Universities and two-year colleges can found computer and information centers, theaters, libraries and other entities whose activities are part of the system of higher education.”

Universities as well as private higher schools can found scientific-research institutes. In accordance with Law on Scientific and Research Activity (OG 59/96) scientific-research institutes may be founded by domestic and foreign natural and legal persons as independent scientific institutes (Art. 20). The institute may be founded as an institution or as a commercial company. Consent from the Ministry of Science and approval of the National Scientific Council are required to found a private institution.

Article 29: “An association may deal with scientific-research work and be registered as a scientific association with the consent of the Minister.”

On the basis of Article 14 of the Law, the Croatian Parliament has passed a national scientific-research program (OG 16/96) which applies to the period 1996 to 1998 and contains forecasts up to the year 2005. In Paragraph 3.7. (79) the role of scientific and professional associations in the institutional infrastructure is pointed out, especially with respect to their contribution to preservation and development of

Croatian national identity and recognition. The state is thus bound “to create adequate value criteria for their backing” and the Ministry will “prepare the list of basic professional and scientific associations for the purpose of more complete insight into their contribution to science and technology in Croatia.” The program will be aimed at “including the proposals of scientific associations into the policy of development of Croatian science.” Furthermore, Paragraph 3.8 (80) emphasizes the importance of scientific conferences as forms of communication and points out that the funds for scientific conferences are granted to registered scientific and scientific-lecturing institutions with headquarters in Croatia. “The funds are granted only for partial coverage of the expenses and in the future these should only be the initial funds, following the example of foreign conferences, their expenses should be covered by participation fees and sponsorships.”

The Croatian state budget provides the means for the performance of the national scientific-research program (i.e.. scientific-research projects, development projects, projects for development of the existing infrastructure and introduction of new ones, and for the activities of scientific associations) as well as for other scientific and research activities (Art. 68). General criteria for evaluation of the projects are what the project means for Croatia’s development, its scientific value and the international relevance of the project, internationally recognized achievements of the leaders of the program, the rationality of organization and execution of the program, and the ecological impact of the program (Art. 62). The contract for executing the program is concluded between the Ministry, the responsible bearer, and the legal person that will carry out the project.

Finally, the Croatian Academy of Science and Art¹⁷ (henceforward: CASA) as the highest scientific and art institution in Croatia, encourages and organizes scientific work and cooperates with other academies of science and art, universities, scientific institutions, state bodies, cultural and other institutions, as well as scientists and artists from the homeland and abroad. In the year 2000 CASA has allocated 2.700.000 kn (app. \$ 318.000 US) to transfer to non-profit organizations.

¹⁷ Law on Croatian Academy of Science and Art (OG 34/91).

The lack of funds is the biggest problem in the field of scientific work in Croatia. The difficult economic situation of the state is a big obstacle to the development of the large potential in this field.

3.5. SOME ACTIVITIES IN THE FIELD OF CULTURE

a) Law on Libraries

(OG 105/97)

Article 4: “Libraries are founded as public institutions or as institutions...librarian activity can be performed either by the institutions or by other legal persons.”

Article 29: “Funds for the special programs of libraries are provided by their founders, counties or the City of Zagreb, towns or municipalities of the area in which the program is being realized, the ministries competent for the sphere of that particular program, as well as other legal and natural persons. Funds for the performance of special tasks in the framework of the Croatian librarian system are allocated from the state budget through the Ministry of Culture, the Ministry of Science and Technology and the Ministry of Education and Sports.”

b) Law on Museums

(OG 142/98)

Article 16: “... Museums as institutions can be founded by domestic legal and natural persons... Museums, galleries and collections within institutions and other legal persons are founded by their founders and other legal persons to which they belong in the form of branches or organizational units.”

Article 32: “...Funds for special programs are provided by the founders and, consistent with their interests, bodies of the state administration responsible for the domain of the program as well as other legal and natural persons.”

3.6. CONCESSIONS

In accordance with Article 1 of the Law on Concessions (OG 89/92), domestic and foreign legal and natural person can gain the following by concession:

- the right to economic utilization of natural resources and other goods of interest to Croatia;
- the right to perform activities of interest to Croatia as well as building and utilizing objects and plants needed for the performance of these activities.

A concession cannot be granted for forest areas and other goods determined by a special law.

After a public gathering of offers or an open competition (or after accepting the demand if determined by a special law) the competent body of state authority (according to individual goods or activity) signs a contract of concession with the applicant.

4. OTHER POSSIBILITIES OF COOPERATION

a) **Law on Environmental Protection**

(OG 82/94 and 128/99)

Article 6 paragraph 3: “The citizens as individuals or organized for the purpose of environmental protection in a society, professional associations and other non-governmental organizations, contribute to the realization of efficient environmental protection.”

b) **Decree on the Evaluation of the Impact on Environment** (OG 34/97)

An evaluation of the impact on the environment is necessary for activities specified in the List of Environment Impact Activity (printed with the Regulation). The effect of the intervention on the environment and its acceptability is evaluated by the Commission for the Evaluation of the Impact on Environment appointed by the Croatian government on the basis of a professional study and the opinions, proposals and objections of the persons interested (*non-profit organizations* included) expressed during public review. Article 19: “The study is open for public review for at least 15 days and a maximum of 60 days.”

c) **Law on Protection from Natural Disasters**

(OG 73/97)

Article 21: ”... it is obligatory to make plans for the protection and rescuing of the people and property which is designed by the Croatian Government for all of Croatia, while units of local government and administration make plans for their own areas...[which determine] ... organized participants for the protection (kinds, number and equipment of the civil protection units, the bodies of state administration and local government, ... associations included in the protection and rescue system.)”

d) Law on the Protection of Mentally Disturbed Persons (OG 111/97)

Article 2: “The protection and promotion of the health of mentally disturbed persons is promoted by stimulating associations of mentally disturbed persons for the purpose of the attaining of their rights, self-help and help.”

Article 60: “The State Committee for the Protection of Mentally Disturbed persons is founded by the Ministry of Health.”

e) Decision on the Foundation of the Governmental Committee for Disabled Persons (OG 45/97)

Paragraph III: “ In the performance of its tasks the Committee: “... organizes at least twice a year, meetings with representatives of associations of the disabled and the parents of disabled children.”

According to the different causes of the disability (Par. IV) half of the 14 members of the Committee consists of presidents of the disabled persons associations and the parents of the disabled children.

f) Decision on the Foundation of the Commission for the Prevention of Drug Abuse (OG 68/93)

Paragraph II: “... for the purpose of its activity the Commission gathers documentation and other evidence at the disposal of the state administration and non-governmental organizations in Croatia.”

g) State Institute for Family, Maternity and Youth Protection

In accordance with the Decree on Internal Organization (OG 124/99) certain departments of the State Institute “cooperate with non-governmental organizations for the protection of the family”, “cooperate with bodies and associations on issues concerning the protection of children”, “supervise and study the work and the development of youth associations” and “unify the work of state bodies, humanitarian organizations and associations into a joint national program of family, maternity, children and youth protection, and cooperation with scientific, cultural and educational institutions...”

The Council for Children works within the framework of the State Institute. It consists of 35 members, and 3 of them are representatives of associations proposed by the Ministry of Labor and Social Welfare and the State Institute itself (Decision on the Foundation of the Council for Children OG 132/98).

The Governmental Committee for the Prevention of Delinquency of Children and Youth and the Protection of Children with Troubled Behavior (Decision on ...OG 139/97) "...cooperates with competent Ministries and other state administration organizations and institutions, scientific institutions, professional and non-governmental associations..."

h) National Policy for Promoting Equality

After the 4th World Conference on Women held in Peking, the Croatian Government appointed, on May 9, 1996, the Governmental Committee on the Issues of Equality, as a national body for the promotion of gender equality. The Committee worked out a national program for the improvement of the position of women in Croatia, in order to eliminate the discrepancy between the legislative framework and the reality in society, as far as the presence of women on all levels and in all forms of social life is concerned. Since there are a large number of non-governmental organizations in Croatia dealing with protecting women's rights, the Committee must establish cooperation with them in order to specify and carry out its policy of equality. The Committee tries to organize regular meetings with representatives of non-governmental bodies. National policy consists of a series of concrete measures identifying 8 fields of work (examples include human rights of women, institutional instruments for the improvement of women's position, women in positions of power, and women's education and professional improvement). In general, cooperation with non-governmental organizations in addressing these fields forms the basis of current activity. Moreover, the Committee for Equality determines financing for projects dealing with research into the problems described in the national policy.

The budget for the year 2000 assigns much less funding for the execution of the policy and a new National policy for the promotion of equality is to be created by the end of the year. Based on the Committee's experience, it appears that associations are often interested

exclusively in obtaining funds, while they neglect the importance of other forms of cooperation.

i) **The Continuation of the Rebuilding of Areas Affected by the War**

In the document: “The Continuation of Rebuilding of Areas Affected by the War,” the Croatian Government has not explicitly specified cooperation with non-profit organizations although it contains many elements for cooperation. This document refers in particular to connection and cooperation of different social groups and their reconciliation, as well as to the social security network and support for sensitive groups of the population.

j) **Law on Employment** (OG 59/96)

Pursuant to Article 4 and the “Regulation on the Scope, Conditions and Manner of Performing Employment Counseling Services When Such Activity is Performed by Legal or Natural Persons Other Than the Croatian Employment Agency” (OG 82/96), some professional associations can perform counseling activities provided that they have permanent professional employees. The counseling can be performed exclusively on behalf of Croatian citizens, for employment within the Republic of Croatia, and exclusively for 16 specified types of work (e.g. a singer, a music teacher, an actor, a musician, a presenter.)

k) **Decision on the Development Strategy of the Republic of Croatia – Croatia in the 21st Century** (OG 29/00)

The Croatian Government addressed an invitation through the mass media to scientific-research legal persons, individuals from the social and public sphere, Croatian scientists who live and work abroad and other legal persons and non-governmental organizations to submit their suggestions and ideas regarding the Strategy in written form by April 30, 2000.

5. COOPERATION ON THE LOCAL LEVEL

5.1. FINANCING AND SPECIAL POSSIBILITIES FOR COOPERATION

The local government is independent in deciding about local activities as defined by the Law on Activities of Local Government and Administration (OG 29/00). Taking into consideration that the majority of non-profit organizations are active on the local level, their subsidization depends on funds from the budget of the local government and administration (the counties, the City of Zagreb, cities and municipalities). In accordance with Article 23 paragraph 3 of the Law on Associations, the decisions on standards defining associations of special interest to the Republic of Croatia applies to support from the local budgets.

Budgetary funds are assigned to associations through administrative departments according to their field of competence (financing under special regulations, see *supra* 2.2.)¹⁸

The Law on Local Government and Administration (OG 90/92, 94/93 and 128/99) does not provide explicitly for the possibility of cooperation between non-profit organizations and local government. It just mentions the possibility of establishing local committees at the suggestion of citizens and their organizations and associations (Art. 58). The local committee represents a form of direct participation of citizens in making decisions regarding activities which influence their life, and the statute of the local government units can entrust them with performing local government activities subsidized by special municipal or city budget funds (Art. 60.). Every other form of cooperation is regulated by special regulations (see, *supra* 3.).

¹⁸ The Law on Theaters (OG 61/91) is worth mentioning, which specifies that the programs by private theatres founded as institutions, commercial companies or art organizations can be financed from the city or municipality budget.

a) **Regulation on Public Hearings in the Process of Making Regional Plans** (OG 101/98)

Article 9: “The citizens and the associations participate in public hearings (regarding the suggestion of the regional plan) in the following way: they have access to and are familiar with the draft of the regional plan, ... they give their suggestions and remarks ... ” Before sending the final draft of the regional plan to the representative body which makes the decision, the constructor sends a written notification explaining the grounds for not accepting or only partially accepting their declarations, suggestions and remarks to all the participants in the public hearing.

b) **Intervention Plan on Environmental Protection** (OG 82/99)

Paragraph 8: “The county council, the Assembly of the City of Zagreb or the City Council, and the municipal council appoint members of the professional committee competent to make intervention plans for environmental protection at the county level: ... [that consists] of representatives of the association active at the county level and whose scope of activity is the promotion of environmental protection.“

c) **The Law on Public Utility Services** (OG 36/95, 70/79 and 128/99)

Some public utility services, like the maintenance of public grounds, can be of interest to certain nonprofit organizations that are involved in environmental protection. The right to perform public utility services can be obtained by concessions that are granted through the representative body of the local government unit on grounds of open competition or public tender in accordance with standards from Article 11. Furthermore, the local government unit can assign the performance of public utility services, which are financed from its own budget, to natural and legal persons on the basis of a written agreement (Art. 13 a). The representative body of the local unit defines public utility services as well as the conditions and standards for public competitions and tenders.

d) **Law on Islands (OG 34/99)
and the Model of Revitalization and Sustainable
Development of the Island of Cres**

Article 1: “Islands, as Croatian natural wealth, as well as intangibles with special national, historical, economic and ecological importance are of interest for the Republic of Croatia.” According to Articles 3-8 of the Law, the Ministry of Public Work, Reconstruction and Building, in co-operation with competent bodies of coastal-island counties, towns and municipalities, creates draft programs of sustainable development of islands that are ultimately accepted by the Government. Enforcement of the program of sustainable development of an island will be carried out by the county office competent for economy, while towns and municipalities may, for the performance of said tasks, form a separate legal person or delegate the performance to another legal person specialised in the particular field (thus, it might be a non-profit organisation, an institute, an institution, etc.).

The town of Cres has developed cooperation with other parties on the island for the preparation of its plan of sustainable development. Eco-center *Caput Insulae* – Beli, a non-profit organization for the protection of natural and cultural wealth, has undertaken a complex project named “Model of Local Development Planning on the Basis of Local Community Opinion and Presentation of Best Practical Implementation.” Together with the local government of the town of Cres, “Plat-in, Inc.,” a company for research, development and protection of islands and development of small enterprises, is also involved in the project, as well as a number of other participants who share their practical experience in the production of wool, ceramic souvenirs, planting of traditional fruit trees and processing of fruit, healing plants and olive oil, which in turn enables the promotion of original island products. During the proposed 16 months (from September 1999 through January 2001) topical seminars are being organized to bring together governmental and non-governmental organizations, experts in particular fields and interested citizens who, in the end, on the basis of discussion, design suggestions for portions of the plan for sustainable development. The fundamental idea is to develop organic agriculture, especially sheep – breeding following traditional methods and principles of natural and cultural heritage protection as a source of acceptable tour-

ism. The final draft of the plan of sustainable development is expected to be presented on December 12, 2000. Additionally, within the same project, Eco-center has organized several other important activities (establishment of first eco-trail, a unique exhibition “*History and Art in Nature*”; courses on traditional occupation with a view to furthering the status of island women; inclusion of children from Home for Child Education in production of souvenirs; etc.)

5.2. PROBLEMS REGARDING COOPERATION WITH LOCAL AUTHORITIES AND THE FOUNDATION OF THE REGIONAL CENTER

The Governmental Office for Cooperation with NGOs, in autumn 1999, organized in the four largest cities seminars on “Models of Cooperation Between Local Government and Administration and Associations”. The results show that in practice there are many shortcomings and problems regarding financing and cooperation in general. First of all, only a small number of the local government units assign funds based on open competition defined by clear and well-known standards. There is frequently a lack of transparency, particularly regarding associations whose programs are not clearly defined, which makes it difficult to establish criteria for the evaluation of their work. Second, there is a certain level of mutual distrust and prejudice. The associations are regarded as “not serious business partners”, while the local government units are viewed as “a bureaucratic apparatus, rigid and impervious to arguments.” There is a need for a better level of communication and mutual understanding. Third, there is a relatively large number of associations, often they are involved in similar activities with an undefined “domain of competence” or their opposed positions and their mutual intolerance, make it hard to improve the relations between the government and the non-profit sector. Moreover, it seems that there are well-known associations to whom funds are given regardless of the quality of their programs, while lack of professionalism has been identified as a significant problem on both sides. Most of these funds are as a rule given to sports associations or non-profit organizations that are involved in cultural, technical, health and welfare activities. Finally, the lack of NGO representatives in the city and county bodies

prevents the associations from having a direct influence on administrative procedure at the local level.

In the autumn of 1999, the Center for the Development of Not-for-Profit Organizations (CERANEO) initiated a pilot project to establish a regional center for cooperation between associations and local government to encourage a more permanent cooperation among local authorities, local associations, the media, the business sector and the citizens. The Rijeka region was selected for its traditional positive relationship with non-governmental organizations, and the intention is to offer this form of cooperation to other cities. The regional center was established in cooperation with the City Council of Rijeka in March 2000. Some of the planned activities involve the organization of workshops on writing project proposals and fundraising, the approach to and cooperation with the media, the development and adoption of a program of cooperation between the City Council and NGOs, and development of social service programs to address the most difficult problems in the local community.

CONCLUSION

The role of the non-profit sector in a democratic society is so important that it has become one of the standards of measuring democracy and social development in general. During the past decade, Croatian associations have gained a good reputation and strength by offering humanitarian aid and by working with refugees and exiles, as well as with civil and military war victims. In spite of the impressive number of registered non-profit organizations, there are many problems that limit their activities and sometimes even put into question their continuous existence. The main problems are:

- inappropriate legal framework and the paternalistic attitude of the state towards non-profit organizations. The state's need to control the activities of non-profit organizations has in several cases gone so far that NGOs have been called the “internal enemy,” and “society wreckers”. The Law on Associations and the Law on Humanitarian Aid give the state greater possibilities for interfering with the work of non-profit organizations;

- the lack of financial resources and an appropriate state policy to encourage donations. The economic situation has aggravated the financing of the non-profit sector the regulations on taxes almost “punish” the work of the non-profit organizations. Furthermore, the regulations do not encourage financial development and the tradition of philanthropy and foundations is underdeveloped;

- a lack of transparency and professionalism is present on both sides. The lack of transparency of the work of the state authorities, especially at the local level, and the centralization and bureaucracy of the state government, restricts the activities of the other participants.

Nevertheless, many associations are inefficient for reasons related to internal problems and ill-defined goals. This is changing with the arrival of new people and financial sources. In some organizations, internal democracy is also questionable. Furthermore, many associations are unable to carry out quality projects or prepare quality proposals in order to use these limited funds in the best way possible.

By establishing the Government Office for Cooperation with Associations, an attempt has been made to solve at least a part of the accumulated problems and to establish permanent high-quality communication with the non-profit sector. The preliminary stage of preparing a new Law on Associations has begun and the prospects for improving cooperation between NGOs and state seem promising.

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