

SETTING UP A POLICY INITIATIVE IN BOSNIA AND HERZEGOVINA – CASE  
OF NGO DEVELOPMENT FOUNDATION  
**(FINAL DRAFT – NOT FOR PUBLISHING or DISTRIBUTION)**

By

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I. Introduction

The paper is being developed on the general assumption that developing democracies and societies in transition need to have mechanisms in place that enable Civil Society (CS) participation in policy making. The center of discussion is the NGO Development Foundation (NGODF) <sup>1</sup>from Bosnia and Herzegovina (BiH) and its interest in engaging in policy dialogue. Rather than providing a detailed study of any of the issues arising in setting up a policy initiative in developing countries, it offers a brief overview of the landscape, combines these with internal (NGODF) elements and discusses potential strategic direction that the NGODF will consider in its near future.

The paper has five parts. Following this introduction, Section II provides an overview of the History of the Civil Society in BiH while attempting to explain the causes for some of the main issues (threats) faced today by the CS in BiH. Section III talks about post war challenges, including poverty and empowerment, governance and current status of CS. It outlines some of the common mistakes of both international and national development agencies while thinking about a successful NGODF strategy to engage in policy research and dialogue. Section IV is identifying NGODF internal strengths and weaknesses and external opportunities and threats. These include both national and international elements and challenges that they pose to the NGODF management. And finally, Section V is outlining a basic strategy for a policy and research department at NGODF by using strengths to overcome threats. The strategy will also outline actions to build capacity and use some of the existing and potential opportunities to eliminate main weaknesses of NGODF to successfully engage in research and policy dialogue.

II. BiH and the History of its Civil Society

In 1991 Bosnia was home to 4,365,000 people (twice as many as live in West Virginia; 1/3 fewer than Switzerland); its largest city was Sarajevo (pop. 526,000). Much of Bosnia's population is urban and (until April 1992, when the war broke out) was employed in manufacturing, mining, technology and service industries. It is (or was) a modern, industrialized European country with respectable educational and health-care statistics. Almost all (over 95%) of the people speak the same language (called Bosnian, Serb or Croat), and come of the same European racial stock, descended from Slavic tribes that settled in the area in the early Middle Ages. The people of Bosnia are traditionally called Bosnians. For reasons having to do with recent history (and as much with 20th-

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<sup>1</sup>See [www.nvofondacija.org](http://www.nvofondacija.org) for more information

century ideologies as with traditional religious allegiances), Bosnians whose ancestors were of the Catholic faith are now identified as Bosnian Croats (17%), while those of Eastern Orthodox background are now identified as Bosnian Serbs (31%). The largest group of the Bosnian population, however, are the Muslim Slavs (44% in the 1991 census), descendants of Christian Bosnians who accepted Islam some 500 years ago.

Until the late 19th century, people of all three faiths identified themselves simply as Bosnians. Most Bosnians today are in fact highly secularized, and about a third of all urban marriages in Bosnia in recent decades have been between partners from different religious/ethnic backgrounds. While there were some villages in the countryside where one group or the other predominated, Bosnia's towns and cities have traditionally been the shared home of people from all ethnic and religious groups. The latter include Jews, who found a haven in the tolerant city of Sarajevo in 1492, following their expulsion from Spain. Unlike Jews in Venice and elsewhere in Europe, Sarajevo's Jews were not confined to a ghetto. The city's principal mosques, its synagogues and Christian churches are all located in close proximity to each other, a visible sign of the intermingled public and private lives of its ethnic and religious communities.

Bosnia and Herzegovina certainly has a history of civil society (a more or less restricted one - depending on the definition of the term). Former Yugoslavia, a socialist country with quite a difference from the 'Soviet-type' socialism, was known to have had well developed forms of social organization. There were different civic associations and their role was mainly in the field of culture and sports. If some issues became political to any extent, there was, of course, the Party, to step in with its guidance, directive and control.

However, even in such conditions the creation of public opinion and the general atmosphere could achieve a certain measure of autonomous dynamics and exercise authentic (not, therefore, planned and controlled) influence over the centers of decision-making and control of society. This was particularly so in the last decade before the dissolution of Yugoslavia, when part of its communist establishment started to transform into social-democrats and started to open its doors before the ideas of civil society. These processes were eventually pushed aside by the growing nationalism, which used its opportunities opened through this loosening of the Communist party, and with 'favorable effect' of a number of negative social, political and economic elements, it became the ruling political paradigm in the territory of ex-Yugoslavia - in Bosnia and Herzegovina it was embodied in the three national parties which ruled over its destiny. Instead of true democracy and civil society, we had an illusion of democracy ('national democracy') and ultimately nationalistic dictatorship. We saw a revival and instrumentalization of demons from the past, of ethnic tensions, populism and nationalism, in the worst possible form. People and nation suffocated the citizen. The price Bosnia and Herzegovina paid and continues to pay in all this - is well known.<sup>2</sup>

The three ethnic war between Muslims, Croats and Serbs in Bosnia and Herzegovina (BiH) from 1992 to 1995 killed more than 200.000 people, destroyed the Bosnian economy and infrastructure, and displaced half the population under policies of "ethnic

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<sup>2</sup> 2001 Report: Civil Society - Open Society Fund Bosnia and Herzegovina

cleansing". The 1995 Dayton Peace Agreement<sup>3</sup> stopped the killing and initiated peacekeeping and development operations.<sup>4</sup>

After the war, we started to define civic associations as 'non-governmental organizations' and the syntagm 'civil society' became a general point of reference - however, the content different speakers refer to when using these two words in Bosnia and Herzegovina is another matter, and this versatility and a certain amount of confusion in the public discourse is perhaps the most important element in the so-called 'issues of civil society in BiH'. Numerous NGOs have been established, and those with pre-war history have been revived. They are all trying to adjust to the 'new times' - in accordance with their own understanding of 'the idea of civil society' and their own interpretation of the current state of society.

We may say that time has come for people to reapply a 'new paradigm' to their earlier experiences from the socialist era of social activism, as well as from the time when a normal transition had started (unfortunately diverted into an apocalyptic abyss), and to develop a new way of thinking and to adopt new categories. To develop a new language in order to interpret current circumstances and current social realities, and their own place and capabilities in all that. Indeed by now everyone is 'well versed' in talking about 'the first', 'the second' and 'the third' sectors, with easily identified differences in the understanding of what it is about (or 'should be about') in the whole story of the famous triangle. For some players, the 'civil society' is merely an angle in the triangle, namely 'the third sector' (which is a reduction of 'civil society' to 'the third sector'), for others 'civil society' is the entire triangle and more, the quality generated only by the interaction of the three elements. We understand civil society to be somewhere in between these two positions<sup>5</sup>.

### III. Post war challenges

Bosnia and Herzegovina is probably the country with the most complicated political system in the world: starting with the three member presidency, two so-called 'entities'<sup>6</sup>, one district<sup>7</sup>, as many as thirteen constitutions, a very special role of OHR, described perhaps as a loose protectorate, and a number of other specific features brought with the Dayton Peace Agreement.

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<sup>3</sup> Dayton is a very inconsistent document, with built-in inconsistencies. On one side it supports development of multiethnic Bosnia, while at the same time it cements ethnic division and results of the conflict. Efforts for improvements by any of ethnic groups in BiH have been interpreted as a wish for domination or separation from Bosnia.

<sup>4</sup> Voluntas, Vol. 14, No. 2, June 2003

<sup>5</sup> 2001 Report: Civil Society - Open Society Fund Bosnia and Herzegovina

<sup>6</sup> Federation and Republic of Srpska

<sup>7</sup> District Brčko does not belong to any of the two entities: it has its own government and is led by a foreigner appointed by the Office of High Representative (OHR)

For an ordinary person, being a citizen of Bosnia and Herzegovina means living a very difficult life, way beneath any European standards, often at the very 'verge of subsistence'. This means living in a country with almost no economy, with the privatization process proving to be a robbery almost as a rule, and where economic bureaucracy discourages even the most adventurous potential foreign investors

#### **a. Poverty and empowerment**

The new governments at different levels in Bosnia and Herzegovina are united in their resolution to reduce the poverty level. The currently available second draft of the medium-term Poverty Reduction Strategy Paper for BiH (PRSP) is the result of a very broad consultation process that lasted eight months. The consultations were conducted in three main phases involving 15 working groups consisting of key officials and advisors of the BiH governments. Non-governmental organizations (NGOs), academics and representatives of the young people, trade unions, private sector, foreign investors and international community have also taken active participation in the finalization of the PRSP.

According to the assessments of the statistical institutions in the country, at the end of 2000, BiH had 3.68 million inhabitants (685.000 less than before the war). The Living Standard Measurement Survey – LSMS was implemented during 2002. This study failed to identify any households that fall in the category of extreme poverty, in the sense of consumption levels necessary to ensure bare survival. However, the study determined that 19.5 percents of BiH population may be classified as poor. Also, the study concluded that, according to the international standards, the level of inequalities in BiH is relatively low: as a result, the percentage of the poor is relatively small, but there is a large number of people (additional 30%) who are just above the poverty line, with very limited revenues, who are sensitive to shocks such as employment insecurity or poor health condition. The poverty level is higher in the RS (25%) than in the FBiH (16%), which is caused by lower income levels in the RS. As a result of extensive relocations the of population during the war, around 80 percents of the population now lives in urban areas. However, the poverty level is lower in urban than in the rural areas. There are some areas where the poverty is highly concentrated, often in industrial cities or in places where there are many refugees or displaced persons. Well-targeted programs of social assistance could help alleviate poverty in those areas.

Generally speaking, women are poorer than men, mostly because they have fewer chances of finding employment. Contrary to what one might expect, young people are more often poor than older people, which suggest the need to implement the measures related to increased allocations for child protection and child education. LSMS also finds that the veterans' population and other categories of war victims are above the poverty line. The relative equality in the BiH society means that evenly distributed and well targeted government projects will have strong influence on poverty: for each percent of increase in GDP per capita the number of poor people is lower by 2.4 percent. Therefore, the poverty could be exterminated if the governments were able to allocate 3.5 percents of GDP to programs of assistance to the poor. The goal of the mid-term Poverty

Reduction Strategy Paper – PRSP in BiH is to reduce poverty through improved economic growth that would benefit the poor, and through more effective targeting of public spending.<sup>8</sup>

A growing number of evidence, however, points to the linkages between empowerment and development effectiveness both at the society-wide level and the grassroots level. Empowerment approaches can strengthen good governance, which in turn enhances growth prospects. When citizens are engaged, exercise their voice, and demand accountability, government performance improves and corruption is harder to sustain.<sup>9</sup>

In the current PRSP draft, there is lack of understanding that poverty is multidimensional: poor people need a range of assets and capabilities at the individual level (such as health, education and housing) but they also need an ability to organize and mobilize to take collective action to solve their problems.

According to the World Bank, four key elements of empowerment are:

1. Access to information
2. Inclusion/participation
3. Accountability
4. Local organizational capacity.

In the past, strategies for improved governance and poverty reduction have focused on formal systems, with little connection to citizens and those working at community level. An empowering approach to state reform can be viewed as strengthening the demand side of governance for greater public effectiveness. A demand side approach focuses on creating laws, rules, and procedures that enable citizens and poor people's organizations to interact effectively with their governments. Such an approach invests in educating and informing citizens (PRSP does include education), in creating institutional mechanisms for their sustained inclusion and participation, and in enabling the emergence of strong poor people's organizations and citizens' groups.

Currently our Program is promoting social accountability and local organizational capacity by giving community groups authority and control over key decisions and financial resources in community driven development projects.

## **I Future Challenges**

Economic growth has slowed down to the level of 3.3 percents in 2002, which is lower than in most other countries in the region, and much under six percents that was recognized by analysis as a necessary rate of growth to return to the 1991 GDP level by 2010. Although the international aid diminishes, it still makes up around 9 percents of GDP, so any further reduction of foreign aid would cause serious problems. The country also relies to a great extent on frequent money transfers from citizens living abroad,

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<sup>8</sup> PRSP BiH, second draft

<sup>9</sup> World Bank: Empowerment and Poverty Reduction, A Sourcebook

which reach the aggregate amount of around 7 percent<sup>1</sup> of GDP. Public expenditures are very high (56% of GDP), while the allocations for salaries of the administration make up its largest part. More than half the companies are still state - owned. Unemployment, according to the official data, is around 41 percents. However, the unofficial sector is large (it accounts for 36% of GDP), and real unemployment is probably much lower. The trade deficit is high, which threatens the macro-economic stability of the country. The investment climate is still not good enough to attract more significant foreign investments. There are also wide variations in the development level between the entities, cantons and municipalities. This obstructs development and presents a threat to political stability of the country. Spending on defense and security is still high. Public spending on education and health are also high. Public services are inefficient, characterized with high level of corruption. The social protection system is inadequate and ineffective and soldiers and other war victims have priority over the generally poor population. The research results suggest that there is a high degree of mutual distrust, and most people do not trust the “politicians”.

The following activities are the key elements of economic reforms identified by PRSP:

- Maintenance of macro-economic stability and fiscal reform
- Promotion of business environment for domestic and foreign investments
- Acceleration of privatization
- Combating crime and corruption
- Promotion of foreign investments and exports
- Integration of the labor market in BiH
- Establishing an adequate social protection system, particularly for people losing their jobs as a result of the implementation of reforms.

## **International aid**

The year 2000 represented a transition of aid assistance in BiH, from basic physical reconstruction to social, economic and political transition. It also represented the end of intensive and massive international involvement in BiH. Donor priorities were shifting to Kosovo leaving BiH governments unprepared to deal with a number of issues in social and economic sector.

A rapid implementation of the PRSP is expected, however, to ensure fast growth and availability of international grants and soft loans that would be needed for the public spending reform and for investments. However, there are risks that may cause the economic growth not to be so high as expected, in spite of the fast introduction and implementation of the reforms. Those risks include the state of world economy and environment-related issues, such as droughts. Such external factors might cause a lower level of private savings and slow growth. In case that the governments demonstrate readiness to implement the reforms quickly, and the external factors result with a lower level of private savings and growth, then BiH will have to turn to the international community and present its increased needs for international aid.

## Social Sector

According to the PRSP, a new system of accessing unemployment benefits will be introduced for all of BiH, as well as the mechanisms of child assistance and transfers arising from the war-related rights. It will be necessary to correct injustices and equalize the rights arising from the status of the civilian victim of war with other categories of socially vulnerable. It is particularly important to define the minimum social rights at the BiH level. The reforms in this area will require the new legislation and new data base, which will also contribute to reduction in the number of double users. The local administration of social assistance will be strengthened through increased revenues to the municipal budgets – the revenues allocated for the purpose of social protection. The regular payment of pensions will continue, and all debts to the pensioners from the past will be repaid. Appropriate state -level legislation will be adopted to ensure improved coordination in the exercising of the right on pension insurance throughout the country. International agreements with the countries in the region will ensure more efficient collection of pensions from our citizens who had earned them outside of BiH. The assistance to the refugees will continue. A better coordination in implementation of the assistance provided by the foreign donors will be developed, which would provide for reconstruction of 50,000 houses that are considered the highest level of priority, of the total 140,000 that are still needed for the reconstruction. All the shortcomings in the existing system access of returnees to education, health care, social assistance, pension insurance. The constitutional amendments will be fully implemented, which will lead to increased employment of the returnees.

### b. Governance and OHR

According to the European Stability Initiative<sup>10</sup>, development of an effective Bosnian state remains frozen so long as the international protectorate remains in place. They believe that the process of phasing out the direct role of the High Representative in the domestic constitutional sphere should begin immediately.

ESI argues that the Bonn powers<sup>11</sup> are incompatible with international efforts to build democracy and the rule of law, and that this is independent of the best intentions of OHR to help Bosnia on its path to Europe. The protectorate role of the High Representative reinforces the worst tendencies of the old Yugoslav political culture: the fondness for the *čvrsta ruka*, the “strong hand” that acts as a *dues ex machina* outside the political process. This highly personalized style of politics, where ultimate power rests in the hands of one charismatic individual, is exactly what democratization efforts

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<sup>10</sup> [www.esiweb.org](http://www.esiweb.org), - Lord Ashdown's Autumn Address: a New Era for Bosnia and Herzegovina?

<sup>11</sup> Bonn, Germany in late 1997: principal international actors involved in the peace-building process in BiH decided to endow OHR with the authority to remove all obstacles to peace implementation and development. These powers, among other things, allow the high representative to remove any local official, including directly elected politicians, whom OHR deems an obstruction to the peace process.

are supposed to overcome. If the High Representative can set aside the constitution and the democratic process in order to advance a particular policy agenda, then why shouldn't Bosnian politicians, if they get the chance? If the High Representative can simultaneously be the accuser and the judge of public officials, without due process or right of appeal, then why should Bosnians place their faith in the judicial process? One of the chief casualties of the Bonn powers is *constitutionalism* itself – the development of a political culture in which power is subject to law.

In fact, there are important elements within the Bosnian political process which are content to leave the hard choices to the High Representative, and to devote their energies to symbolic issues which are increasingly distant from the concerns of ordinary Bosnians. The problem with the Bonn powers is not simply that they are imposed on Bosnia's governments. It is that they have become all too convenient for parts of the Bosnian political establishment. Successive High Representatives have tried to beg, cajole or bully Bosnian politicians into taking more responsibility. This is empty rhetoric, so long as an international institution is there to take the responsibility away from them. At the same time, the existence of the Bonn powers makes it very difficult for those Bosnian politicians who have their own views on controversial issues to disagree with your policies. Bosnian politicians are all too aware that the OHR vets their entry into government, and that you can ban them from further participation in public life. Whether or not it is *intended* this way, the effect is highly intimidatory. As a result, the incentive of Bosnian politicians is to acquiesce quietly in international demands, rather than to develop an independent policy agenda.

In an interview on BBC television on January 12 this year, Mr. Paddy Ashdown, current High Representative stated: "If you want to fight crime on the streets of Manchester, if you want to fight prostitution, drugs, cigarette smuggling - now an issue for today - arms smuggling, on the streets of Manchester, London, Berlin and Paris, you start here in Sarajevo. This is the front line." It is obvious that this image of Bosnia is misleading and damaging to the country. This will keep Bosnia in the minds of Western policy makers, at a time when competition for their attention is particularly high. But this strategy is misguided. Externally, it affects the kind of assistance that Bosnia receives from Europe. Internally, the constant talk of crime and corruption risks further eroding public confidence in the political process as a whole. Bosnia now has remarkably low crime figures, including inter-ethnic violence, given the deepening social crisis and the recent history of conflict. The problem of organized crime is certainly no worse here than in other countries of the region. In no other country on the path to Europe has the international community recommended the suspension of constitutional safeguards in order to combat crime more effectively.<sup>12</sup>

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<sup>12</sup> ESI, Lord Ashdown's Autumn Address: a New Era for Bosnia and Herzegovina?

### c. Stage of Civil Society and lacking Policy Initiatives

The 2002 ICVA Directory listed some 300 domestic NGOs, though there is an estimate from the field that there are 1500 different NGOs registered in Bosnia and Herzegovina. Looking at this 'growth' of civil society in B&H since the end of the war, one should note the very specific role played by the 'international factor': through the promotion of the very need for civil society in B&H and the donations which assisted a more rapid development of civil society infrastructure (primarily the establishment and activities of NGOs themselves). This 'impetus' had to be accompanied by a considerable artificiality of the entire process. Just like so many other things in B&H today, the current 'development', 'growth' and 'ascent' of civil society on the whole is not quite an authentic, autonomous phenomenon, often driven by “wrong” incentives.

<sup>13</sup> *A young man thrusts his crudely printed calling card at the visitor. After his name are printed three letters: NGO.*

*“What do you do?” the visitor asks.*

*“I have formed an NGO.”*

*“Yes, but what does it do?”*

*“Whatever they want. I am waiting for some funds and then I will make a project” (p.25)*

Irrespective of this critique, one should still consider the authentic civic initiatives and the growth of those NGOs that one may consider 'program oriented', contrary to those which are 'donor oriented' - a division rightly established by earlier analyses of B&H civil society, though still very much up to date.

It is quite evident that the majority of NGOs are 'donor oriented', rather than 'program oriented'. The implications are clear, though they should be articulated: authentic civil society requires primarily the 'program oriented' NGOs (those that focus on what they want to do and how, allowing for the possibility to learn how to do it), rather than those which plan and effect their actions in accordance with estimates and information on what the wishes of the donors are (in B&H, those are almost always foreign donors). The latter category often becomes a sort of 'cheap service' for the implementation of program goals of foreign agencies and donors. This is not a claim that good things could not (as they indeed have been) done. What is important for us is the belief that donor driven NGOs can hardly be the structure that long term development of an authentic third sector and thus an authentic civil society in B&H can rest on.

The development of the civil society infrastructure, primarily the establishment and strengthening of NGO capacities, are not the same across Bosnia and Herzegovina. This is certainly influenced by the general state of the society, varying from region to region, from place to place. Some of the most prominent factors are: specific war history in the particular part of Bosnia and Herzegovina; war-generated migration processes and their social and cultural implications; long term ethnic and cultural heritage of the area;

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<sup>13</sup> The Economist, January 2000

organized political forces active in the area at the moment and the structure of the political arena; economic situation; level of 'urbanization'; presence of international elements and their specific intentions and interests at the location; and 'human resources' currently available at the given place.

In a survey recently done by the OSF BiH, NGOs named some of the main obstacles for their work: first there was the 'refusal of the donors to provide adequate financial support for current expenses of the organization such as staff salaries, rent, office costs, etc.' (almost 70 % NGOs indicated this to be the key problem); then the 'inadequate legal framework' (30.27 %); then 'insufficient public knowledge of the of what they do' (29.36 %); then 'constant changes in donor priorities' (27.52%); 'shortage of trained staff' and 'disloyal competition, including both local and foreign organizations' (11.93 %), and several other problems indicated by some organizations. The survey was conducted in over one hundred NGOs in the entire B&H.

Several things are evident from these responses, primarily the financial dependence of NGOs on foreign donors, mainly for the so-called current expenses. This could serve as a basis for the hypothesis that foreign donors are mainly interested in implementing a specific project (in accordance with their goals and their agenda), and the long term functioning of the NGOs comes second, i.e. they see their existence only in terms of a specific project. This observation may be added to an important hypothesis of a civil society analyst, that of the 'projectization of the third sector' B&H. This is a trend whereby the third sector is reduced to short term goals, realized in certain projects supported by finance providers, with no greater interest in the overall issue of civil society in BiH and a more predictable future of the local 'third sector'. This can certainly open a discussion on the very foundations of civil society and the purpose of the whole idea. In short: on the relationship between the 'organization' and the 'project' as the two key elements of the 'third sector' dynamism. Just like on so many other things, this is also about how to avoid the extremes and find the right measure of things.

Interestingly enough, none of the interviewed NGOs mentioned in my view some of the most important challenges we are facing: lack of local organizing and civic initiatives, links (if any) with constituencies, elitism of many NGOs, generally negative image in the public, lack of grounded research and policy work, lack of cooperation with government, little (or none) interest of local and int. business to cooperate with CS.

Basically, domestic NGOs were and still are faced with the following dilemma: to turn towards what is recognized as the specific need of their own location and their own community, or towards what are the current possibilities and offers on the part of donors.

Withdrawal of donors from Bosnia and Herzegovina is beginning to change the situation in this respect. Many international NGOs have left BiH for emerging new crisis in the world. This will certainly influence greater transparency of many of the motivating elements of civil society players.<sup>14</sup>

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<sup>14</sup> 2001 Report: Civil Society - Open Society Fund Bosnia and Herzegovina

*“As the situation in Bosnia and Herzegovina continues to normalize, Bosnian citizens and their elected representatives will need to assume more responsibility for developing appropriate policies to address the most pressing social and economic issues within society. Public policy development, in turn, requires in-depth analysis to fully understand the implications of various policy options. In developed democracies, the non-governmental sector plays an important role in this process. Think tanks, policy institutes and other specialized non-governmental organizations (NGOs) regularly conduct practical research and analysis and provide this information to the government for use in policy-making.*

*In BiH, however, this process has been distorted by the presence of the international community. The policy agenda is largely driven by the international community, and particularly the Office of the High Representative. In addition, what policy analysis is currently done in BiH is spearheaded by international organizations and is primarily targeted at the international community. While some international organizations, including the United Nations Development Program and the European Stability Initiative, use Bosnian experts to conduct their analytical work, the focus of the analysis and the methodology are determined by the international community. USAID is not aware of any Bosnian organizations that are involved in policy analysis per se at this time, although there are several who are interested in expanding their skills in this manner.”<sup>15</sup>*

I can only agree with this. Think tanks or other forms of pro-European or pro-western policy organizations practically do not exist in BiH. Recently I had a meeting with one international donor operating in BiH. Encouraged with some initial successes in Serbia, this NGO was hoping to support good initiatives in BiH. However, after having met with several potential local policy groups, the comment was: “I could not get a clear picture on what these groups are doing. I was told by them that we should give them a grant, and they would know what to do once the funding is there...”

#### d. FINDINGS:

- Government funding of NGOs is not transparent and not in synergy with PRSP. Research can be done to determine size and purpose of funding provided to NGOs.
- PRSP does not consider empowerment at all as development tool. There is no real link to community development. Research on this topic could be done to directly influence PRSP.
- PRSP does not consider Social Development Funds as one way for community development. SCD could be studied more and results incl. policy recommendations can be presented to the government.
- NGODF name is maybe not well branded. Name change will be considered in near future (maybe: Foundation for Sustainable Community Development?)

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<sup>15</sup> USAID BiH. Annual Program Statement 2003

#### IV. SWOT analysis<sup>16</sup>

SWOT analysis is a simple tool used in management and strategic planning. It is a matrix that looks into **internal** strengths and weaknesses and **external** opportunities and threats. For the purpose of this paper, the internal is considered to be the NGO Development Foundation, and the external is the CS in BiH and other factors that might be relevant to our developing Policy Initiative and Research Department.

Following is a list of all identified internal and external elements. These include some of NGODF strategic thinking and conclusions as well as elements identified by other agencies active in the region.

#### ANALYSIS OF INTERNAL ENVIRONMENT

##### **a. Strengths**

- Given the many divisions within the country, the NGODF is viewed as credible and objective by both the government and the public at large across these many divisions.
- Excellent communication with donors, allows for a great deal of flexibility
- Fastest growing non-profit in BiH in the last two years
- Developed financial capacity of the organization
- Certificates for quality: USAID pre-award survey (for institutional development) and ForeignAid<sup>17</sup> (for social impact)
- No previous political engagement (we can not be viewed as followers of any political party – strengthens credibility)
- Good local and international networks
- Motivated, highly professional and skilled Bosnian staff, working in team
- Growing awareness at the NGODF of importance of policy dialogue
- Ex. Accenture HRM specialist will volunteer with the Foundation to further refine existing manuals and, if needed, to develop a separate manual and training plan.
- Familiar with research methodology of ESI
- Most think tanks are very much creatures of their founders, turbulent transition usually incurs. At the NGODF this transition has already been made.

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<sup>16</sup> Sources used: NGODF internal documents and data bases, USAID BiH Annual Program Statement 2003, OSF BiH on-line available reports

<sup>17</sup> For more information please visit: [www.foreignaid.com](http://www.foreignaid.com)

- Well developed CDD (Community Driven Development) program
- Stable funding for the next three years
- Established Media and Communication Department
- Developed (funding confirmation received during my stay at Duke) regional network of CDD practitioners
- Empowering and participatory management style (as oppose to common authoritarian stiles in BiH)

#### **b. Weaknesses**

- Capacity to engage in policy dialogue, research and outreach
- Media department has no capacity in promoting policy recommendations
- Name not well branded
- Board not well developed, lack of capacity in policy outreach, analysis and research
- Young organization (both staff and organization), still questionable how will be accepted by local authorities
- No endowment, completely dependent on foreign donors
- No income generation projects

### ANALYSIS OF EXTERNAL ENVIROMENT

#### **c. Opportunities**

- Complete vacuum of any empirical social research by local institutions
- Links with Duke University (for policy) and Harvard Business School (for management)
- Donor interest in our department high
- Opportunities for staff capacity development: NED will be offering a seminar in Nov. on how to manage think tanks, Urban Institute is starting a program in BiH to support policy initiatives
- There is a growing group of activists with a strong sense of the long term significance of civic activism and a growing thought on their own situation and the state and perspective of civil society in BiH
- CIVICUS locally associated non-profit will be performing a research on CS (so called The Civil Society Diamond) in BiH: opportunity to join forces and expertise. (The Director of the NGODF will be sitting on the advisory board)

- Access to OSCE<sup>18</sup> research in BiH
- PRSP not finalized, still time to engage
- Youth is usually poorer than the rest, we could initiate partnerships with youth networks to support their programs on national level

#### **d. Threats**

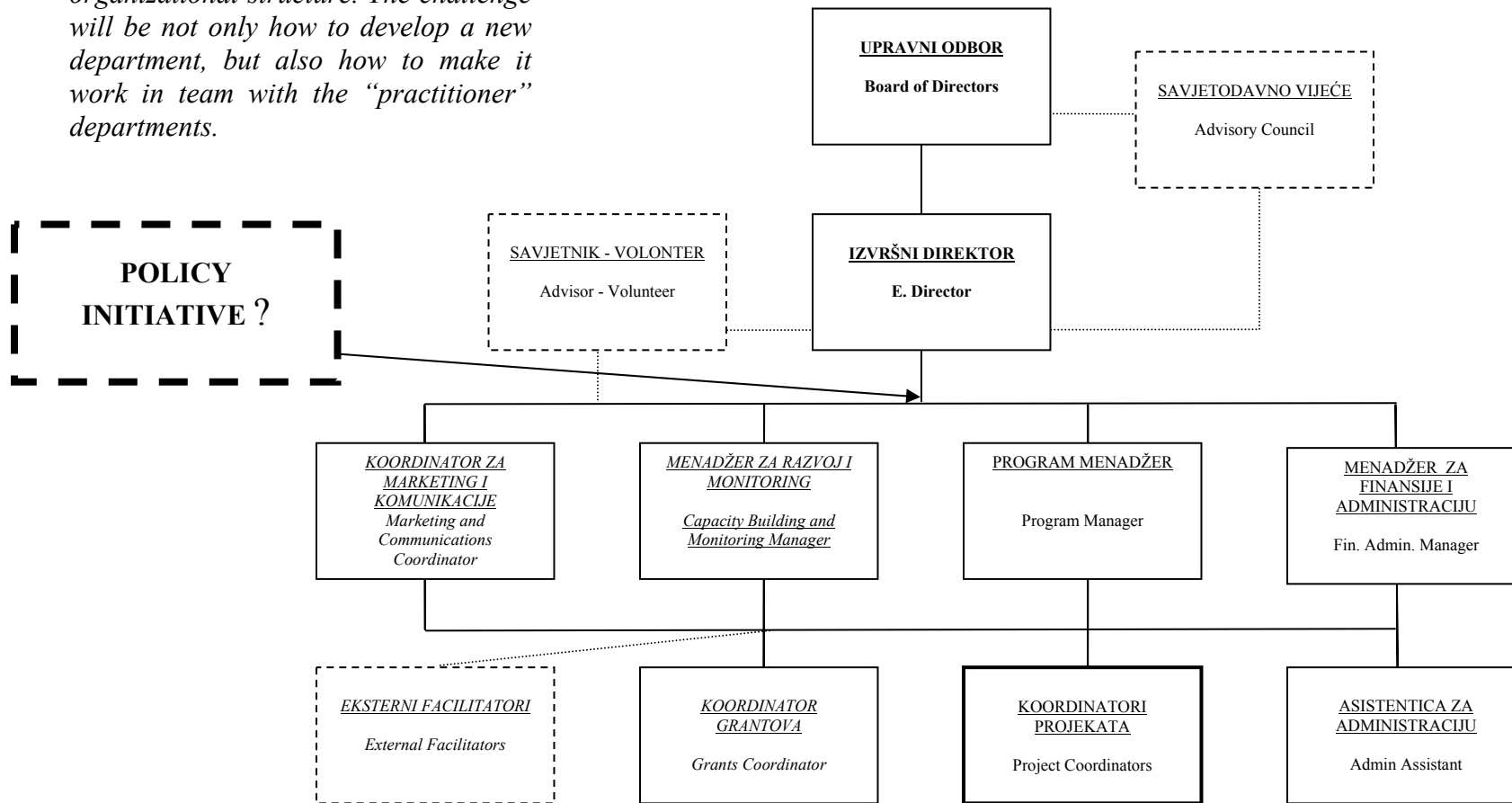
- Poor performance of our new department can jeopardize the image of the whole Foundation
- Data quality is a significant problem in Bosnia. Government information is often outdated, incomplete, unreliable or inaccessible. In addition, government officials are often not familiar with the country's freedom of information laws and are reluctant to share government information with outsiders.
- Lack of non-governmental serious empirical social research of the processes
- The government is not currently very open to outside expertise and analysis, preferring to rely on internal resources, personal contacts or international advisors when developing new legislation or policies.
- The authorities often see the third sector as unwanted competition - though some positive changes in this area have been noted in some places
- Limited democratic tradition in political life,
- Limited understanding of the idea of civil society among the very third sector players and in the society in general, no think tanks in BiH
- Foreign donations factor - this was the source of the impetus for the growth of the third sector but also, more or less willingly, the creation of the mentality of dependence on the donors and adjustment to their intentions (this factor is currently weakening as donors are withdrawing from B&H - thus putting to the fore certain important problems and issues, previously put aside),
- General approach of the 'international community' which (notwithstanding their good intentions) often promotes social processes out of over-simplification, superficial approaches and the desire to instrumentalize politically, to an extent, the newly created and still underdeveloped structures of civil society.
- Influence of OHR still overwhelming.
- Limited history and relatively bad image of NGOs in BiH.
- NGOs mainly funded from foreign sources, local philanthropy hardly exists or is not institutionalized.

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<sup>18</sup> Organization for Security and Cooperation in Europe

- Level of volunteerism is very low, lack of understanding and skills to organize for public benefit purposes
- Legal framework is still unsatisfactory (lack of favorable laws for business and CS groups)
- Domination of quantity over quality: the number of newly established NGOs is relatively high, but the number of those which demonstrate clarity of vision, the ability to develop a clear profile and their own capacity and programs is still considerably smaller,
- The inner structure of newly established NGOs is very unstable (not referring to the normal and desirable level of flexibility and change) - we see a lack of continuity and long term action (largely influenced by the approach demonstrated by most foreign donors),
- insufficiently familiar (and thus insufficiently interested) general public in relation to the activities of the third sector (the media - civil society relationship needs a lot of work - from 'both sides'),
- BiH - poor image in the world

*This Scheme represents the current organizational structure. The challenge will be not only how to develop a new department, but also how to make it work in team with the “practitioner” departments.*



## V. Management Areas to be Addressed and Draft Action Plan

Draft strategy and management areas to be address are drawn from the Internal and External environment of the NGODF. The proposed strategic objectives are developed from the SWOT analysis and identified findings. They will look to simultaneously address the challenge of both developing a new department and making it essential part of the overall organization (departments to support each other).

- Starting Point:

Given the many divisions within the country and variety of problems, it is critical for our policy initiative from beginning on to be viewed as a credible institution both by policy makers and general public. The failure with reaching this objective would result in serious risk for other programs. Therefore we should try to limit risk and, at the beginning stage, look at the most trendy issues in Bosnian public life.

On the other hand, however, current stability of the NGODF provides for a very solid (compared to start-up think tanks in other CEE countries) and fertile ground for initiation of such initiative. The conclusion drawn from SWOT is that the NGODF is in a very good position to engage in policy dialogue, that existing threats and weaknesses can be eliminated or reduced by strong and clear strategy.

- Draft Mission Statement of the Department:

Conduct policy research and pilot projects at a high professional standard, with the objective of contributing the results of this work to our grant-making and capacity building programs as well as to the development of public policy.<sup>19</sup>

- Management Areas<sup>20</sup>

According to the Urban Institute, managers of think tanks in CEE and Western countries often oversee the importance of a firm management in think tanks. This has caused serious damages to their credibility and work both internally (dissatisfaction of staff that lead to poor overall performance) and externally (cases when a think tank would loose major contracts due to inefficient financial management). Over time, leaders of think tanks are realizing that success of their organizations depend not just on the number of policy options and quality of analysis, but also on the management systems in place. We have learned from this lesson and will set a clear and firm management structure that promote team work and participation in decision making.

Seven important management areas to be addressed by the NGODF management:

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<sup>19</sup> This mission statement is to be revisited by our board and staff upon my return to BiH

<sup>20</sup> This Part draws heavily on *Managing Think Tanks* by *Raymond J. Struyk* (Urban Institute). Information has been adopted for the development of policy initiative at NGODF

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|   |
| <ol style="list-style-type: none"> <li>1. Motivating staff to be productive and encouraging valuable staff to remain with the organization (essential elements include staff assessment, training, and compensation);</li> <li>2. Creating strong team leaders—the key middle managers at think tanks who direct projects and have the most interaction with policymakers;</li> <li>3. Controlling the quality of the product presented to clients, particularly through a peer review process;</li> <li>4. Working successfully with the Board of Trustees or Board of Directors—getting the most from the Board in the way of advice on strategic issues without Board members becoming too involved in management questions;</li> <li>5. Communicating effectively the results of your research to policymakers and the general public; and</li> <li>6. Financial Management: Determining an overhead rate that is accurate and will withstand the scrutiny of outside auditors</li> <li>7. Developing new products and services and identifying new clients and other opportunities: Strategic planning.</li> </ol> |
|   |

## 1. Staff Motivation

NGODF will give special attention to developing condition for successful start of the new department. These preparations will include:

- Developing clear policies and procedure, including compensation, working conditions, non-monetary rewards for good work
- Due to the different nature of the policy department, current performance evaluation system for the whole organization is to be adjusted (to avoid conflicts between senior staff)
- Job descriptions for the team leaders and researchers. Titles at the NGODF: Junior, mid-level and senior researcher and project leader
- Foundation will provide computer with internet access
- Motivational structures will rely on factors internal to the position, rather than heavy dependence on external rewards. International conferences and training will be used to reward productive staff.
- Develop a training plan for staff in cooperation with ex. Accenture HRM expert and include it into the annual cost, but also use opportunities offered by donors to further develop staff (NED and Urban Institute for example)
- Foundation will look into hiring a PR specialist to support the analysts in communication strategies
- Organize annual retreats (with portion of funding coming from the F)

- Put emphasize on in-house training and seminars

Elements for staff motivation:

1. *Achievement.* Analysts will be given an opportunity to produce high quality policy research and have a demonstrable impact on the policy process. The level of resources available will be satisfactory and working conditions at the NGODF will be good.
2. *Recognition of achievement.* The NGODF will permit analysts to put out papers and publications under their own names (rather than simply the name of the institution) and will provide more opportunities for analysts to participate in meetings and discussions with policymakers. Beyond this, we can recognize specific achievements through awards of various types. This could include an allocation of work time (not to a billable project) to prepare a paper for publication in a journal or to complete a book; time and travel funds to attend a conference of particular interest; in-house ceremonies recognizing a specific achievement; or a bonus payment.
3. *Interesting work content.* The topics of research given to the analysts should be interesting, defined in part by the subject's policy relevance in the country at the time.
4. *Opportunity for growth or advancement.* Management will clearly define increases in responsibility and level of work without necessarily changing the job title—for example, by naming an analyst as the principal investigator on a project, providing a research assistant for lower-level tasks, or permitting the analyst more freedom in meeting with policymakers.
5. *Competitive salary.* Salaries offered will be competitive to other non-profit organizations in BiH. The salary grades will range between national and international rates.

## 2. Selecting a Team Leader

The Foundation is at the stage of establishing a policy initiative. As mentioned in the Weaknesses, there are no staff members that could assume the position of a team leader. Therefore, we will be looking for a team leader outside of the Foundation.

This person must be an extraordinary expert in the topic for which he or she will be hired. In addition, this person will possess skills to provide intellectual leadership to the rest of the team (as it grows). My intention is to establish a department that will be doing a cutting edge work from beginning on. However, it is uncertain if we can find and attract this kind of profile for the F.

<b>Weights Assigned to Desirable Attributes of Team Leaders<sup>21</sup></b>	
<i>Weight Assigned</i>	<i>Attribute</i>
26	<i>Substantive knowledge</i> —is extremely familiar with topic area, has years of experience, and has strong understanding of policy
20	<i>Interpersonal skills</i> —is a natural leader and mentor; will be a productive participant in management meetings
16	<i>Initiative and vision</i> —seeks out opportunities; thinks of ways to strengthen staff; is good at anticipating changes policy priorities and client needs
14	<i>Well-organized</i> —plans ahead, keeps close track of and meets commitments and deadlines
12	<i>Analytic skills</i> —has command of more sophisticated econometric and other techniques
12	<i>Growth potential</i> —is intellectually creative and flexible; appears to have strong management skills
100	Total points

In addition to this, the Team Leader should be recognized in the policy arena in BiH, speak English fluently and have excellent interpersonal skills. A special set of questions will be develop to determine the interpersonal skills of applicants.

- Standards for assessing potential will be developed
- Candidates will be asked how they would handle planning the work of the team, how they will coordinate this on the organizational level, thinking about new directions for the team’s work, or delegating responsibility to assigned staff.
- The final hiring decision will be made both on demonstrated skills and potential for growth and development.

<sup>21</sup> Adopted from Urban Institute: Managing think tanks by *Raymond J. Struyk*

### 3. Quality Control

The perceptions and strong reputation is a very important element. Therefore, quality control must be in place and peer review process seems to be the mandatory element of that control.

- There should be a written policy stating the mandatory peer-review process. This is to include procedures (to be developed)

### 4. Board Involvement

Board involvement in the US and some other European countries is described as crucial to providing strategic direction and guidance to non-profits. Basic expectations from boards in the US are<sup>22</sup>:

- 1 Determine the Organization's Mission and Purpose,
- 2 Select the Chief Executive,
- 3 Provide Proper Financial Oversight,
- 4 Ensure Adequate Resources,
- 5 Ensure Legal and Ethical Integrity and Maintain Accountability,
- 6 Ensure Effective Organizational Planning,
- 7 Recruit and Orient New Board Members and Assess Board Performance,
- 8 Enhance the Organization's Public Standing,
- 9 Determine, Monitor, and Strengthen the Organization's Programs and Services,
- 10 Support the Chief Executive and Assess His or Her Performance

In CEE and BiH, this is far away from reality. Foreign development agencies have been trying to develop Boards of NGOs for the last four or five years. Results have been very limited and board development (or governance body) continues to be an issue for BiH. As reported in the weaknesses, the NGODF continues to struggle with similar issues: how to motivate and best use expertise of board members. Our board, however, is relatively active and continues doing supporting the organization. Currently, we do not have any capacity on the board to engage in policy research and dialogue. Therefore, one of the outcomes of this Strategy will be increased board capacity to deal with this specific aspect of our work, by attracting new and informing existing members on the importance of engaging in policy dialogue. This will be address through:

1. Attracting new board members with strong background in policy analysis
2. Training current board members in policy analysis

### 5. Effective Communication

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<sup>22</sup> According to BoardSource - Ten Basic Responsibilities of Nonprofit Boards By: *Richard T. Ingram*

According to Urban Institute, effective communication of results is equally important as producing high quality research and policy analysis. The term communication is deliberately used as oppose to dissemination. Dissemination of findings represents just one aspect of effective communication.

### **Basic Steps of Effective Communication<sup>23</sup>**

1. Assess policy prominence and timelines
2. Identify institution(s) - primary targets
3. Define the communication objective for each institution.
4. Select the channels for effective communication.
5. Design the message (positive, simple and clear).
6. Decide on the communications mix (where possible, work in synergies with other programs at the NGODF.).
7. Establish the budget for communications (to be included into budget for fundraising).
8. Measure the communications results.

These same steps can be used in the process of preparing project proposals to successfully engage in fundraising. At this stage we should successfully engage the media and communication department. Production of documentaries should be considered to support policy communication.

### **6. Financial Management**

Financial management will be trained in financial management for think-tanks. Our current department will also consider an option to hire assistants to accommodate fast growing annual budgets and reporting requirements.

### **7. Strategic Planning**

Strategic planning will take place in the first quarter of 2004. The Foundation will try to bring worlds expert to facilitate the planning. The new department will be addressed on the organizational level.

The NGODF will start preparations immediately upon my return to Bosnia. The preparation phase will involve all staff and board members, some outside experts and academics. One of the objective of the strategic planning will be to increase number of programs and make them work in synergies. In addition, some income generation projects will be considered. For example, our Media department, especially our ability to produce quality documentaries could be further expand for this purpose. In addition, our growing monitoring and evaluation expertise could also be used to generate funds for our endowment.

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<sup>23</sup> *Source:* Adapted from Kotler (2000), p. 552.

- Six Months Draft Plan of Action

TASK	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL 2004
Developing compensation policy and procedure for the Think Tank (TT)		<del></del>				
Current policies and procedures to be adjusted to best fit both TT and other Departments			<del></del>			
Development of clear job descriptions for the TT staff (on going process)		<del></del>				
Development of written policy stating mandatory peer-review process for TT		<del></del>				
Developing a HRM development plan in cooperation with ex. Accenture staff		<del></del>				
Standards for assessing potential of new and existing staff will be developed			<del></del>			
Attracting new board members with PP experience	<del></del>	<del></del>				
Training for current board members in PP analysis and dialogue				<del></del>		
Hire of new director to include basic knowledge or understanding of TT	Preparation and newspaper adds	<del></del>	New director at work			
Current director of NGODF to become board chair			<del></del>			
Development of our Advisory Board, to include a number of internationals	X	X	X	X	X	X

TASK	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL 2004
Proposal writing to donors – contacts with donors and fundraising	<del> </del>	<del> </del>	<del> </del>			
Donor approval					<del> </del>	
TT project official start date						<del> </del>
Preparation of office space with PC and Internet access, telephone and office eq.					<del> </del>	
International Conferences for best staff of the TT (opportunistic)				x	x	x
Hire of Team Leader for TT, based on skills and growth potential					<del> </del>	
Orientation period for new TT staff						<del> </del>
Financial management to be trained for TT specific budgeting				<del> </del>		
Organizational strategic planning – to include planning for TT	Preparations	Preparations	Preparations	<del> </del>	Draft plan	Revising period
Participation in Urban Institute training for policy analysis (fix and opportunistic)		<del> </del>	x	x	x	x
Participation at NED training for TT managers	<del> </del>					
Hire of PR specialist (part time)?						<del> </del>

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- The Action Plan is still a draft. Some of its parts will depend on outside sources: Donor funding, Availability of training for board and staff, changes in internal structures, hire of new director.
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Recognitions:

I would like to thank the Duke University and the Terry Sanford Institute for giving me the opportunity to spend one month with them as a Fleishman Fellow in Civil Society. In such an inspiring environment and great staff, it was a pleasure to learn about public policy and work to advance our work in Civil Society in Bosnia and Herzegovina. My special thanks to Dr. Joel L. Fleishman, Dr. Bruce W. Jentleson, Milissa Markiewicz, Prof. Anirudh Krishna and my dear Fellow Colleagues.

I would also like to thank the Open Society Fund BiH, PRSP BiH, Urban Institute, European Stability Institute and USAID for making some of their reports and materials available on-line.

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October 2003