

THE ROLE OF NON-GOVERNMENTAL NON-PROFIT ORGANISATIONS IN THE PROVISION OF SOCIAL SERVICES AND THE PALLIATION OF POVERTY

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Abstract

After introductory considerations, arguments are put forward for non-governmental organisations as exclusive providers of social services. The negative characteristics of the non-governmental organization are subject of the third part of the paper. In the fourth part, the meaning of the social funds is explained (they are a kind of non-governmental organisations), and in Part 5, we explain the importance of the synergy between the government and society in the provision of social services. After the explanation of the situation in Croatia, in the Part 6 of the paper we give our final considerations. In Croatia non-governmental organizations that provide social services are slowly developing. In their further strengthening it is necessary to change the general viewpoints concerning the role and importance of the non-governmental sector in the alleviation of poverty, as well as to achieve better coordination between the state and the sector.

Key words: non-governmental organisations, poverty, social services

1. Introduction

Neither non-governmental organisations (NGOs) nor any other kind of non-state provisioning of social goods should be seen as an alternative to state provisioning of social services. Although the participatory approach¹ of NGOs can improve the quality

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¹ The participatory approach assumes active and more intense participation of citizens in decisions relating to their lives. In order to fulfil their own potentials and wishes, citizens, especially those who are vulnerable or who have special needs and difficulties must take an active part in the foundation and development of independent organisations that represent their interests (United Nations, 1997).

of the way social services are provided, in reality, and in particular in transitional and developing countries, NGOs have a lot of institutional difficulties in the way they work. Their ability to provide for the population a just and equal access to available resources depends on status quo social relationships. In addition it is essential to distinguish between demands and needs, because a demand-driven approach, usually used by NGOs, will probably take most consideration of the demands of the most vociferous groups, while it is likely to ignore the real needs of the poorest and the least vocal (Awad, 1997). If there is a real wish to help the most vulnerable and the most at-risk groups in society, it is necessary systematically and attentively to plan activities and analyse those that have been carried out in the field.

In general, there are some fairly clear indicators that neither the organised social funds nor any other demand-driven NGO activities have managed to be completely successful in providing the appropriate social services (Awad, 1997). Furthermore, seeing development as Sen (1989) sees it, as the improvement of the “well-being” of people (Sen, 1989) the view that NGOs can offer a full alternative to the state provision of services seems unacceptable. Thus, there is no doubt that the state as an institution with national scope and responsibility, has the fundamental role in ensuring that the socio-economic rights of its people are respected, most of all in poverty alleviation and the distribution of income (Fine, 1999). Experience shows that a government oriented to the construction of the infrastructure and the import incentives, as well as a social policy tending to improve health care and education has a crucial role in the alleviation of poverty and in ensuring social and economic development (Fennell, 2000/2001). An UNCTAD report of 1997 shows that with just such a policy, some of the East Asian tigers – above all Korea, Taiwan, Hong Kong and Singapore – have managed to attain remarkable growth, to reduce the income difference with the developed countries, and, in particular, to alleviate the poverty of their own populations. Per capita income in these countries as compared with the per capita incomes of the highly industrialised countries increased from 18% in 1965 to 66% in 1995 (UNCTAD, 1997:79).

However, the government should not be considered to have the sole prerogative or right to provide social services, and hence the services that are provided by NGOs should be considered complementary to the state provision of social services; a state-society synergy (Evans, 1996). In consideration of this thesis we shall endeavour to put forward views for and against NGOs as exclusive providers of social services. After the introduction, we state arguments tending to back up the role of NGOs as exclusive providers of social services. The negative aspects of the non-governmental sector will be considered in Part 3 of the paper. Part 4 will explain the importance of the social funds, while in the fifth part the synergy of state and society is addressed. After an exposition of the situation in Croatia, in Part 6 we provide our concluding considerations.

2. The argument for NGOs as exclusive providers of social services

2.1 Government failure in developed and transitional countries and the response of the World Bank

In the post-colonial period of many developing countries, the state often achieved only disappointing results in ensuring economic development and growth. Hence the neoclassical economists claimed that state provision of public good was unsuccessful, unjust and often poorly harmonised with local needs (Mackintosh, 1996). At the same time a voluminous literature concerned with government failures showed that the market had advantages over the state in many areas, particularly in the collection and procession of needed information about and the allocation of resources to the population. Hence the appearance of justified criticisms of state *top-down* decision making, which did not take enough account of local diversities and in which it is not possible to help those who are most in need. Furthermore, it was said that government activities resulted in inappropriate resource allocation because private participants endeavoured to take advantage of the opportunities occasioned them by bureaucrats interested only in their own benefit and illicit rent-seeking. Plenty of authors said that government failures led in general to unnecessary or scientifically unfounded research, investment or the development of diverse welfare programmes that, in fact, the population did not want. Chambers (1992), for example, demonstrated the failures of standard governmental development programmes of the top-down type, such as the Indian Integrated Rural Development Programme – IRDP. Instead of helping poor families and providing them with loans to incentives various business activities to help them emerge from their indigence, the local bureaucracy found it easier to carry out a standardisation of the services offered to the poor. Thus out of 26 IRDP loans given to a village in Uttar Pradesh, 12 were received by merchants to open shops, although in such a small village there was no need for so many shops. On the whole, the project mostly turned out to be ineffective and of very little assistance to the poor.

As a whole, the state is often, justifiably or not, considered an ineffective and corrupted provider of public services. Furthermore, it is claimed that because of inaccurate or incomplete feedback and the non-existence of cost-benefit analyses of the programmes implemented, the government does not understand the reality and creates a false image concerning it, and there is no very great hope in any improvement in the manner and condition of its activity (Chambers, 1992). Hence citizens should not be dependent on the state, but start to define their own development with their own work, and improve their own social and economic position (Borda, 1988, adopted from Nelson and Wright, 1995). This kind of viewpoint led to a major shift in development theories, from the paradigm of things emphasizing industrialization, big infrastructure and irrigation works, to the paradigm of people, focusing especially on the poor people (Chambers, 1992). It was held that more rapid economic development should restrict the role of the state as far as possible, and that the provision of social services should be left to the NGOs and the private sector. Provision strategies like competition and contracting should be introduced (Mackintosh, 1995) and development should be achieved

through the learning process, decentralization, democracy and diversity (Chambers, 1992). It was held that development can and must be achieved by finding methods for participants to rely on their own strengths and the development of them (a bottom-up approach), rather than depend on the top-down state provision of services (Nelson and Wright, 1995).

This new way of seeing things resulted, at the end of the 1980s, in the Structural Adjustment Programme – SAP, of the World Bank and the IMF. The introduction of the SAP into developing countries and establishments resulted in a reduction of the role of the government and its omnipresence and involving the users of services in the production of the services they needed. Furthermore, the neoclassical economists stressed the need to separate decision making about the provision of services and the actual provision of them, and that the role of the state should be oriented towards the definition of policy and immediate measures, such as the definition of the legislative framework, and the provision of only those necessary services in which the market showed no interest (Mackintosh 1995). Since the market and the NGOs were considered an alternative to a government that spent too much in conditions of distorted prices, the World Bank and the IMF advocated a reform of the public sector in developing countries. This was supposed to be implemented primarily by a reduction in government social expenditures and/or the introduction and expansion of participation in social insurance (in a broader sense, in retirement and health insurance, in education, welfare and so on), or in the greater immediate shouldering of expenses by the actual beneficiaries. Thus according to Stewart and Basu (1995:157), in Sub-Saharan African countries that took part in the SAP, in the period between 1981 and 1990, budgetary expenditures for education and health care fell in 10 out of 13 countries, with the proviso that the fall was greater in education (on average 2.9%) than in health care (0.2% on average). Reality showed that the reduction on state expenditure and on the volume of state social services provided in fact had an extremely unfavourable effect on poverty and development in general. These measures particularly hit the poor and women, who could not afford private or NGO social services if they had to pay greater participation fees. A more profound consideration and understanding of these negative side effects demand a more detailed analysis of the reasons for which NGOs were brought significantly into the provision of social services at all.

2.2 NGOs as providers of social services

The positive side of NGOs can be seen in the empowering of the population. It is believed that participation in programmes will enable them to emerge from a style of behaviour that is fairly passive (local population participation in NGO projects) to active work (NGOs take part in local population projects) (Chambers, 1995). Thus people will be able to have control over their own fates and lives; they will become more responsible and force the government to listen to its own citizens (Mackintosh, 1995). Furthermore, participation in development with the bottom-up demand-driven approach with the use of information and knowledge obtained on the ground will enable a more effective provision of services. Such projects have a greater likelihood of success and

sustainability because the immediate users decide what they want, and what part of the costs of the system they are able and willing to pay for (Chambers, 1995). Still, Chambers claims that in real life there is not a great deal of difference in the top-down and the bottom-up approach because concepts, values, procedures and behaviour such as standardisation and the creation of false images exist among professionals even in the NGOs. At the same time acceptance of the bottom-up approach is made difficult because of the need for professional promotions, the making of a career, so that climbing the hierarchy increasingly leads to the loss of an objective and well-grounded image of reality (Chambers, 1995).

Authors such as Fox (1996) see the good features of the existence of NGOs in the ability to enhance social capital². Fox thinks that NGOs are essential because they raise awareness and thus become a powerful factor encouraging efforts to found local organisations. NGOs create positive incentives towards collaboration at the local level and palliate the negative effects of the possible penalisation of such stimulus by central government. Furthermore, NGOs encourage and empower people, giving them the belief that they *can do it*. At the same time it is stated that the approach via citizen participation is considerably better than mere government provision of services, because then the manner and methods by which assistance is afforded are under constant and direct control of the users and their friends, acquaintances and family, leading to the creation and dissemination in society of the necessary knowledge and insight, all of which is much more useful than the simple reception of transfers for the poor, usually obtained from the higher levels of governmental authority (Chambers, 1995).

Through the creation of greater transparency of action and by a clearer allocation of accountability NGOs can help in overcoming or at least toning down the widespread corruption in government bodies (such as the extortion of illicit rents and bribes) (Ostrom, 1996). NGOs can also organise and provide educational programmes and measures for development and qualification for public servants and employees and in their participatory actions can serve as a model to the state in its development. The participatory approach can also be important in transferring some of the costs from the organisation to the user and in reducing the costs of providing social services. This is particularly important and in accordance with the demands for the reduction in public social expenditures that come from the World Bank and the International Monetary Fund in their programmes and policies for stabilisation and adjustment because paid staff can partially be replaced by volunteers in local projects (Mackintosh, 1996).

Although NGOs have many positive features, they still cannot be a complete substitute for the state in the provision of social services. In order to explain this, it is necessary to define the sector to which NGOs belong, whom they are responsible to, what their aims are, what their limitations are and as a result whether they can really be of assistance in the reduction of poverty and in aid programmes.

² Social capital is the totality of knowledge in society in excess of the mere aggregation of individual knowledges and the set of cultural features, dominant social values, common habits, prevailing norms and generally received ideas that create and maintain trust and collaboration within the social community.

3. Defining the activity of NGOs in reality – the arguments against NGOs as alternative to the state in the provision of social services

Uphoff (1995) says that NGOs should be understood as a sub-sector of the private sector, i.e., that they are private and non-profit-making organisations for the provision of services. In his opinion, this is primarily because users of NGO services cannot hold NGOs accountable for their actions. If, on the other hand, NGOs truly were a third sector, their clients would be able to hold them accountable and decide what the NGOs were to do. Since in reality NGOs have to be financially liquid, they do not do everything that their users would like, because they are dependent on their donors and on maintaining good relations with them, and they adjust the way they act according to the propensities and wishes of those who hold the purse strings. According to the examples of the Scandinavian countries, Uphoff (1995) showed that greater organisational democracy and clearer accountability to the society are the result of higher (or more complex and more demanding) social conditions such as education, health and security³. According to him this is Michel's *iron law of the oligarchy* which confirms that only seldom at grassroots is organisational accountability to clients really achieved? This is particularly pronounced if civil society is undeveloped or without real influence, for then the clients have almost no ability to make their demands felt. The reason for this is that the clients are on the whole poorly educated, usually belong to the lower classes of society, and cannot control grassroots organisations. The more resources and power the donors give the organisations and their leaders, the more capable they are of retaining the benefits for themselves, and caring little for the interests and well-being of the local community (Uphoff, 1995).

Then, the objectives of non-profit providers of services in reality usually differ. Mackintosh (1995) says that NGOs may stand for the creation of genuine new values (be value-driven) and endeavour to offer the best quality of service they can, but they can also tend to aspire towards augmentation of revenue (endeavouring thus to reduce costs and of course the quality of services), being thus able to spend the resources additionally obtained on certain auxiliary or ancillary activities. Thus, whether the providers of services will be more responsive to the users depends on what they most of all stand for. If their endeavour is directed towards making as high a price as possible for services provided, then they will probably neglect (or will not cover) the most poor. On the other hand, if they really stand for making the services provided as qualitative as possible, then the poorest groups in society will derive real benefit from their services. For this reason, if NGOs are allowed to be an appropriate substitute for state (public) provision of social services, without corresponding monitoring, control and legislative regulation, the well-being of citizens can well be jeopardised. Several authors say that it is very unclear who is going to discipline the government into providing the services that the population needs, but it is probably after all easier to discipline the government than NGOs.⁴

³ On the other hand, using an example of the rural population in Sri Lanka Uphoff (1995) showed that it is possible for the poorest parts of society, with appropriate assistance from outside, to create institutions that will be accountable to both the local community and donor establishments.

⁴ Chambers (1992) says that the state can be disciplined by external forces (civic associations, organisations and pressures) and by internal workings (personal determination and will of powerful individuals in power).

We have already stated that NGOs can work positively and improve the provision of social services, but this does not always have to be the result. The question has to be posed why NGOs with their participatory bottom-up approach often have not managed to reduce poverty. The gap between the theory of the positive role of NGOs and the practice derives from the neglect of the structure of power. Nelson and Wright (1995) state that power is present in multiple and heterogeneous social relations, but there is a persistent tendency to believe that in the community or in the household a consensus can be reached, or even worse, a homogeneity of interest is assumed. This does not take into account the view that the family, or the household, is a site of conflicts, and yet of collaboration, of inequality and mutual help, and that conflicts and inequality are usually determined in line with gender (Elson, 1990:175). Not all the members of a family have an equal negotiating position, and there is a considerable difference in the division of obligations and benefits between men and women. NGOs often fail to take into account this different position, the different level of benefits and unequal access to resources depending on the possession or lack of possession of power, and thus they cannot effectively help in the alleviation of poverty. Thus there is a failure to understand (or there is a neglect of) different groups (class, ethnic, and gender) that different people occupy and that those groups partially define their ability to articulate their own interests and to organise themselves so as to attain them. For this reason NGOs will probably not manage to change the existing structural inequalities, the most important factor in the creation of poverty.

If to encourage citizens to take part is a process by which they are empowered, the currently powerful (the rich, those in positions of influence or managers) are in immediate danger of losing some of their power (Chambers, 1995). Thus such an encouragement of participation will not benefit all groups in society. The problems that arise are related to power and to the question of how to increase the negotiating strength of the poor without at the same time provoking stiffened resistance of the powerful to the changes. Nelson and Wright (1995) believe that before any major and successful shift in the redistribution of power is achieved, it is essential to consider and understand current and future institutions relating to participatory approach. Hence we state the example of the social funds as indicator of the participatory approach at grassroots level and the use of NGOs as providers of public services, which, doubtless, has both positive effects and yet limitations.

4. The social funds as indicator of the participatory approach in the local community

The social funds can be defined as statutorily-defined, independent, quasi-financial mediators that direct resources and that are managed by public or private establishments or just by groups in the local community (Awad, 1997). Most of these funds are financed by donors such as the World Bank, the IMF and/or some similar source. Participatory development should assist in the enhancement of the social capital of the poor, and the available resources should be directed towards the financing of the social needs that the clients articulate. The funds should be used to finance sectoral social projects, such as

social and/or economic infrastructure, social services and the micro-financing of business activities. In this manner the social funds would be a kind of safety net with the right to accept valuable programmes and reject those that are assessed as not contributing to local development. Such projects should be financed in accordance with criteria and procedures defined in advance (Awad, 1997).

The social funds were more broadly accepted in the mid-1980s, mainly in Africa and South America, as response to increasing criticisms of the SAP of the WB and the IMF. This is connected with the fact that poverty had increased in the countries in which these programmes were implemented from the beginning of the 1980s. The increase of poverty can be confirmed by several indicators: falling school enrolment ratios, worsening nutrition and high rates of infant and maternal mortality. At the same time, many countries recorded a considerable reduction in GDP. For example, in the 1981-1989 periods, real gross national product fell by a total of 21% in Sub-Saharan Africa (Stewart and Basu, 1995:138-139).

The social funds, qua response to increased poverty, were meant to be short-term multidimensional instruments for the alleviation of poverty. Apart from that, they were meant to serve as a manner for immediate assistance to the implementation of World Bank and IMF programmes. The social funds were also deemed to be participatory and were demand-driven, so increasing the speed and cost-effectiveness in the provision of services, ensuring the participation of the immediate community, improving governance and empowering local democracy (Awad, 1997). Although it was stated that the social funds had more or less all the good features of NGOs that we have already mentioned, it is still necessary here to adduce some of the negative features of the social funds.

Tomei (1999) believes that above all the basic premises concerning the social funds are questionable. The main donors of the funds are the World Bank and the IMF, and so they have inevitably inherited all the practices and prejudices of these two institutions, ignoring power relationships, and privileging the work of NGOs and grassroots organisations and the decentralised approach. Thus the institutions of the social funds were used to show how non-economic and non-market institutions could be used to enhance the working of the market (Fine, 1999). The most important misapprehension was the belief that the social funds could completely and optimally direct the resources and services available by simply providing the opportunities and ensuring incentives. Here, power relationships were ignored as well as the fact that in many developing countries there is no market of private organisations for the delivery of social services (Tomei, 1999).

Some social funds, like the Peruvian FONCODES were successful in providing social services in areas that the state bodies could not reach (Awad, 1997). This is nevertheless an uncommon example, most of all because the target groups were defined too generally. Chambers (1995:39) states that the role of the social funds was often defined in a hurry "and rushing often means leaving out the peripheral and the poorest, being misled by the less poor" or to those who are most vociferous.

Thirdly, the social funds in reality were not proved to be very good in respect of flexibility and the satisfaction of local needs, as could have been expected from their demand-driven approach. Awad (1997) analysed more than 35 funds in Africa and

South America and showed a consistent and predominant pattern of financing construction and rehabilitation of social infrastructure. Fifty-eight per cent of all the resources of all funds invested were targeted to the infrastructure, only 16% to increasing employment, productive activities and the creation of income. For example, in the Peruvian FONCODES II 93.86% of all expenditure went on the infrastructure, and only 1.95% on employment, the stimulation of productive activities and income-creation. Awad clearly showed that such a structure of investment resulted in lower expenditures on the financing of the development of small firms, which had actually proved very successful in the creation of higher incomes and increasing the opportunities for more permanent forms of employment. Fourthly, Awad asserts that practice has also proved the generally modest effect the social funds have had on employment and improved opportunities for income-creation, although the access of clients to social services crucially depends on their income and employment. For example, one of the biggest programmes for increasing job opportunities financed by the social funds is the Egyptian SFD, through which in the 1993-1996 period 2.0% of the overall labour force was employed, much more successfully than other programmes. Other social funds are mainly similar to the Peruvian FONCODES, which in the 1991-1995 period created job opportunities for about 19,000 a year, that is, a very small part (0.2%) of the overall labour force (Awad, 1997). At the same time, it is necessary to factor in the fact that various programmes for building up the infrastructure are mainly an area for the employment of males, for certain knowledge, abilities and expertises are required, and it is mainly physically demanding jobs that are entailed. Thus there are very few opportunities for female employment in infrastructure development projects. In addition, these are jobs that are often short-lasting and poorly paid.

And then, since the local population took part in the preparation and realisation of certain projects financed by the social funds, it was expected that in this way the costs of the provision of social services would be reduced. But quite to the contrary, analysis showed that with some social funds in fact the access of the poor to social services was made more difficult (Awad, 1997). For example, in an Egyptian project for the construction of a sewage network financed by the social fund, the users were supposed themselves to bear the costs of linking up to the main and the installations in their own houses. Since most of the inhabitants of this rural area were poor, they could not pay even this amount. Accordingly it is necessary to realise that investments into sewers, education or health care do not necessarily at once improve the access of the poor to social services (Awad, 1997).

At the same time, it is often forgotten that the most vocal, the most powerful and best organised will be able to present their own projects best and to ensure they are put into practice (Tomei, 1999). Hence research has shown that existing gender biases, lack of resources and information about social funds and opportunities often result in lower participation of the poorer, the least vocal and women in defining the projects of financing. In reality this means that the financing of local demands does not necessarily mean a real solution of the most pressing problems of the poor (Awad, 1997). Thus a coherent national policy and measures for palliating social inequalities are necessary, as well

as directing more attention, time and resources to building up the capacities of civil society (Tomei, 1999). The final effect of any public sector reform directed at the build-up of the NGO network as alternative to the state in the provision of social services depends crucially on the existing prevailing political, economic and social institutions. Showing social funds as illustration of grassroots participation in local communities, and their inability to act as an alternative to the state provision of social services, we now return to our argument that state-led egalitarian and locally directed development, with civil society and NGOs acting as a *complement* to the state provision of social services - a state-society synergy is needed (Evans, 1996).

5. Synergy of state and society

Uphoff (1995) believes that in thinking about development the “both...and” approach is necessary, not the “either...or” approach. Thus one should not accept the thesis that the state should do nothing, but think more about what it can do. What should be championed is a synergy of state and society, or as it might be put, a synergy of state, NGOs and civil society. We have shown that NGOs have a positive and a negative side and that potentially they can certainly achieve a great deal, while their capacities need more detailed investigation. Furthermore, that kind of state/society synergy should be advocated that will improve the effectiveness of the delivery of social services. Evans (1996) is of the opinion that this synergy importantly depends on complementarity and embeddedness.

The complementarity of services means that the state should produce and provide services that citizens cannot, taking into account all the time local knowledge, capacities and experience. Ostrom (1996) also sees complementarity in such a way that the state makes use of the knowledge and viewpoints of the citizens, which is central in attaining high levels of well-being, for complementarity enables an increased productivity and a diminution of corruption and free-riding. Evans (1996) states that the role of the state in the determination and ensuring of the rule of law is an important additional determinant of the effective working of other institutions, and recalls that a media campaign in the Brazilian city of Ceará managed to induce acceptance of a new health protection programme.

As we stated above, Evans (1996) also believes that synergy depends on embeddedness. Using the example of Ceará, Evans takes it as proven that complementarity creates the possibilities for synergy, while embeddedness is a key component in drawing citizens into organisation and preserving their activities. Evans defines embeddedness as the everyday interrelationship of public and private and the norms and trust that are thus created. Hence it is necessary for public establishments and their officials to be embedded in the community in which they work, and for them to be able to create social capital that surmounts the differences between the public and the private sector.

Since synergy is so important for development, Evans investigates in further detail the importance of endowments versus constructability in building this synergy. He explores the importance of endowments such as the stock of social capital, properties of

government institutions and degree of inequality in the society. Evans believes that the existing level of social capital is not crucial; rather, what is essential is the role of state actors in scaling up current social capital for the sake of the development of organisations that are big enough to be able successfully and effectively to keep up with development. The second thing that Evans highlights is the importance of a robust, bureaucratic structure. Selection and promotion in accordance with knowledge, skills and results, proper rewards and consistent and exemplary penalisation of failure to respect the organisational standards is a major obstacle in the way of the origin and spread of corruption, and preconditions for economic and social development. The third important factor in successful synergy is described by Evans as the extent to which public officials share the interests of their electorate. Apart from parliamentary democracy, it is necessary for there to be mutually accepted fundamental codes of conduct and appropriate administrative infrastructure. In all of this it is important to understand and take account of the imperfect conditions that exist in developing and transitional countries, and Evans (1996) concludes that creative cultural and organisational changes can create the necessary synergy even if the social and political environment is not the very best for the attainment of synergy. The key lies in a change in the way people understand things, improvement of organisation models, and a different vision of the problems.

6. Croatia

What is the role of NGO in the alleviation of poverty and how big is cooperation between government and civil society organizations in Croatia? Because of lack of data the role of NGO in alleviation of poverty in Croatia is considered on the basis of development of civil society organisations.⁵ Various reasons prompt the foundation of civil society organizations, but the basic aim has always been the same: the provision of help to those at risk, particularly the casualties of the war. After the end of military operations, the civil society non-profit organisations redirected their work towards assisting persons at risk such as the elderly, the infirm, the sick, the disable, children, addicts (to alcohol or narcotics), persons living on the edge of human dignity and all others needing any kind of spiritual, material or professional assistance (Udruga za razvoj socijalne politike, 2000). According to the survey carried out by Ceraneo in 1997, with a sample of 548 civil society organisations, approximately one fifth deals with welfare problems.

The ways in which help is afforded differ from organisation to organisation. What is mainly involved is the organisation and provision of help and nursing at home, the foundation of clubs for the elderly, the organisation of kitchens for the poor and places for the homeless to sleep, and the collection and distribution of aid in the form of food, or the collection and distribution of monetary assistance.

Civil society in Croatia has a weak tradition. The adverse political environment and the absence of experience in free association will in the long term delimit the achievements of the development of civil society. The civil engagement of citizens in the solu-

⁵ For definition of civil society organizations in Croatia see Bežovan (2004).

tion of their own problems and those of the community is not the way most citizens habitually behave. Most citizens have the settled viewpoint that it is the Government that is responsible for solving their problems. Hence in part the passivity and apathy of a considerable section of the public. Bežovan (2004) states that civil society organisations in Croatia do not have an active membership base, particularly since their demands are not very well founded on the needs, interests and work of their members. Civil society organisations are mainly concentrated in four large cities, and there are very few such organisations in smaller settlements. Important problems are inadequate networking and collaboration. The large civil society organisations are usually not acquainted with what the smaller ones are doing, although they can quite often have the same aims. Little organisations tend to be marginalised and are only partially involved in the activities of the larger organisations.

In Croatia there is no tradition of the organisations of civil society working in concert with the private sector. The private sector cannot easily identify any interests of its own in civil society, while the organisations are not sufficiently powerful as yet to be able to make them attractive to the private sector.

In addition, no clear criteria for partnership between the state (public) and the civil sector have been laid down, and the system for allocating public resources to the various levels has for a long time been fairly untransparent. It is true that in the organisations of civil society too there is a grave problem of inadequate transparency. Few organisations let the public see their financial reports. Probably in some of the organisations not even the membership is allowed to see the financial reports. The weak influence at local levels is connected with the inadequate grounding of organisations in the local community, and with public perception that all the important decisions are anyway made by the Government. The Government is still rather shut off from the organisations of civil society, although major changes have been identified in recent periods.

In the last ten years an important advance has been made in Croatia in the formation and organisation of civil society and organisations have started systematically to coordinate and network their efforts. An increasing number of civil organisations have begun to make their reports public. Until recently, such organisations were not very positively presented in the mass media, and did not attract the media attention commensurate with their contribution and the resources they handled, and most of them had a poor public image. The situation is improving for the better, and there are increasing numbers of newspaper reports about the work of various organisations, like the article of Mira Jurković (2004) concerning the work of the Split association called Most [Bridge] and its care for the homeless.

In line with the Games of Chance Law (NN 83/02, 149/02) a new division of revenue from games of chance has been introduced, in which the NGOs have the most to gain. The Law says that 50% of different fees and profit related to games of chance should go to the NGOs, while the other half is the revenue of the national budget. Those who organise games of chance, of course, do not pay the money directly to the end users, rather the Finance Ministry, or the State Treasury, is a mediator. According to this Law, the Government in 2004. has passed an Ordinance on the distribution of revenue from

games of chance (NN, 187/04, 120/05) and the money should be allocated to NGOs pursuant to the programmes they had offered.

Nor should we ignore the importance of institutions that in various ways affect the development of civil society. Aware of the importance and role of the organisations of civil society in helping the poor and in empowering them, the World Bank, via its Croatia Office, has started a number of activities to encourage the development of these organisations. Among other things, an Internet site has been set up devoted to information about available consultations, sources of financing, possible partners and matters of the development of the organisations of civil society⁶. Particularly prominent is the Small Grants Programme – SmGP, one of the several ways in which the bank is helping NGOs and civil society organisations. Special attention is directed to the empowering of groups that have traditionally been in a subordinate position during the making of political decisions, such as women, the young, minority groups and low-income groups or those from urban regions. At the same time there is an endeavour to improve the partnership relations of the participants – of state bodies at various levels of government, NGOs, domestic and foreign donors and others. In a similar way, another WB programme named Development Marketplace encourages collaboration among NGOs by requiring proposals for the financing of programmes to be submitted in collaboration with another NGO, with development agencies, government bodies, academic and research institutes and foundations, or with private businesses.

The Office for Associations has organised its *Days of Associations* and issued a very useful CD *Guide to the Financing of the Programmes and Projects of Associations in 2002*, in which in a reader-friendly and clear manner the activities of given associations and the funds for their financing are outlined.

At the same time, the necessary legal conditions for a clear definition of civil society have been created. In session on October 16 2003, the Croatian Parliament voted in the National Foundation for the Development of Civil Society Law. The Foundation is very active, and, particularly in the social services system, particularly important being the PP-3 Programme for incentivising social entrepreneurship and development in the areas of special national concern, on the islands and the hill and mountain areas entitled From Idea to Development. The Foundation's objectives are related to the stimulation of an active citizenry, inclusion and participation in the development of the community, the build-up of the capacities of civil society, the development of inter-sector collaboration, the augmentation of public influence and visibility of the activities of civil society organisations, the development of social entrepreneurship and employment in the non-profit sector, and an increase in the influence of civil society in the processes of adopting public policies (Gabrić, 2004). An important factor in the improvement of the work of civil society organisations in Croatia could be the imminently expected Code of Positive Practice, Standards and Criteria for the approval of grants to projects and programmes from the resources of the national budget.

⁶ See URL: [<http://www.worldbank.hr/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/CROATIAEXTN-/0,,contentMDK:20137534~menuPK:308368~pagePK:141137~piPK:217854~theSitePK:301245,00.html>].

The National Foundation for the Development of Civil Society has set up its own portal, www.Civilnodrustvo.hr, the intention of which is to provide various contents and services necessary for the initiatives and organisations of civil society, donator organisations and the public and private/corporate sector in their work targeting the development of civil society in Croatia. Particularly laudable is the endeavour of the National Foundation to improve collaboration between civil initiatives and local government bodies, and for this reason prizes have been given to the mayors of 15 cities that have achieved examples of good practice in the implementation of various innovative forms of collaboration with the organisations of civil society.

From the all above mentioned it could be concluded that in Croatia civil sector is slowly developing. In its further strengthening it is necessary to change the general viewpoints concerning the role and importance of the non-governmental sector in the alleviation of poverty, as well as to achieve better coordination between the state and this sector.

Conclusion

Both from economic theory and everyday life, the frequent government failures in the provision of social services are manifest in many developing and transitional countries. For the palliation of such a state of affairs, a lot can be done by the implementation of different programmes that are aligned to the needs of the users (demand-driven), by the ability for clients to choose the programme they want, and the systematic respect for the bottom-up approach. Furthermore, it is necessary to take into account the positive and negative features of NGOs, with the non-governmental sector not being considered a substitute or alternative but a complement to the state in the provision of social services. NGOs can certainly mean potential assistance in the strengthening of the civil sector, but this is possible only after recognising embedded structures and relations and the existing power structures in society. In this manner NGOs indicate the manner in which civil society can be integrated into the process of economic and political development and thus towards a more self-sustaining path of development. For all this state and society synergy is necessary, as well as successful embodiment of the role of the state as guarantor for the respect of the social and economic rights of citizens. In Croatia empowering civil society requires a change in general viewpoints about the role and importance of NGOs in the suppression of poverty, and also a greater readiness of the government and the organisations of civil society to collaborate. A greater inclusion of members of the public in NGOs and the strengthening of them will in return have a positive effect on the democratisation and stability of the society and the easier making of political decisions, which are all preconditions for accelerated economic development and the alleviation of poverty. In rapid social changes, NGOs have an increasingly important role in many countries, and we can confidently expect that they will achieve a similar degree of significance in Croatia.

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