



**Missed chances and broken promises: “the Croatian model” of support to civil society through the European Social Fund**

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## IMPRESSUM

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## Introduction

*“...the civil society organisations in Croatia experienced financial exhaustion and administrative violence as part of the implementation of 2014-2020 Efficient Human Resources Operational Programme (OPEHR) of the European Social Fund, managed by the Ministry of Labour and Pension, brought about by factors such as non-adherence to the publishing calendar of calls for proposals, not publishing the calls, frequently suspending or cancelling the calls, introducing numerous changes to documentation, delays in responding to inquiries and requests, complex rules and procedures, inconsistency among intermediary bodies, generalisations in replies, lack of flexibility and wider perspective, and a total lack of transparency of the whole process.”*

The quote cited above is from the [analysis](#) done by Suzana Jašić for Gong in 2020 and summarises the key arguments of the main conclusion: EU funds in Croatia are used as one of the instruments of “a coup against the civil society”. Such powerful assessments always benefit from additional validation through findings of other analysis and surveys. In that respect, a recently published [independent external evaluation](#) of Croatian Government investments in the “Good Governance” field through the European Social Fund (hereinafter: ESF), provides an ideal basis for providing such validation. We will recall, the “Good Governance” is one of the four priority axes of the [Operational Programme Efficient Human Resources 2014-2020 \(OPEHR\)](#) that in the 2014-2020 period channelled the funds for investment into three specific goals: i) public administration reform, ii) judiciary reform, and iii) strengthening the role of civil society organisations and social partners by enhancing social dialogue<sup>1</sup>.

The aim of this short analytical review is to present and analyse some of the most important findings pertaining to the third specific goal<sup>2</sup> whereby the emphasis will be on the position of civil society organisations. The findings referring to the role of social partners (unions and employers) are referred to in less detail. The terms “social” and “civil” dialogue in the context of good governance will be used in the same way as the authors<sup>3</sup> of the evaluation study used them. For us, this terminology represents the mechanisms of cooperation and coordination between the civil society organisations and public authorities in the process of designing, implementing, monitoring, and evaluating/assessing relevant public policies. This interpretation is fully aligned with the internationally recognised concepts of good governance such as [this one](#). Furthermore, it is worth mentioning that although this review deals with findings of the evaluation related to civil society, the part referring to public administration and judiciary is equally interesting and informative, albeit disheartening.

### Theme 1: success indicators of investment into civil society

As stated in the introductory part, the Operational Programme Efficient Human Resources 2014-2020 (OPEHR) is a document composed by the Croatian government that channelled all the support

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<sup>1</sup> The name of each specific aim was simplified and paraphrased for easier readability and better content management.

<sup>2</sup> The full title of the specific goal is “Developing capacities of civil society organisations, primarily NGOs and social partners, and strengthening civil and social dialogues for better management”

<sup>3</sup> Heading the team of authors together with Andrzejom Dziurdzikom, the team leader, were key experts Anna Matejczuk-Rosa and Nives Miošić-Lisjak. A significant number of so called non-key experts also worked on the evaluation: Mladen Vojković, Maja Horvat, Iva Šeler-Sarajlić, Bianka Logožar, Davor Ilijašić and Mona Manojlović.

allocated to the Republic of Croatia from the European Social Fund. The ESF ([now called ESF+](#)) is the European Union's main instrument for investing in people with the aim of bringing about numerous positive outcomes, with primary focus on strengthening the competitiveness of European economies while concurrently reducing social inequalities, firstly on the level of the states and then between them. More precisely, for the specific goal of strengthening capacities of civil society organisations and social partners in the area of good governance, a little less than EUR 95.65 million was allocated.

Now, as expected, the document that provided the basis for the expenditure of such significant amounts included many implementation success indicators on various levels (which we will not further elaborate here). For the purpose of this analysis, it is of key importance to emphasize that the external evaluation determined that the Operational programme indicators were equally flawed in measuring the success of the implementation of each specific goal in the "Good Governance Axis". Therefore, even though we will here discuss the indicators that were to measure the extent to which the supports by the European Social Fund helped the civil society to contribute to the good governance, the stated can also be applied for specific goals that tried to support the public administration, i.e., the judiciary reform. To quote the evaluators:

*"...the indicators of success and results ...encompass a large number of activities foreseen for financing, but are often too generalised and subject to different interpretations and scope of the implementation in practice. They lack specific parameters for planned results and goals and have insufficiently elaborated definitions... Furthermore, the description of indicators is not sufficiently elaborated, lacks clear definitions or calculation methods, while the sources of data collection are not clearly defined. The mentioned description of indicators was not updated annually, although it is obvious there were certain adjustments in their monitoring and interpretation."*

What does this mean in practice? It is perhaps best to demonstrate this through comparison between the so called "success indicators" and "results indicators" that were used in the Operational programme in relation to civil society organisations and those proposed by the evaluators as valuable alternatives.

Success and results indicators included in the Operational programme:

*Number of (local) CSOs (civil society organisations; Gong addition) participating in activities of developing capacities relevant for their area of work*

*Number of CSO implementing successfully projects contributing to the socio-economic growth and democratic development*

Example of indicators evaluators assessed as adequate, considering the content of planned activities, and which have not been included in the Operational Programme:

- *Number of national policies in whose preparation and/or decision-making process the supported CSOs participated*
- *Number of submissions by supported CSOs based on findings.*
- *Number of supported CSOs included in the monitoring of private/public decision-making process*

- *Number of supported CSOs with regular information sharing activity on their activities and results.*
- *Number of supported CSOs members of networks and/or platforms.*
- *Number of supported CSOs with different sources of funding.*
- *Number of supported CSOs with transparent, good organisational management and governance.*

We believe it is clear from the examples that the other group of indicators is incomparably more detailed, clearer, and most importantly more adequate for the specific aim that was primarily focused on strengthening civil society in the process of designing, implementing and monitoring public policies. Even though the evaluation gives a detailed elaboration on the issues of “achievement”, i.e., the relation between planned and achieved values of the above-mentioned original indicators, from the analytical point of view, the discussion is somewhat pointless (but the evaluators had to include it as it presented a part of their task). **The point is:** although we might be wrong to claim, based on these indicators, that we do not have a clue about what exactly was achieved through ESF funding focused on civil society, we can certainly say that we know very, very little.

## **Theme 2: what exactly was funded?**

The second key finding we would like to highlight here relates to the so-called “character” of supports funded within this specific aim. Simply put, **the supports were not, as a rule, directed at solving issues on the system or institutional level, but were foremost directed at working with specific target groups, that is, beneficiaries.**

*“...there was (is) a lack of focus on strengthening capacities of CSOs for better contribution to good governance in the part of increasing transparency, fight against corruption, CSOs participation in the design of public policies, providing legal aid to citizens, and their role in the design and implementation of civic education. On the contrary, one part of the published calls was directed at strengthening CSOs capacities primarily for working just with their target groups.”*

It is worth mentioning that the supports directed at working with target groups were not necessarily badly designed or implemented. For example, the findings of the evaluation for the open call “Strengthening of capacities of organisations of civil society to contribute to efficient re-socialisation and reintegration of offenders into the community” determined fundings of quality projects that indeed helped the target group beneficiaries. However, already further we can read the following findings:

*“The beneficiaries were not satisfied with their cooperation with the Ministry of Justice and Public Administration (MJPA) which they described as “non-partnership”. Even though MJPA was not a partner or an Implementation Body in this call, it was included in the design of the call framework together with UZUVRH (the Croatian Government Office for Cooperation with NGOs) due to the fact that the Ministry’s Directorate for Prison System and Probations is directly involved with the target group of this call. However, in this case, according to the focus-groups statements, the Ministry showed no interest whatsoever except at the beginning where they showed initiative by calling all the*

*beneficiaries for a joint meeting. Any further initiative by the Ministry after that simply did not happen and the beneficiaries did not get the opportunity to become valuable partners in the design and implementation of relevant policies.*

Thus, despite the valid engagement of the organisations on the field there was no key contribution in the context of good governance, and that is **building partnerships between civil society organisations and responsible government institutions on the system level**, i.e., on the level of the design, implementation, and monitoring of referent public policies. The organisations were therefore treated mostly as **providers of social service**. Even if this does not necessarily pose an issue, the fact remains that this and similar calls had no place being published within the “good governance” priority axis. Such projects could have easily been financed within the second priority axis of “social inclusion” where organisations were (among other things) recognised as one of implementers of social services and were not expected to take on a role of serious contributors in the design and monitoring of relevant social policy<sup>4</sup>.

### **Theme 3: why some calls for proposals were never published?**

So, what then happened to the calls aimed at contributing to system level change, i.e., level of public policies change? Simply put, **they were either not published or were published so late that the implementation in real-time was not possible anymore**. Furthermore, the whole process was marked by a complete lack of transparency. This is best described in the analysis of Monthly plans<sup>5</sup> for preparation and publication of Calls for proposals, internal documents of bodies in the Management and Control System (hereinafter: MCS bodies)<sup>6</sup> of the OP. The examples below illustrate this point<sup>7</sup>.

The operation summary, a preliminary step in the preparation of the call for proposals “Strengthening CSOs contribution in the implementation of civic education programme – Phase I” was done in **January 2016** by the Croatian Government Office for Cooperation with NGOs (hereinafter UZUVRH, after the original Croatian title). The operation summary was then promptly forwarded to the then Ministry of Labour and Pension System (hereinafter MLPS) and Ministry of

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<sup>4</sup> It is worth noting there are more positive examples in the context of strengthening institutional cooperation between civil society organisations and institutions. These are projects financed within the open call “Culture in focus – supporting public-civil partnership development in culture”. Project beneficiaries remarked how the cooperation on the projects prompted local authorities to take the CSOs more serious. This shows that supports can be designed in a way to both strengthen CSOs’ capacities for working with beneficiaries, and to provide a framework for quality cooperation with public authorities.

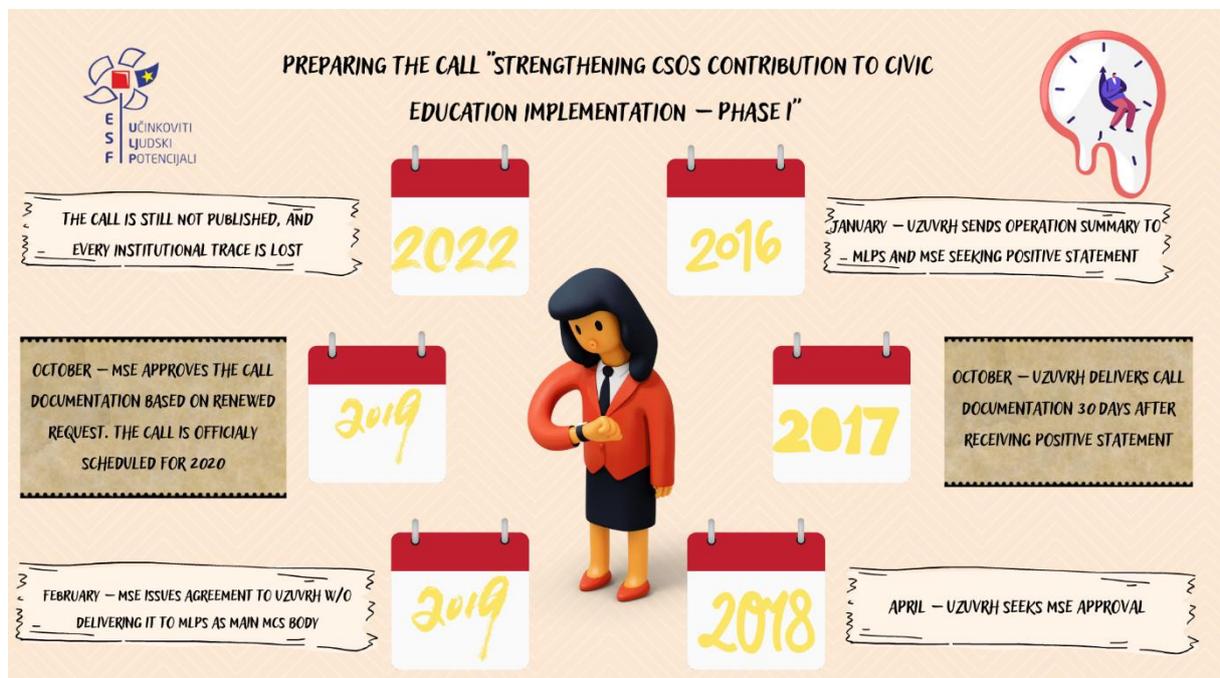
<sup>5</sup> There are also Annual Plans for publishing calls for proposals that were public and were regularly updated (available [here](#)) but that proved to be more or less useless in practice, if not harmful from the perspective of potential applicants. The schedule in the documents was seriously deviated from with calls that were either published extremely late or, as was the case with many other calls, were never published.

<sup>6</sup> The composition of the MCS bodies was defined by a separate [Regulation](#), and in the context of this review the most significant bodies are: Ministry of Regional Development and EU Funds, Ministry of Labour, Pension System, Families and Social Policy (before Ministry of Labour and Pension System), Governmental Office for Cooperation with NGOs, and National Foundation for Civil Society Development. The Regulation details the management and control responsibilities summarised [here](#).

<sup>7</sup> Public calls were to aim at the development of participative budgets, monitoring of public procurement and preventing corruption and conflict of interest. We will not go into further details of these calls here, as this is a topic of a separate analytical review. Suffice to mention that these aims were covered by the call that was published, but whose results were never made public.

Science and Education (hereinafter MSE) whose positive reaction was needed to initiate the second phase. This, however, came 20 months later (!) in **October 2017**. Immediately in November 2017, UZUVRH delivered the call documentation, and in **April 2018** the approval from MSE was officially requested. The MSE issued the approval in **February 2019**, but did not deliver it to MLPS as the main (Authority) Body of MCS. The MSE then (again?) approved the documentation based on a renewed request for approval from **October 2019**, and in **November** the call was officially scheduled to be published the following year. And, what happened then? Nothing much, except that the MSE proposed an of in the planned allocation in **March 2020**. After that, every institutional trace of the call is lost, and the call never got published. The reasons of the call cancellation were never publicly given, despite the numerous reactions and questions put forward by the interested organisations.

*Illustration: the call “Strengthening CSOs contribution to Civic Education implementation – Phase I” in the wasteland of Croatian institutional reality*



The call “Support for partner innovative projects for civil, public, and business sectors for re-use of open, public data and development of ICT/mobile applications for better quality participation of citizens in local decision-making process – Phase I” suffered a similar fate. UZUVRH delivered operation summary to MLPS in **February 2016** that was tentatively approved in April 2017. However, the amended version was delivered only in **November 2018**. Prior to that (and contrary to the standard procedure) the documentation was delivered in **November 2017**. Here we can find some trace of the institutional response on why the call was not published: in monthly plans covering the **June 2017 to March 2018** period, the formal reason for the delay was the lack of capacities in the National Foundation for Civil Society Development that was responsible for administering the call. But, it seems that finally the fate of the call was sealed by the subsequent silence of the Central State Office for the Development of Digital Society that never replied to numerous calls and reminders (the last one from **October 2019**) and never delivered their statement on this call for proposals that was subsequently never published.

The third interesting example is the call “Thematic networks for social-economic development and promoting social dialogue in the context of labour conditions improvement” which **never appeared** in any of the internal documents of MCS **until its publication in May 2018**. But the real story here hides the timeline of project applications evaluation. From the time of the project application submission to contract signing, the applicants waited, in average, an impressive **717 days**.

Considering how the evaluation did not include a thorough reconstruction of the causes of such difficulties (i.e., such evaluation questions were not foreseen), the authors were very cautious when stating the related conclusions. Nevertheless, we believe things are quite straightforward when taking into account the above stated findings of monthly plans as well as other relevant evaluation findings. Part of the problem can surely be attributed to **weakened capacities when administrating such complex calls and mishandling** that every member state experiences when using the European Structural and Investment funds for the first time. But not even that can justify the fact that certain calls were never published even though they were deep in preparation phase beginning of 2016. Especially considering how the operation summary includes most of the key content of the public call. At the same time, and without any announcement, the call for Thematic networks for social development simply “swooped in”, obviously following a different set of rules as it skipped all foreseen procedural steps and was immediately published, but then (and maybe precisely because of that?) the grant award procedure lasted approximately two years.

The last piece of the puzzle is in the following recommendation of the external evaluation:

*E.g., what should be taken into account at the beginning of the OP implementation, is that in the following election years (already in 2024) there will possibly be significant changes and therefore try to, in the years preceding the election ones, i.e., before the possible changes are introduced, announce a slightly larger number of calls to anticipate possible longer delays with unfavourable impact to the dynamic of publishing the calls and, subsequently, the use of funds and contribution to target values of indicators.*

This recommendation essentially contains an implicit admission that the implementation of projects within the entire Operational Programme, and (as we can only presume) especially those projects related to the topics of “good governance”, is **subject to a completely arbitrary political influence**. Because, if the implementation of the Operational Programme was in the administrative context primarily in the hands of competent public officials, why should then the election period be a relevant parameter for the planning of the implementation? The answer is obvious if one is to consider all the findings presented in this review: politically elected and appointed officials in Croatia maintain significant level of control over determining when, in what form and with what amounts are individual supports planned within the ESF published, and then allocated. It is clear they have the power to postpone and, if necessary, prevent the publication of the call that was planned well ahead and clearly based on the Operational Programme guidelines. It is also not unusual that political interventions are used to publish calls that either “cut the queue” or “circumvent the procedure” and most probably did not go through the appropriate planning procedure or quality assurance. It should be also be mentioned that the evaluation procedure did not determine any obvious examples of political meddling in the valuation process of project applications, whether through favouritism or attempts to damage others in the process. This is probably worth mentioning in the context of the

recent situation pertaining to grants allocation to economic subjects, popularly dubbed as “[the family affair](#)” .

#### Theme 4: implementation

And finally, the last group of key findings we would like to single out within this analytical review concerns the implementation. At the risk of over simplifying, we believe we can rightly state how the [analysis of administrative burden of civil society organisations that used the EU funds \(ESF in particular\) conducted by Gong](#), identified almost exactly the same issues as did the external evaluation. We thus encourage the readers to read through this short publication, and we will here simply highlight some of the key issues the external evaluation and Gong analysis overlap in: i) the problematic notion of so called “temporary open calls” (publicly dubbed “the fastest finger”) that reduce the hard work involved in the preparation and selection of challenging project applications to something reminiscent of [Hunger Games](#); ii) the lack of meaningful appeal procedure; iii) irregular application of GDPR that risks the exposure of private information of project applicants, especially the most vulnerable groups; iv) unfounded and inconsistent insisting on applying Public Procurement Act, even though civil society organisations are not subjects to PPA; v) scandalous delays in approving requests for reimbursements (and therefore planned payments); vi) pronounced impracticality of *online* reporting system of the National Foundation for the Civil Society Development resulting in an irrational workload invested into implementation progress reporting.

#### Consequences

It is clear that the described deficiencies in the implementation present just a small part of findings of the all-encompassing evaluation study of almost 440-pages inclusive of annexes. Nevertheless, it needs to be emphasized again that **the evaluation also contains some positive results** related to project implementation by civil society organisations. For example, as previously stated, certain public calls have indeed strengthened capacities of civil society organisations for working with relevant target groups, such as criminal offenders. Furthermore, introducing [simplified cost options](#) that started being applied more extensively in last calls published within the “Good governance” axis represent a significant step forward in the meaningful simplification of procedures in project preparation, implementation, and reporting. Unfortunately, it appears that such steps in the implementation were far too little, and as was the case with simplified cost options, were introduced too late in the implementation process to reverse the balance which is predominantly negative.

**Negative to what extent**, the readers might ask? Negative enough for both of contractual sides (the Croatian Government bodies and European Commission) to agree that the priority axis “Good Governance” **was not successful and that parts of the unused funds should be reallocated to projects in the three remaining priority axis**: i) high employability and mobility of the workforce, ii) social inclusion, and iii) education and lifelong learning (European Commission [Implementing Decision](#)). This refers to quite a significant amount of EUR 12.15 million of the so called “success reserve” that was to be activated in case of a successful realisation of certain contractual indicators in the previously defined time frame, payments and funds justification that are counted in as a part of the total amount foreseen for individual priority axis. Therefore, stating that the implementation of this priority axis was a failure is not some capricious evaluation, but an official admission by the stakeholders most responsible for the implementation of this Operational plan.

Furthermore, it should be noted that this “success” did not happen only because of poor implementation of the specific aim of inclusion of civil society in good governance process, but also because of those aims pertaining to public administration and judiciary reform. It does appear however that for these sectors that constitutes a far less of a problem than for civil society. The external evaluation therefore concluded that a good share of projects relating to public administration and judiciary reform that failed to be implemented within the Operational Programme of 2014 – 2020 period, were **simply reallocated to [National Plan of Recovery and Resilience](#)**, an intervention instrument of financing that was adopted on the level of the European Union as a response to the Covid-19 pandemic repercussions. The irony is that from the ashes of failure of implementation of reforms in public administration and judiciary, a positive outcome emerged: neither them nor the MCS bodies had to put in a huge effort in the challenging programming process for the new financial perspective as they just did not implement a large enough number of key projects, which left them with a sort of ready-made situation. “If you want to win, you must not lose”, said the authors of the Alan Ford comics. With Croatian public administration this might not resound in its full sense, but the phrase “The house always wins” surely does.

It is therefore only reasonable to presume that, if someone wins, someone surely must lose? Besides the obvious answer that the biggest losers of this deficient implementation are the **Croatian citizens, the civil society can most definitely be counted as losers too**. In the new financial perspective, the “good governance” will no longer be financed through the ESF. This was not the decision made on the national level, but on the level of the European Union. This is why the authorities in Croatia cannot be held responsible for this situation, but they can surely be held responsible for everything preceding it, such as numerous missed chances and broken promises as detailed in the external evaluation.

It is difficult to give precise account of the structural consequences of such faulty implementation. As already said, the Operational Programme indicators do not provide information on the impact of supports on civil society. This is why the USAID [Civil Society Organization Sustainability Index \(CSOSI\)](#) is very indicative in showing Croatia’s regress in that aspect. According to the last available data collected in 2020, in relation to 2014, Croatia has a cumulative lower grade of civil society sustainability: 3.4 against 3.2 whereby the lower result in the index points to a more favourable situation. The worst deterioration since 2014, underlined also by the authors of the study, Croatia records in categories such as “organisational capacities” and “financial sustainability”. Such findings predominantly overlap with the Gong conclusions based on the extensive programme cooperation with the wide range of CSO services: the conditions are far worse than they were before the beginning of the implementation of the current Operational Programme, **especially the capacities of organisations for participating in the good governance process as reviewed here**. Furthermore, it seems that it was precisely such faulty programme implementation that played a key role in weakening these capacities. Many organisations structured their plans in line with the announced calls which were never published. Those “lucky few” that managed to secure the ESF support had to/have to allocate a disproportionate part of their resources to fulfilling often unreasonable administrative requests in the implementation. This in turn led to “burnouts” and departures of many high-quality professionals that were almost impossible to replace further on.

Therefore, the findings of the external evaluation in their entirety point to a **“Croatian model” of support to civil society through the ESF that in the previous period proved to be an example of “bad practice”**. More precisely, the state largely managed to do the opposite of what was needed for the ESF funds to properly support the development of an active, influential, and critical civil society in Croatia (even if the obstruction was not intentional).

### **Instead of the conclusion: how to proceed?**

The external evaluation that was partly presented in this analytical review does not contain only findings. It also gives recommendations, namely 47 recommendations that closely relate to the findings. The first step in dismantling the above-described failed model is to **provoke a reaction from those in power the recommendations are directed at**. Contrary to the general misconception, the authorities are not obliged to adopt all, and not even a majority of recommendations to be able to state that they used the evaluation findings in line with the principles of good governance. However, they do need to offer some type of public announcement in which they clearly state: i) which recommendations will be adopted; ii) what is the timeframe for their implementation; iii) which recommendations they will not adopt and why, and iv) are they offering an alternative to given recommendations in order to find solutions to the problems identified in the analysis. Such type of content puts any further deliberation in the framework of constructive activity, expertise, and political responsibility. Even if this does not guarantee positive change, it certainly creates a precondition for it.

The alleviating fact for the government in this case is most certainly the fact that despite the lack of support in the last few years, there is still a critical mass of organisations that are willing to contribute with their cooperation to the development of public policies. This is substantiated by the [letter](#) co-signed by 41 organisation and sent to responsible officials on New Year’s Eve 2021. The letter contains simple, reasonable, and from the viewpoint of evaluation findings, logical demands: i) enabling organisations to participate in the new programme period by applying for projects under the same conditions as other applicants (not just as partners); ii) ensuring at least the same amount for supports for civil society as the ones foreseen by the former/still ongoing Operational Programme; iii) ensuring appropriate administrative capacities for implementation and improvement of existing rules and procedures, and iv) publishing calls in line with the publishing schedule.

These demands are crucial, but unfortunately even their fulfilment **will not bring about the solution to the substantial content-related problem**, and that is that due to the structure of the new Operational Programme, the calls for proposals directed at, for instance, anti-corruption measures, introduction of civic education, developing participative budgets, and setting up community centres, will simply disappear. This again calls for an action on behalf of the responsible authorities who should follow up on the findings of the external evaluation and announce whether they are factoring in the cost of “missed opportunities” of last five to seven years and consequently earmark more significant allocations from the budget and proceeds from games of chance for such granting schemes. It is of key importance here to receive a sincere, albeit a negative answer because this will then give a clear picture of the official government policy that would enable the civil society, and finally the citizens, to plan their activities accordingly.