



**The QED Group, LLC**

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**Croatia Refugee Return and Regional Development Project**

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**Assessment of Phase I**

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**FINAL REPORT**

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## **I. Introduction**

This document provides an assessment of the effectiveness and impact of the Croatia Refugee Return and Regional Development Project (Phase I) supported by the World Bank Post Conflict Facility and implemented by Catholic Relief Services (CRS). The evaluation of Phase I of the project was conducted between June 9-20, 2003.

Begun in 2001, this pilot project is testing an approach to help economically revitalize communities and reduce social tensions in two areas of Special State Concern in the Dalmatian region of Croatia, specifically, Sibensko-kninska County and Zadar County through grants and technical assistance for agricultural cooperatives and social service associations (non-governmental organizations). Although Phase II of the project has already begun, the lessons from the evaluation of Phase I activities can still be used to help strengthen the effectiveness of the project in Phase II. The final lessons from the completed project will be used to help inform a larger scale Social and Economic Integration Project scheduled to be managed and implemented by the State Office for Social Reconstruction. The evaluator, hired from The QED Group, LLC, was charged with providing responses to the following questions:

- *How useful were the grants in terms of their helpfulness in achieving desired outcomes specified by the grantee? Do grantees represent ethnically diverse members of the locale's population?*
- *To what extent is there an increased local capacity for self-management of economic undertakings by promoting and supporting producers' capacities for activities that will contribute to the economic revitalization of the communities in the target areas? What evidence is there that this capacity is sustainable?*
- *Have grantees activities resulted in increased income opportunities for the communities? In particular, are these opportunities also available to social groups that have previously been excluded and denied access to jobs, loans, etc.?*
- *To what extent has support provided to social service providers in the target areas, enabled them to respond in a meaningful way to the "gaps" that exist in the social safety net and to improve access to such services by vulnerable groups, particularly returnees and settlers and those groups previously excluded?*
- *To what extent have project interventions assisted in the establishment of series of social and economic linkages between members of different ethnic communities? Do any exist? What evidence is there that these are sustainable?*

- *To what extent have the increased economic activity, improved social service provision, and establishment of linkages between members of different ethnic communities contributed to reduced social tension?*
- *How financially sustainable are the activities that have been established through grantee programs? What are some recommendations to increase the financial sustainability of both income generating programs and social programs? How compatible are the goals of social cohesion with economic efficiency and financial sustainability?*
- *What lessons can we draw from this experience to date that can be useful to the larger social and economic reintegration project?*

Section II of this report provides a brief review of the evaluation methodology employed to assess Phase I of the project. Section III provides responses to each of the evaluation questions listed above, with examples and details from each of the grantees. The Annexes provide summary tables assessing grantee Cooperatives and Associations, population data from the municipalities where the pilot project operates, and a list of people and their affiliated organizations that were interviewed for the purpose of this assessment of Phase I.

## **II. Methodology Employed**

The primary methodology employed for this evaluation was the use of semi-structured interviews with all cooperative managers and NGO Presidents that received grants in Phase I. The interview guide is found in Annex 2. Interviews with grantees were supplemented with additional interviews with community advocacy groups representing the interests of Bosnian Croat settlers and Serbian Croat returnees, and with municipal and county officials. I also interviewed CRS project staff in Knin that is responsible for managing and implementing the WB/CRS project. A list of the individuals that were interviewed during this evaluation can be found in Annex 1.

To analyze the information gathered from the interviews, contextual factors that affect grantee performance were also taken into account such as the modern history of Croatia, current policies affecting agriculture, cooperatives and NGOs, employment opportunities in each municipality, the economic and social conditions pertaining in the two counties at the time the grant program was begun, and a current estimate of the ethnic composition in each of the municipalities where the grantees are located (see Annex 3). I also drew information from monthly and quarterly project reports and previous contractor assessments conducted in July 2002 and February 2003. Based on the collection and analysis of these diverse information sources, I identified key factors related to the viability of the grantee cooperatives and grantee associations, and undertook a comparative analysis of Phase I grantees in order to predict their future sustainability and viability (see Annexes 4 and 5).

### III. Evaluation Question Responses

*Question 1: How useful were the grants in terms of their helpfulness in achieving desired outcomes specified by the grantee?*

#### Cooperatives

The grants provided to the cooperatives have not yet resulted in the outcomes specified by the grantees in their respective business plans. Most of the cooperatives have been established and in business for one year at the time of this assessment. This does not mean that they will not achieve their goals. The livestock, equipment and machinery received by each cooperative have been deeply appreciated and certainly will not go to waste. Several circumstances should be cited that have had important effects on the cooperatives' ability to meet operational and commercial sales goals to date:

- Insufficient electricity in the Dalmatian region of Croatia, lack of electrical hookups required for machinery (coolers, processors, packaging equipment). This situation is exacerbated by the monopoly held by HEP, the Croatian state-run electric company.
- Lack of strong economic linkages between the Dalmatian coast and the interior, and hence, there are no established markets for cooperative agricultural products.
- Competition from agricultural imports from European countries.
- Lack of experience in large scale production for commercial sale and in private sector member-run cooperative management.
- Weather factors, specifically drought, which affects the quality of pasturage and productivity of crops.

That being said, there is sufficient reason to believe that five of the seven cooperatives will be able to use the resources they received from their CRS/WB grants productively, and to meet their goals within a six to eight month time period. Most of the electrical issues have finally been resolved, and the County and Municipal Branch Offices are trying to facilitate market development between the interior and the coast. There is some hope for the future.

**Vrlicka Jabuka Fruit Cooperative in Vrlika, Knin County** experienced initial delays in arranging an electrical hook-up suitable for running the fruit cooler. Much of last summer/fall's apple crop was ruined due to hail storms, and the remaining undamaged fruit was not sizeable enough to warrant the use of their cooler. Their goal of storing apple crops during the main harvest and then selling these apples on the market out of season at a higher price remains feasible. Their goal remains dependent upon harvesting a good quality crop of apples and securing a market for sale. Expansion, however, depends upon arranging for a full time cooperative manager who lives in the region (the current manager works in Split and does not have sufficient time to devote to management duties), and access to additional land to plant more fruit trees. The cooperative was able to make their first social payment.

**Dalmatinski Med Coop in Knin** has the goal of processing and packaging their honey for sale. At the time of the evaluation, the coop members were waiting for the company that sold them the processing and packaging equipment to set up and test the equipment for them. Once this happens, members plan on submitting their honey samples to a qualified laboratory for quality testing and certification. The Ministry of Agriculture must also certify the cleanliness of their operations. The cooperative manager plans to purchase labels from another CRS/WB cooperative grantee member that he met during the workshop for Phase I and Phase II cooperatives sponsored by CRS in May 2003. The cooperative has letters of understanding from potential buyers. In the meantime, members are selling their unprocessed honey as individuals to a honey buyer in the area who visits farms, but the prices received from this buyer are low. The cooperative has not yet made their first social payment, but should be able to do so within six months.

**Potklenje Coop in Kistanje Municipality** is a dairy cooperative producing milk and lambs for sale through the cooperative. The cooperative manager discussed detailed plans for switching those members who produce lambs for the market over to milk production, and also, for changing the focus of the cooperative from the sale of milk to the processing of milk to produce cheese. The cooperative will start their experiment with the production of cheese, which is more profitable, this summer. The cooperative was able to make their first social payment.

**Lisane Cooperative in Lisane Ostrovicke** produces vegetables for sale. Last year members sold their vegetables as individuals rather than through the cooperative because the prices for produce were so low and the quantity they had to sell was low. Members found that there was no market for some of their produce items on the coast given that fact that coastal markets were “flooded” with imported produce from Europe. There was very little profit. This year they plan to gather all of the produce from each member and store it in the facility they have that houses their tractor. They are working on establishing contacts and a contract with a supermarket chain in order to realize better profits. Some of the members are going to begin experimenting with organic production methods as there is a strong market for organically produced vegetables and fruit, and more profit can be made. While the drought this year may affect the quality and quantity of their produce, overall, the cooperative has full support from the municipality and has promise of doing better in future years. The cooperative was able to make their first social payment.

**Raseljka Cooperative, Benkovac Municipality** wishes to produce fortified animal feed. This cooperative also experienced delays in obtaining an electricity hook-up. The final electricity connection will occur once construction of a transformer station required for running their plant is completed this summer. In the meantime, some members produce lamb for sale, some produce and sell olives. Most members produce milk which is sold through the cooperative to a local dairy. The cooperative owns a number of milk coolers which they rent to this dairy. Eventually, the cooperative manager wants the coop to operate their own dairy, begin cheese production, as well as grow and sell their own feed. There is a good market for quality feed among the region’s sheep and goat producers. The manager is willing to jumpstart the production of feed by purchasing grains on the

local market, or from Slavonija. Production will likely start within a six month period. The cooperative is scheduled to make its first social payment this year.

Some of the cooperatives, particularly Otkos Cooperative in Obrovac Municipality, and Cucevo Cooperative in Kistanje Municipality, are hindered by their own membership who, in several instances:

- Lack understanding of membership responsibilities in a non-state run cooperative
- Lack understanding of modern production methods that can enhance productivity
- Lack knowledge and experience to change production focus from meat to milk and/or cheese among goat and sheep farmers
- Continue to sell on the black market as individuals, and are distrustful of commercial contracts

Accordingly, these two cooperatives are much less likely to be able to meet their stated goals in 2003.

### **Associations**

With the exception of Zeus, all the grantee Associations are realizing their goals and have plans for expansion of services. The materials provided, ranging from computers to library books to tables and chairs and office equipment, combined with space for their operations being provided by municipalities, has contributed to successful outcomes to date and a hopeful outlook for the future. The evidence of this success is shown by the numbers of beneficiaries that are served and enjoying the services of the associations and the involvement of the municipalities. There is an evident appreciation shown for the services being provided and an effort by the community to ensure that these associations grow and become fully sustainable.

**The Parent's Club, Knin**, serves Knin Municipality. Their membership has grown since they were established in 1998. They have more teachers and professionals interested in becoming members and providing services, and the demand for their services is now higher than their capacity to deliver due to their excellent reputation in the community. The Club provides day care for children, provides psychosocial counseling for parents and children, and they work with children who have developmental problems. Their current goal is to obtain funding for one or two paid positions, and for the provision of fees to skilled professionals that would be willing to offer specialized services for parents and children. The Club enjoys a good relationship with the schools and school principals, who often recommend candidates for counseling.

**Sveti Bartolomej, Knin**, also serves Knin Municipality. Established in 1999, this association provide services and skills development to handicapped children in the community. They also deliver services to a number of elderly, immobilized clients in the municipality. The quality of the services they deliver are recognized and appreciated by the municipality. Their current plans include moving to a larger facility and opening a Center for Rehabilitation which would be open for services to non-members as well.

**Branimir Association, Benkovac**, serves Benkovac Municipality. The Association provides skills development in computer use, training in music and drama for primary school and high school children, and also works with the municipality to sponsor and organize festivals and other cultural events. Reportedly, fifty to sixty children visit the Association's premises every day. The Association enjoys a beneficial relationship with the Office for Culture and Social Activities, and the municipality pays the salary for the NGO manager.

**Napredak Association, Gracac**, serves Gracac Municipality in Zadar County. The Association runs an operational library for children and adults, and additionally has a newly refurbished hall in a close by location which includes musical instruments, chess sets, and a discotheque. Citizens of the municipality rent the hall out for weddings and other celebrations. Computer classes are also offered to children at the library. The paid librarian would like to organize evening sessions for book and poetry reading for adults, and to obtain funds to pay for subscriptions to daily and weekly newspapers which should bring in more adult membership.

**Mladez Promine, Oklaj**, serves Oklaj Municipality. The Association contains a library, a TV and VCR for showing films (there is no cinema in the region), and computers. High school children are provided access to the computers and photocopying machine for production of their required graduation thesis. The NGO manager (who is also a City Council member) wants to give people a reason to stay in Oklaj and he would like to be able to open the center more often. Currently, it has very limited hours of operation because the manager runs a commercial vineyard. However, the town is negotiating with a local factory on a contract which would provide salary for a librarian. Once a librarian is hired, the center will then be open five days a week. This municipality expects to open a home for the elderly in one of the reconstructed buildings. The manager would like to expand their premises at that point, and provide services to the elderly.

**Association Zeus, Knin**. This NGO has gotten off to a slow start due to a variety of complicated circumstances, and therefore, unlike the other Phase I Associations, Zeus has not yet met its goals. The Association originally wanted to open a center in Drnis, which is the home town of the women who formed Zeus. There are no organized activities for children in the municipality of Drnis. However, the Mayor refused to provide them with premises (which is a condition for receiving the CRS/WB grant) given the fact that Associations must be open to provide services for all ethnic groups. The Mayor does not want any Serbians to be served. Accordingly, Zeus set up in Knin where the mayor of this municipality provided them with premises in the old fortress. These premises were flooded, and so Zeus set up their activities in the premises of Sveti Bartholmej. They teach special needs children painting and sculpture on Saturdays. Recently, the Mayor of Drnis has signed an agreement that allowed USAID to begin a civil society initiative. Accordingly, the founders of Zeus are going to try to negotiate with the Mayor to move to premises in the city that they have already identified. If they are successful, Zeus will also offer computer lessons, and lessons in photography and film making. This Association bears watching. Zeus may be able to reach its goals by early 2004.

***Question 2: Do grantees represent ethnically diverse members of the locale's population?***

The grantees do reflect the ethnic composition of their immediate localities, although I lack a complete set of population data per ethnic group in each of the municipalities. Membership appears to reflect the proportionate ethnic make-up prevalent in each municipality where the grantee is located. Annex 3 provides tables with the ethnic breakdown for the majority of the municipalities where CRS has provided grants during Phase I. At the time of this assessment, the ethnic membership composition was as follows:

**Cooperatives**

**Vrlicka Jakuba Fruit Cooperative, Vrlika:** 37% Serbian Croat and 63% Croat

**Otkos Cooperative, Obrovac:** 10% Serbian Croat, and 90% Croat

**Dalmatinski Med Cooperative, Knin:** exact figures are lacking, but the membership is comprised of Serbian Croats, Croats (both domiciled and Bosnian settlers) and one Slovenian

**Cucevo Cooperative, Kistanje:** 87% Serbian Croat and 13% Croat settlers from other parts of Croatia

**Potklenje Cooperative, Kistanje:** 87% Serbian Croat and 13% Janjevo Croat from Kosovo

**Raseljka Cooperative, Benkovac:** 15% Serbian Croats, 75% Croats (unclear what the mix is between domiciled Croats and Bosnian Croats), and 10% "other"

**Lisane Cooperative, Lisane Ostrovice:** 11% Serbian Croat and 89% domiciled Croat (unclear what the mix is between domiciled Croats and Bosnian Croats)

**Associations**

**Sveti Bartolomej, Knin:** 30% Serb, 5% Muslim, 65% Bosnian Croat

**Parent's Club, Knin:** no data, but serves domiciled Croats, Serbs and Bosnian Croats

**Napredak Association, Gracac:** 70% Croat (Bosnian and other settlers), 30% Serb

**Branimir, Benkovac –** 10% Serb, rest are Croats

**Mladez Promina, Oklaj:** – 10% , rest are Serbs

**Zeus, Knin –** Since this organization currently operates at a reduced level on the premises of Sveti Bartolomej, its beneficiary composition mirrors that of this particular Association.

***Question 3: Have grantees activities resulted in increased income opportunities for the communities? Are these opportunities also available to social groups that have previously been excluded and denied access to jobs, loans, etc?***

**Cooperatives**

There has been a modest increase in income opportunities through the grantee cooperatives. Several of the grantee cooperatives have a paid cooperative manager. Paid positions are held by a member of the dominant ethnic group represented in the cooperative. The exception to this is found in the Cucevo Cooperative, where the dominant ethnic group in the cooperative is Serbian, while the manager is a Croat settler

from Eastern Slavonija). Several cooperatives do not yet have a paid full-time cooperative manager, but this is the goal. The Lisane Cooperative has a paid full-time manager, and two paid part-time positions filled by a bookkeeper and a farm machinery operator. Raseljka Cooperative has a paid fulltime manager and accountant. During 2002, the cooperative spent approximately 15,000 kunas on part-time workers when it was necessary. Potklenje Cooperative's manager is a volunteer, but there is a volunteer salesman who works on commission.

Some of the cooperatives have active plans to hire for additional positions that will be created once their plans are fully operational. For example, the Vrlicka Jakuba Fruit Cooperative in Vrlika, Knin County, would like to hire an individual to manage the fruit cooler. The Dalmatinski Med Coop in Knin, which produces honey, would like to hire an individual to run the honey processing and packaging machinery and an accountant. The Potklenje Coop in Kistanje Municipality would like to hire two cheese operators and a commercial marketer once they scale up and shift from sales of milk to production and sales of cheese. Raseljka, the Animal Feed cooperative will also hire people to run the factory equipment for the processing and packaging of feed once their business is established.

Each cooperative would like to hire an accountant in the future as they can afford it. The USAID-funded Mercy Corps/FLAG project provides paid accountants for several of these cooperatives, but only for a two year period. With the exception of Raseljka Coop in Benkovac, none of the cooperatives are yet in a financial situation whereby they could provide the salary for the accountant once this assistance ends.

In general, cooperative members have realized modest increases in their incomes because of their membership through the cooperative. Members were provided with valuable economic resources through the grants received from CRS/World Bank to produce salable goods for the market. These resources have assisted them to increase production. Those cooperatives which have managed to establish contracts with buyers, specifically the Raseljka Cooperative in Benkovac and the Potklenje Cooperative in Kistanje who both sell milk on contract to a local dairy, have been better able to increase members' income levels. To the extent each cooperative is able to realize its objectives over time, incomes will continue to increase.

Of course these opportunities for increased income within the municipalities where the cooperatives are established can spread if membership truly is open. Several cooperative managers that were interviewed stated that people in the community want to see how successful the cooperative is in establishing negotiated contracts and procuring payment before they are willing to join the cooperative and invest in membership fees. This is true even within the existing membership of several of the cooperatives. But there is lingering doubt about cooperatives in the region. Cooperatives still have a negative connotation because of the legacy of state-run cooperatives during the Communist era. But people also want to be certain that cooperatives are capable of negotiating contracts and bringing about favorable returns for members.

## **Associations**

At this date, the economic opportunities arising from the Associations funded by CRS/World Bank has been modest. However, given the fact their focus is to provide social services, economic opportunities will always be modest. That being said, it is reasonable to expect that over time the Associations providing recognized quality services that meet community needs should be able to support one or two paid employees to manage operations and scheduling, and to provide skilled volunteers capable of offering specific services with fees. The key to this is the associations' ability to deliver a high quality service that meets actual community needs, and particularly needs that the municipal government and private for profit sector does not/cannot meet. While at the time of this mid-term evaluation the grantees are delivering high quality associations that do meet actual community needs, it is still too early to expect them to be able to meet all of their operational costs.

**The Parent's Club, Knin.** Currently there are no paid positions or fees provided for skilled volunteer professionals offering specialized services. The managers are currently pursuing grants and other potential funding sources in order to hire one or two managers, to provide small fees for some of the volunteers, and to attract professionals who would be interested in providing services.

**Sveti Bartolomej, Knin.** Currently there are no paid positions or fees provided for skilled volunteer professionals. The current managers are actively pursuing grants to cover the cost of a full-time manager and to be able to provide fees for the professionals who offer skilled services.

**Branimir Association, Benkovac.** Branimir is in an unusually favorable situation. The salary of the NGO manager is paid for by the municipality. The Association charges members fees for attending classes in drama and singing, which are paid to the volunteers that provide these professional services.

**Napredak Association, Gracac.** At this point only the librarian has a paid position funded by the municipality and all other services are provided by a core group of dedicated volunteers. The USAID-funded FLAG project pays the salary for their accountant. In the absence of funds for additional positions, the Association would like to recruit additional adult volunteers to help schedule and manage the activities offered by the Association.

**Mladez Promine, Oklaj.** The Association manager and the municipality are currently negotiating a contract with the local factory which will provide salary for a librarian. The manager provides a small fee for one individual to be present when groups of children come in for activities.

**Zeus Association in Knin.** The originators of this Association do not have salaries. They are not a fully operational NGO yet.

***Question 4: To what extent has support provided to social service providers in the target areas enabled them to respond in a meaningful way to the gaps that exist in the social safety net and to improve access to such services by vulnerable groups, particularly returnees and settlers and those groups previously excluded?***

In all instances, the Associations are providing important social services that the municipalities and counties have not been able to supply after the war, and in some cases, not even before the war. In each instance, Associations that received equipment and materials through CRS/World Bank grants are providing services to returnees, settlers, and to those domiciled citizens who never left during the war. Membership and beneficiaries tend to mirror the current ethnic composition of each municipality where the grantee Associations are located, which of course, has changed fairly dramatically in these locations since the war. Each Association has an open door policy for its target group. The target group of the special needs population these Associations serve range from handicapped children, mentally retarded, children with behavioral disorders or problems to isolated children and elderly, immobile adults. Most of the Associations provide services to the general population of children, young adults, and/or adults.

**Sveti Bartolomej**, located in downtown Knin, provides services and structured play time and skills development for handicapped children. There are no services for handicapped children. They are not permitted to go to kindergarten because of the burden this would put on kindergarten teachers who already manage large classes. The Association uses the car they received with their grant to pick up handicapped children to bring them into the center and to bring them to their medical appointments. They also use the car to visit immobile, home bound elderly. St. Barts delivers groceries and medical prescriptions to these individuals, assistance in preparing bills and other paperwork, and rides to medical appointments. The Association was started by Bosnian Croat women who have handicapped children themselves, and at first, most members and beneficiaries were Bosnian. However, at this point, services are provided to Serbian, Bosnian, and domiciled Croats. The data show that beneficiaries from each ethnic group are enjoying services.

**The Parent's Club in Knin** helps to fill the gap in affordable day care for children. There are few day care centers in the municipality, and those that exist are too expensive for most families. Children of different ethnic groups play together. Some of the children are provided with speech therapy. The Parent's Club also provides counseling for families with a husband/father suffering from Post Traumatic Stress Syndrome following army duty during the war. The managers of this association perceived that such individuals often ignore their wives and children because they are unable to cope. Psychosocial counseling is available for children and adults. The Center for Social Welfare offers some counseling, but it is crowded and one must wait for an appointment for a long time. The Parents' Club has also targeted Serbian Croat returnee children who live with their families in remote areas of the municipality, and are thus isolated from other children. These children are integrated into the play groups. Support group sessions often include both Croatian and Serbian parents. There membership is open to everyone, and does include domiciled Croats, Serbian Croats, and Bosnian Croats.

**Napredak Association, Gracac.** Gracac's municipal library was destroyed during the war, and thus, the new library provides a vital service to the populace. The library also received computers through its CRS/WB grant, and these are very popular with the young people. This is a very poor town, and the population composition changed fairly dramatically during the war. The majority are Bosnian Croat settlers. Membership is totally open to all ethnic groups and the Association has both Bosnian and Serbian Croat members in rough proportion to the ethnic composition of the municipality itself. The "social center" provides a place for youth to enjoy themselves through structured activities in the arts and chess, as well as space for a discotheque which can also be used for municipal functions, weddings, and other social events. Most members come to the library and the social center through use of the municipal bus service which provides transportation to all the surrounding villages. There were no social gathering places for young people or adults following the cessation of the war, and thus, this Association has made a vital contribution to the social and cultural life of the municipality's citizens.

**Mloadez Promina, Oklaj.** Oklaj municipality is extremely poor, and approximately 60% of the citizens depend on social welfare payments. The municipality does not have a population of Bosnian settlers. Only 4% of the population is comprised of Serbian Croats who returned after the war. The primary service this Association provides is a library and access to computers. Like Gracac, the library was destroyed during the war. Previously the library was located in the primary school, which was destroyed as well. Accordingly, the Association has a stock of text books required for the children's schooling, as well as dictionaries, other reference books, computer manuals, and some of the classics. They will work in more close cooperation with the primary school this fall to ensure that appropriate books are available for the municipality's children. The computers received through their grant are also an important resource previously unavailable to town residents, and computer courses will soon be provided. High school students in the municipality have begun using the computers to produce their senior thesis. As in most other towns severely affected by the war, there was no gathering place or organized activities for children and young people. The Association provides classes in drawing and making hand puppets for young children, plays videos for entertainment. Although the official hours for the center are very limited, the NGO manager makes the key available to anyone who wants to use the center. The membership is open to both ethnic groups, and both Croat and Serbian Croat children regularly frequent the center during hours of operation. The ethnic composition of the beneficiaries reflects the ethnic composition of the larger population.

**Branimir Association in Benkovac** provides structured skills development opportunities for young people in the municipality, and sponsors festivals and other events that appeal to both young people and adults. Previous to the war, Benkovac was composed of an almost equal mixture of domiciled Croats and Serbian Croats. However, since the war, few Serbian Croats have returned and there is a sizeable population of Bosnian Croatians. Branimir is open to both settlers and returnees, as well as to people who did not leave during the war. The Association has obviously filled the gap in organized activities for children that existed following the cessation of war. There was nothing for children and

young people to do outside of school. Children and young people of all ethnic groups come to the center on a daily basis. However, the beneficiaries of the Association that use the facilities and avail themselves of the training provided are primarily domiciled and Bosnian Croatians reflecting the ethnic composition of the municipality.

Nothing can be said about **Association Zeus** at this time.

***Question 5: To what extent is there an increased local capacity for self-management of economic undertakings by promoting and supporting producers' capacities for activities that will contribute to the economic revitalization of the communities in the target areas? What evidence is there that this capacity is sustainable?***

At this point in time, while generating increased income for their members, the grantee cooperatives are still not in a position to contribute significantly to the economic revitalization of their respective communities. However, there is promise for five of the seven grantees from Phase I to do so within the space of one year. Within this group of five grantees, four demonstrate clear capacity for self-management of their own economic undertakings through their actions to date. The cooperative managers and most members have learned a great deal in the space of a year. The specific technical training they are scheduled to receive later in the summer of 2003 should further contribute to their capabilities. The cooperatives that depended upon the construction of high voltage transformers and electrical hook-ups clearly needed assistance, help and suggestions to successfully arrange these key activities. But given the overall problem of available electricity in the Dalmatian region, the state-run electricity monopoly, and the unanticipated high costs of arranging for electrical hook-ups, the cooperatives' need for advice and intervention should not be taken as a sign that there is no capacity for self-management.

**The Lisanne Cooperative in Lisane Ostrovik** is currently working on establishing contacts to find markets for their produce. They are trying to negotiate a contract with a supermarket chain with favorable terms, and realize that they won't be able to attract additional membership unless they succeed in obtaining signed contracts. They have active plans to collect and store members' produce in the facility that houses their tractor around which they will organize their bulk sales. They are also working on arranging the testing of their water tables to locate a source for a well in order to secure a reliable water source for use by members, particularly during drought occurrences. Lastly, the board members are recruiting for one or two members to begin experimenting with organic production since there is potentially a lucrative market for organic produce. These actions all show initiative and capacity for self-management. Reportedly the whole town is behind the success of this cooperative given that there are very few alternative income earning activities in the municipality. The demonstrated support from the municipality bodes well for the sustainability of their management capacity.

**Raseljka Cooperative in Benkovac** demonstrates strong ability for self-management. Although a number of factors have delayed their original plans for becoming operational

according to their business plan, they have concrete plans for obtaining grains for their animal feed mixture once their factory is operational. They also have plans for testing their feed mixture in order to prove to SANO, the German company that produces the feed supplement, that their recipe meets its quality standards. The cooperative must obtain SANO's agreement about the quality of the feed for the mix before they can begin packaging it and selling it commercially. The cooperative was currently collecting money from members for the cost of turning on the electricity since the construction of the transformer station needed for electricity connection for the factory is imminent. There is no evidence to the contrary that would suggest that this capacity for managing the cooperative is not sustainable at this time, but the true test will come as they set up their factory operations.

In spite of the delayed start-up of their honey processing and packaging equipment, **Dalmatinski Med Cooperative in Knin** also demonstrates capacity for self-management. They have arranged on their own for technical training to better manage their bee-keeping operations. The manager arranged for the former President of the Croatia honey society to come out and teach members how to manage their honey production activities using less labor so that members will realize greater profit for their efforts. Reportedly some of the members are already putting these principles into practice. They plan to engage the services of an experienced beekeeper as a consultant to teach members how to double their production. During the workshop provided for cooperative managers in May, the Dalmatinski Med manager met one of the attendees who also runs a company that produces professional labels. The cooperative will probably arrange to order labels for their packaged honey through this individual's company. The cooperative chose the Red Cross to pay their social payment to because this organization distributes widely which will provide them with a free opportunity to increase brand recognition of their specially labeled honey packages.

There is no doubt that the **Potklenje Cooperative in Kistanje** is capable of self-management. The manager discussed ambitious plans for shifting all members from the production of lambs for meat to the production of milk (most members already do), and then to gradually move into highly profitable commercial cheese production this summer. She discussed concrete plans toward movement in this direction one small step at a time in order to guarantee an eventual solid success. However, hearing her honest description about her dominant role in planning and decision-making on behalf of the membership, one can't help but wonder if this capacity is shared by other members.

The **Cucevo Cooperative in Kistanje** demonstrates far lesser skills in self-management, although they are making the effort. The manager and board members seem to lack the capability to encourage members to shift to dairy from meat production according to their business plan. The manager said that half of their membership (10 out of 20 members) are "on hold" until they can be convinced that there is a reliable market for dairy products. Obviously these members are not participating in working to establish those markets or to learn how to produce commercial quality milk. The manager and board member believe that the municipality must diversify its economic base, and they spoke about their goal of stimulating rural tourism in the area given the municipality's closeness

to a major river and one of the national parks. They believe that the tourists will provide a good market for products. However, it seems unlikely that any of these gentlemen has the qualifications or knowledge of how to go about developing this plan and making it happen.

The **Vrlicka Jakuba Fruit Cooperative** should be able to be more productive and more actively self-managing than it currently is. The cooperative obviously would do better if their manager did not live and work in Split, which is some distance away. They had received advice from a CRS hired consultant to find a company or cooperative to rent their cooler out of season in order to bring in more money for depreciation costs and to help finance expansion plans. I had the sense that the members weren't filling in the gaps to get the cooperative activities and plans moving forward in the absence of the manager. Nonetheless, the manager is working on trying to secure a buyer for the cooperative's apple harvest this fall from his location in Split. It is difficult to judge their capacity for self-management based on the data.

**The Otkos Cooperative in Obrovac** also suffers from inactive membership. The manager is an agricultural engineer, and has many concrete plans to manage the cooperative toward greater stability and profit-making. However, he has been unable to move the membership forward. By and large, members have not been willing to shift to dairy production, to the use of feed supplements to increase the health and productivity of their livestock, or to sell their lambs through the cooperative.

***Question 6: How financially sustainable are the activities that have been established through grantee programs? What are some recommendations to increase the financial sustainability of both income generating programs and social programs? How compatible are the goals of social cohesion with economic efficiency and financial sustainability?***

### **Cooperatives**

If one were to assess the long-term financial future of the cooperative grantees based on the current status of operations, one would conclude that the cooperatives are not yet positioned to become financially sustainable. Membership fees for the cooperative grantees in Phase I are extremely low, and members were not required for Phase I to put forth "earnest money" in relationship to the dollar worth of the grant. Profits are needed to maintain and replace equipment, to pay and retain dedicated cooperative managers, and to cover the salary of cooperative accountants<sup>1</sup>. Nonetheless, each cooperative manager or board member interviewed firmly believes that the membership will realize its goals and continue to be in existence two years hence.

Consultants who have come out to Sibensko-kninska and Zadar counties to review the status of the cooperatives have provided comments on this subject and recommendations

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<sup>1</sup> The USAID-funded FLAG project actually provides the salary for a period of two years for most of the cooperative grantees' accountants, and for some of the association grantees' accountants. At issue is salary coverage for these accountants once the assistance from FLAG has ended.

to strengthen their financial viability. These recommendations include charging a higher fee for the use of the machinery and equipment purchased through the grant to help cover depreciation and replacement costs (particularly for non-members), a higher membership fee, stimulating membership to become proactive on behalf of their cooperatives, and concerted efforts to obtain more members. In the case of Otkos Cooperative in Obrovac Municipality, and Cucevo Cooperative in Kistanje Municipality, cooperative members have to be convinced to change their livestock management techniques to increase productivity, and to change from a focus on the production of lambs for sale of meat to the production of dairy products, which are much more profitable.

More work is also required to locate and establish markets, and to develop contracts for sale of their products. The Agricultural Extension Officer for Knin municipality stated in an interview that producers are able to find local markets for their products as individuals, but that once the cooperative members are engaged as a group in full scale commercial production and ready to amass their goods as a cooperative for bulk sale, finding a market and establishing fixed sale contracts will be a problem. There are two major reasons for this. One is that many of the hotels on the coast, which provide the most promising markets for the goods from the cooperatives, purchase imported foods from Hungary and the Czech Republic at more competitive prices. Secondly, is the lack of respect from wholesalers with respect to observing terms of contracts, including late payments.

These points mirror CRS's assessment of the situation, and these assessments and recommendations have been shared with all of the grantees. CRS sponsored workshops for cooperative managers and members for Phase I grantees and Phase II grantee applicants (required attendance) during the month of May covered these issues, and more specific technical assistance geared to the production and sales requirements of each of the grantees will be provided this summer. The question is, given these workshops and technical assistance, are the grantee cooperatives poised to make this leap to successful commercial production and sales and financial sustainability once they are fully operational according to plan? Several grantees show promise as described in the previous section. Annex 4 at the conclusion of this evaluation report provides a table which assesses the factors likely to be associated with the success of the grantee cooperatives, and the evaluator's forecasted prognosis for each cooperative. The following provides a brief assessment of the likelihood of financial sustainability of each grantee.

**Dalmatinski Med Cooperative in Knin** has a good opportunity to become financially sustainable following the successful set up of the honey producing and packaging equipment and the certification of their factory and quality of product. The cooperative manager has arranged technical assistance to help members scale up production 100%, and membership is open. There is an almost certain market for their packaged honey, and the manager has a plan to increase advertisement of their product through the use of a unique label, as well as through a wide distribution of their labeled product through Red Cross Knin which fulfills their social payment. The cooperative will need to be able to maintain the processing and packaging equipment and to cover depreciation costs. They

should probably focus on securing a reliable contract for timely repair service of the equipment given the current difficulties in getting the Italian based company that sold them the equipment to set it up and test it for them.

**Raseljka Cooperative in Benkovac** also has a serious chance for becoming financially sustainable once their animal feed factory has been set up and the quality of their fortified packaged feed has been certified. There is a continuing demand for fresh, high quality feed throughout the region, and the patented feed supplements that will be added per contract with the company that manufactures this product (SANO) will help livestock managers to improve production of both livestock and dairy products. What remains to be seen is whether cooperative members can routinely produce high quality grain in sufficient quantities for the factory, and if grain supplements can be purchased elsewhere to fill in production gaps that may occur due to weather conditions or other factors.

**Potklenje Cooperative in Kistanje Municipality** also has a strong chance of becoming financially sustainable. This milk production cooperative has a contract with milk processors who deliver milk regularly to IPAK, a local Dairy. Although there are only 22 members and membership is closed, there are 50 additional subcontractors who deliver milk to them which increases the magnitude of the product they have to sell commercially. A 10% fee is charged for sale of milk through the cooperative. If they could obtain their own cooler, they would be in a stronger position. The plan to move to quality cheese production based on local recipes, if successful, will further enhance the coop's financial viability. The strength of the cooperative and its operations rests primarily on the very strong, competent and determined manager who is able to rally members to produce according to the plan. This factor alone could undercut the sustainability of the cooperative in the future, coupled with her determination to maintain a closed membership. The manager cited several reasons for maintaining a closed membership. Among them is the fact that she doesn't have any additional resources, specifically lambs or goats, to offer to new members. Secondly is her fear that new members will not follow the rules of the cooperative, and this could possibly lead to its being dissolved.

**Lisane Cooperative in Lisane Ostrovik Municipality** has some potential of becoming financially sustainable. One of the major reasons is that the cooperative receives strong support from the municipality. In the absence of other income earning opportunities in this region, the municipality recognizes that commercial production and organized sales through a cooperative is currently the only viable economic game in town to support the citizenry and to provide necessary services. Sustainability depends heavily upon successful negotiation of commercial contracts for their produce given that many of the coastal markets are flooded with imported produce. There are concerted efforts being made to secure contracts at the current time.

**Vrlicka Jakuba Fruit Cooperative in Vrlika** has the potential of becoming financially sustainable if they can maintain and expand quality fruit production and cover the maintenance and depreciation costs of the fruit cooler. The municipality and the cooperative members were able to cover the costs of installing a high voltage transformer

needed for the cooler, which amounted to approximately \$30,000. This shows promising support and the financial ability to maintain the equipment as needed in spite of the low cooperative membership fees. Serious attempts to find a company who can rent the cooler space off-season and success in their current efforts to secure a favorable negotiated contract for their produce are necessary. The members should also invest in protective measures for their orchards to prevent storm damage. If taken advantage of, recent tax laws requiring higher taxes for owners of vacant land not under production, should make land available for rent or purchase by cooperative members to expand production.

**Otkos Cooperative in Obrovac** is less likely to become financially sustainable, unless, as stated previously, the manager is successful in stimulating the membership to become active members, to sell their products through the cooperative and to buy important feed supplements for their livestock through the cooperative. Frankly stated, the membership does not appear to be willing to invest in their own organization, or to care about working towards supporting the salary of their otherwise very able manager. Furthermore, the membership must be convinced adopt more modern livestock management practices that would increase the health and productivity of their herds, and to shift into dairy production.

The outlook for the financial sustainability of **Cucevo Cooperative in Kistanje** is also uncertain. The cooperative manager and board members I spoke to acknowledge that their progress has been very slow, and predict that it will continue to be so. Nonetheless, they remain committed to achieving the goals of their business plan, and to encourage members to shift into dairy production. The forward progress of the cooperative is hindered by the old average age of its membership, and the unwillingness of fully 50% of them to enter into changed production practices until it is demonstrated that there are reliable markets for dairy products. The members seem risk adverse, and unwilling to change.

### **Recommendations for Increasing Financial Sustainability of Cooperatives**

CRS is taking the right steps to help ensure the financial sustainability of Phase I cooperatives through the provision of training and focused technical assessments of the cooperatives. CRS arranged for an assessment earlier this year which pin-pointed the need for these organizations to charge higher membership fees, increase their membership, and to plan for the coverage of depreciation costs for their facilities and equipment. This feedback has been discussed with the cooperative managers, and the managers demonstrated understanding of these issues during the interviews. The technical assessment that was completed in May will provide the cooperatives with specific technical advice pertinent to the improvement of each organization. The CRS sponsored separate workshops for members and for cooperative managers in May provided further education on membership responsibilities, principles of cooperative management, etc. CRS's plan to co-finance training and specific technical assistance for the cooperatives with UNDP on production and economic management later this year is

excellent. The key challenge will be to convince members as well as cooperative managers from Phase I to attend this training.

The more stringent requirements for Phase II applicants that CRS would have liked to put into place for Phase I applicants, should serve to strengthen the financial sustainability of the cooperatives that are awarded grants. The requirements for candidate organizations to put up 10% of the dollar value of the grant will give the membership greater stake in creating a viable cooperative. The requirement to begin with a larger membership and to increase membership over time provides the cooperative with a sounder financial and commercial production base.

Finding reliable markets for the goods that the cooperatives produce is one of the major keys to financial sustainability. The elements are moving into place to connect cooperatives with markets inside Croatia, and particular for the seasonal tourist markets on the Dalmatian coast. Given the magnitude of the marketing issue and the economic status of these counties, CRS might consider serving as a host to bring together cooperative managers and board members with representatives from the municipal Agricultural Extension Offices, Agricultural Advisors from the county, and heads of the Croatian Chamber of Commerce to concretely discuss the topic of markets and marketing arrangements. The Agricultural advisors can demonstrate the new Ministry of Agriculture sponsored website featuring information on markets for Croatian products and on-line capabilities for producers and buyers to connect and make offers. It is then up to the cooperative membership to follow-through, but bringing together knowledgeable parties should help to further jump-start a more successful process of finding suitable markets, and eventually, negotiating favorable contracts.

### **Associations**

The prognosis for financial sustainability looks good for the majority of the Associations that received grants during Phase I. Each association has a core, steadfast group of highly committed volunteers. It is clear that without the dedication of these volunteers, the Association grantees would dissolve. However, just as it is important to have a paid, full-time cooperative manager, it is also important for Associations to have a paid managerial position to oversee operations, manage costs, and raise funds. The majority of the core volunteers associated with each NGO do have jobs, and yet give so much of themselves through their volunteer work. To be effective, core volunteers that manage the grantee Associations must coordinate closely with each other as their available time does not always overlap given their work related obligations. Burn-out in this scenario is always a possibility.

The issue is where to get funds for salaries, particularly since most donors and international NGOs do not provide funds for such. Some would-be applicants did not apply for the CRS/WB grant because it does not provide funds for the salary of a manager.

One possibility for funding paid positions in the future may come about through the implementation of the Decentralization Law whereby municipal government will be able to contract out the provision of social services to NGOs. Under this law, qualified, well-regarded NGOs may be in a position to receive contracts for service delivery.

Government contracts would help cover one or two salaries and fees for volunteers who are qualified to provide specific professional services. In the interim, those Associations who can provide proof to municipal governments that they are filling important social service gaps in the community through the provision of high quality activities and services, and can document a threshold number of members and beneficiaries, stand the best chance of receiving government contracts in the future. The training, skills development materials, and equipment that they receive from CRS/WB grants and from other donors during this period provides an opportunity for Associations to strengthen and improve their organizations and services so that they may qualify for future contracts. They must also attract and maintain qualified, professional service providers. The Phase I Association grantees are becoming well positioned in this regard.

With the exception of Zeus (which is a special case), each of the Associations has become very adept and skilled in submitting successful proposals and fund raising. Each Association has managed to secure either additional equipment and/or funds for building repair and maintenance from sources ranging from the municipality and the state, to international and national NGO headquarters and private industry. CRS provided additional training in March of 2003 to the grantees for the development of strategic plans, proposal development, and fund raising which served to further strengthen the capabilities of these Associations. Annex 5 at the end of report provides a table that examines several key factors that are essential for the longer term viability of the grantee Associations and the evaluator's prognosis for the success of each of the Associations.

### **Recommendations for Financial Sustainability of Associations**

CRS has already provided Association members with specific technical assistance on fund-raising, strategic planning, membership management, and grant writing. The Phase I Associations appear to have built their capacities to sustain their organizations, and to access technical assistance and grant moneys from other donors as well. However, it is widely acknowledged that international donor money for Croatian NGOs in these counties is beginning to close down. The Associations must continue to diversify their sources for financial support, maintain the high quality of their services in order to maintain and increase paid membership, and to attract greater support from the municipalities in which they are located. Greater financial support will allow the Associations to provide paid positions for overall organizational management and on-going fund raising, for qualified professionals to provide services, to attract skilled and experienced volunteers who can be paid with small stipends, and to plan and offer new or expanded programs related to their central purpose.

One of the greatest opportunities to become financially sustainable will present itself to Associations when the new law that permits government offices to contract out service delivery to NGOs begins to be implemented in 2004. As mentioned above, the grantee

Associations are becoming well poised to qualify for government social service contracts in the future.

CRS might consider hosting a seminar or workshop for Phase I and Phase II Associations to discuss this new policy and to develop concrete strategic plans that would specifically strengthen their organizational capabilities and credentials in order to qualify for social service contracts from the government. The Associations should begin preparing now.

### **Compatibility of the Goals for Social Cohesion with Goals for Economic Efficiency and Financial Sustainability**

I maintain that the strength of the CRS/WB project lies in its attempts to combine these goals. A project focused solely on achieving social cohesion without addressing serious economic needs would miss out by ignoring one of the main concerns felt keenly by all ethnic groups. Many people that I interviewed commented that it is through economic cooperation to maintain the viability of life in the war affected municipalities in these counties that ethnic groups are able to come together. Conversely, a project that focused solely on achieving economic efficiencies and financial sustainability without reference to the social problems in these war-torn communities risks hardening social barriers as surely cooperatives would form along ethnic lines.

In striving to obtain a solid livelihood, earn profit and to maintain cooperatives as a vehicle for profit realization, every member's contribution irrespective of ethnicity is both useful and important. The generous start-up resources and follow-on technical assistance to cooperative grantees through the CRS/WB project provides a stimulus to cooperative formation in conjunction with government policies and assistance to cooperatives available through the municipalities and counties. The CRS/WB requirement for cooperative membership to be formed based on the proportion of ethnic groups in the locality enforces the Croatian Law on Cooperatives, thus requiring people of differing ethnic backgrounds to work together for common goals. The requirement to make in-kind social payments during the first three years of operation promotes a feeling of social responsibility among the membership. And given that members would like to realize profit, this requirement can actually stimulate the adoption of economic and production management processes that would help cooperatives to make their payment and to earn profit for themselves as well.

The requirement for grant recipient Associations to ensure that members and beneficiaries of each ethnic group in the community are welcome and to enjoy the benefit of the Association's services similarly encourages social cohesion within the community. Economic efficiencies and actions to increase financial sustainability are served best by open membership without regard to ethnic background.

Each municipality in these two counties has serious economic revitalization needs and social service gaps that local governments cannot address in a comprehensive way. The continued lack of economic opportunities and desperately needed social services together serve to maintain and exacerbate social tensions and delay social cohesion. Both

problems must be addressed. Cooperative and social service oriented association grantees are clearly beginning to help to address local problems and areas of serious need. The CRS/WB project, through its strong emphasis on assisting grantees to become economically efficient and financially sustainable in the context of their respective municipalities, contributes to the viability of these organizations and their ability to meet local needs. Hence, the integrated approach embedded in the project design and strategy both directly and indirectly makes a strong contribution to lessening social tensions and increasing social cohesion.

***Question 7: To what extent have project interventions assisted in the establishment of series of social and economic linkages between members of different ethnic communities? Do any exist? What evidence is there that these are sustainable?***

There is still a significant lack of trust between members of different ethnic communities, but the degree of distrust varies by municipality and depends on the level of hostility during the war experienced by municipal citizens. Armed hostilities ended eight years ago, but given the nature of the atrocities committed and both the physical and psychological damage that was done, it is clear to everyone that more time is needed for healing and for trust to develop. Social and economic linkages can be expected to develop slowly between former residents. The influx of Bosnian Croats in certain municipalities that was encouraged by the previous Administration has made the situation more difficult for both ethnic groups in terms of housing and welfare needs, their greater need for social services, and cultural differences between the Bosnian and Croatian states.

Project interventions have assisted in the establishment of economic linkages between members of different ethnic communities within the context of the cooperatives. The State Cooperative Law requires that membership must be open to all ethnic groups and the CRS/WB project enforces this law through its requirement to have members that reflect the ethnic composition of the municipality in which the cooperative is located. More fieldwork and careful interviewing would be required to find out if these economic linkages between members of different ethnicity within each cooperative have led to the formation of social linkages, however casual, and whether these linkages previously existed and the extent to which they were able to be maintained during and after the war. Nonetheless, the cooperatives provide a structured, non-threatening and relatively value free setting for interaction and a common goal for all members to work toward.

With each economic success experienced by the cooperative, and a continued adherence to basic principles of cooperative management, trust has a greater chance to develop between members and their cooperative, and between members themselves. In this sense, the development of cooperatives assisted by the project certainly does assist in the reestablishment of social and economic linkages between members of different ethnic communities. The ongoing evidence of sustainability of these arrangements can be assessed through continuous monitoring of the composition of cooperative membership and through sensitive interviews with members representing different ethnic groups.

I asked several of the cooperative managers what organization they chose to make their social payment to and why. Those to whom this question was asked provided interesting responses and appeared to be proud of these payments and their ability to assist those who are in more vulnerable circumstances than they are. The requirement to provide in-kind payment to charitable organizations in itself helps to foster greater social responsibility among participating communities and contributes to the formation of stronger social cohesion.

Social linkages are being developed between ethnic groups who use the facilities run by the Association grantees. Membership and beneficiary data show that people of all ethnic groups access these facilities, and generally in proportion to their representation in larger population of the municipality. However, since most of the Associations primarily provide services to children and young adults, the linkages are being formed between various ethnic members at this age group. These children go to school together, and this association is reinforced when they interact at the NGO facilities while playing chess, making hand puppets, painting, making handicrafts, singing, and learning computer skills. These children listen to the same popular music, and they all want to read Harry Potter books. While their parents and relatives may not have much in common with each other, the children do. While perhaps trite to say, it is through these social linkages developed between the children and young people that greater social cohesion will develop.

There is, however, encouraging news from the Parents Club. Both Serbian and Croatian parents participate in Club run support groups, and reportedly, through a focus on common problems experienced by parents, these adults are able to interact together. Similarly, the Vice President of Sveti Bartolomej (Association of Disabled Persons) notes that parents of the handicapped children served by the Association are able to interact through their common concern with their children. Again, while we lack documented evidence of how these interactions may play out outside of the context of these Associations, these two grantees certainly provide a place for social linkages to start between adults by their focus on providing services to all ethnic groups based on shared concerns and needs. As such, it is likely that these linkages will be sustainable.

These are modest successes because the population balances in these municipalities has been skewed during and following the war such that there are clear majorities of domiciled Croatians and Bosnian Croatians in many of these localities. The percentage of Serbian Croats is low, and hence, their representation in cooperatives and associations as members and as beneficiaries is also low. As more Serbian Croats return to their homes and their proportion of the population in those municipalities increases, it will be important to track how well they are received in those cooperatives and Associations that currently draw their primary membership from the dominant Croatian ethnic group in the locality. The Serbian Government is beginning to shut down all 260 of its refugee centers where many Serbian Croats remain. Five % of the war refugee Serb population is located in Switzerland, and the Swiss government is now encouraging these refugees to return to Croatia as well. As of March 2003, the vast majority of donor organizations that provided assistance to Serbian returnees in the past have closed down their operations.

This means that the State, counties and municipalities must all prepare to receive these returnees. Knin, Gracac, Benkovac and Oklaj should be followed closely.

***Question 8: To what extent have the increased economic activity, improved social service provision, and establishment of linkages between members of different ethnic communities contributed to reduced social tension?***

In part, the answer to this important question depends on the municipality, the degree of fighting and destruction experienced by that municipality during the war, and the status of social cohesion not only just prior to the onset of war, but also from World War II onwards. The CRS/WB project obviously does not operate in a social, political and historical vacuum. Problems in State and county policies and regulations meant to assist Serbian-Croats to regain their citizenship upon return, directly affects the level of social tension as does the attitude of officials with power, authority and resources at all levels of government. The absence of donor and state sponsored programs that address the needs of domiciled Croatians and Serbian Croats that never left their communities during the war has created a certain amount of resentment among these groups. Destroyed housing and facilities that one can still see in many communities provides a constant visual reminder of conflict. The economic infrastructure in these regions, and economic opportunities, never great to begin with, declined further during and immediately after war.

It is important to remember that these are the circumstances in which the CRS/WB project began implementation, because this is the context in which we must judge the impact of increased economic activity and social services on the degree of social cohesion currently found in these communities. Economic and social linkages are still in the slow process of formation. The activities and approach implemented by CRS contribute importantly to the formation of these linkages, as do the activities of other donors and NGOs with similar aims.

The Associations funded during Phase I, and those that will be funded during Phase II, provide important social services that are vital to the population given the scale of need and the inability of government on its own to provide them. These NGO centers that have developed in some of the communities have given people not only a place to receive services, but also a place to enjoy themselves irrespective of ethnicity. Given the focus of youth services of most of the grantees, this is mostly helpful for forming social relationships between the young who were not involved in the fighting and were too young to understand. Nonetheless, the Associations truly help contribute to building a better quality of life for citizens in these two counties.

Most of the individuals interviewed during this evaluation believe that they have seen a slow but daily improvement in relationships since 1999. In some areas, the improvement in relationships began between families with mixed marriages. In municipalities with large numbers of Bosnian Croat settlers, tensions arose when Serbian Croats began returning to find that these settlers were occupying their homes with the encouragement of the previous administration. Bosnian Croat settlers have become aware that they must

move out of the Serbian Croat homes that they occupied during 1995-1996, and this has helped to reduce social tension. Since 2001 the current administration has been helping to resolve this housing problem with construction material, favorable loans for housing and free access to vacant municipal land so that Bosnians could vacate the Serbian homes that they have been occupying. But the housing problem still exists. Many Bosnian Croat families still inhabit Serbian homes, and until these issues are fully resolved, there will continue to be some tension.

***Question 9: What lessons can we draw from this experience to date that can be useful to the larger social and economic reintegration project?***

The basic model works and has demonstrable capacity to increase income earning opportunities, important social services, and to contribute to the lessening of social tensions. One of the primary lessons is not to expect quick results given the status of the economy and the still changing demographics in the regions of Special State Concern, the limited prior experience with private sector, member run cooperatives, the lack of experience in NGO management outside of major cities, and the continuing need to rebuild key transportation and energy infrastructure.

Managers of the follow-on project should coordinate closely during the planning stages with economic advisors and agricultural extension offices and chambers of commerce at both the municipal and county levels, HEP, the Croatian Agricultural Cooperative Alliance and the Dalmatian Cooperative Alliance. The economic success of the cooperatives depends on the reestablishment of strong economic and transportation linkages between the interior and the coast and the interior and Zagreb, and the formation of markets for products produced by the cooperatives. Continue to give representatives of these offices a stake in the future of the cooperatives by involving them in GAT committees, and then providing them with quarterly updates of progress, problems, and opportunities that face the grantees. Uniformly, these offices strongly concur that strong cooperative development is a necessary element in the revitalization of the counties heavily affected by the war. However, the more stringent requirements for Phase II cooperative grantees should be maintained.

Given the low base of capacity that most cooperatives and NGOs in these regions are starting with, the follow-on project should continue to offer grantees workshops in management, grant-writing, fund-raising, membership responsibilities, and community relationship building.

**Specific Recommendations for the ROC Social and Economic Reintegration Program**

**Organizational Issues**

1. Retain current CRS employees from the Pilot Program in their management and assistance positions until ROC personnel to run the larger project are hired and

- have the chance to work with the staff in Knin for several months. These employees have a tremendous store of knowledge and experience from managing Phase I and Phase II of the pilot program.
2. ROC should strive to maintain personnel from the Pilot Program to the extent feasible, and to retain new employees for extended periods in order to build trust and provide continuity of relationship with the grantees.
  3. Retain the involvement of GAT committees in selection of grant recipients as a means of increasing professional local involvement and commitment to the success of grantees, and to ensure that local municipal and county officials are aware of the goods and services supplied by grantees.
  4. Involve GAT committee members in bi-annual assessments of grantees on a rotating basis to maintain interest and to stimulate ideas for assisting grantees directly or indirectly.
  5. Maintain the dual focus on social cohesion and financial viability to help rebuild assisted areas in a manner that promotes longer term social and economic sustainability in areas of Special State Concern.
  6. Establish a specialized advisor for cooperative development and an advisor for association development in each county covered by the program in order to improve coverage and monitoring activities.
  7. Establish cooperation and collaboration with relevant county level officials so that they can incorporate the goals and purpose of the Social and Economic Reintegration Project into their own on-going programs for social and economic revitalization (and vice versa). Begin addressing key infrastructure and energy requirements in each county with county and municipal officials that would facilitate economic and social development in the county.
  8. Work to resolve remaining housing and immigration issues for Bosnian and Serbian Croats with national, county and municipal officials. Left unaddressed, these issues retard social cohesion in the nation and contribute to ongoing levels of social tension.

## **Cooperatives**

### Cooperative Requirements

1. Require cooperative applicants to submit plans to cover the maintenance and eventual replacement costs of equipment (tractors, bailers, coolers, packaging machines, etc.) requested through the grant, and to provide an assessment of the need for generators and local electrical hook-ups.
2. Maintain Phase II requirements to increase their membership over time, and to attract membership from all ethnic groups in the locality (The latter requirement supports one of the legal requirements of the National Law on Cooperatives.)
3. Maintain Phase II requirements for cooperative members to make a financial investment equal to a set percentage of the cost of requested goods (animals, machinery, etc.), and all other current Phase II requirements for applicants
4. Require the cooperative manager to reside and work locally (if not paid by the Cooperative).

### Program Manager Requirements

1. Establish a set period of assistance and monitoring for each cohort of cooperative grantees
2. Maintain monthly monitoring of membership to check on membership growth and ethnic mix of membership from the locality; and to identify issues and problems that should be addressed at a higher level of organization.
3. Coordinate with HEP to ensure that electrical needs are met for those cooperatives requiring electricity to run equipment.
4. Organize an early coordinating meeting between each cohort of new grantees with national and regional/county agricultural cooperative organizations at the beginning of the program, such as the Croatian Agricultural Cooperative Alliance and the Dalmatian Cooperative Alliance, so that program grantees can establish an ongoing source of support and learning to improve the management and increase the growth of their own cooperatives.
5. Organize an early coordinating meeting between each cohort of new grantees with County and Municipality level Chambers of Commerce, and with County and Municipal level Agricultural Extension Agents at the beginning of the program so that grantees can be assisted to improve their operations and identify markets for their products.
6. Arrange bi-annual training workshops on key issues related to cooperative management and marketing

### **Associations**

#### Association Requirements

1. Require the Association President to reside and work locally (if not paid by the Association)
2. Maintain the requirement for open membership and to serve all ethnic groups in the locality
3. Maintain all other current requirements established for applicants under Phase II of the Pilot Program
4. Require written assessments of the need for the service/s to be provided based on statistical evidence and discussions with relevant municipal officials and community representatives.

#### Program Manager Requirements

1. Establish a set period of assistance and monitoring for each cohort of Association grantees
2. Organize an early coordinating event between any existing NGO Support Centers in the county (or municipality) and the Association grantees so that grantees can establish an ongoing source of support and learning.

3. Maintain monthly monitoring of membership to ensure that all ethnic groups in the locality are served, and to identify issues and problems that should be addressed at a higher level of organization.
4. Facilitate an initial meeting between Association managers and the municipal mayor and appropriate officials 6-8 months after the grantee equipment has been received to provide progress reports, and to begin establishing credibility with the municipality. Encourage grantees to maintain regular contact with municipal officials.
5. Arrange bi-annual training workshops on key issues related to association management, fund-raising, and meeting requirements in order to receive contracts for services from the municipalities.

## **Annex I – Persons Interviewed June 10-20, 2003**

### **CRS Staff, Croatia**

Jack Connolly, Country Representative, CRS Croatia  
Ms. Zdenka Gugo, Head of CRS Knin Office and Project Manager, CRS Project Office, Knin  
Ms. Valentina Abramovic, Agricultural Economist, CRS Project Office, Knin  
Ms. Ines Vidov, NGO Specialist, CRS Project Office, Knin  
Ms. Maja Kutlaca, MIS Officer, CRS Project Office, Knin

### **Cooperative Grantee Representatives**

Mr. Mico Klepo, Board Member, Vrlicka Jabuka Cooperative, Vrlika  
Mr. Josip Nekić, Manager, Otkos Cooperative, Obrovac  
Mr. Ivica Batic, Manager, Dalmatinski med Cooperative, Knin  
Ms. Nevenka Skoric, Manager, Potklenje Cooperative, Kistanje  
Mr. Zeljko Mravunac, Manager, Cucevo Cooperative, Kistanje  
Mr. Zdravko Karanovic, Board Member, Cucevo Cooperative, Kistanje  
Mr. Nimac, Mayor of Lisane Ostrovice Municipality, Lisane Cooperative  
Mr. Josip Grgas, Manager, Raseljka Cooperative, Benkovac

### **Association Representatives**

Ms. Jelica Sinovic, Vice President, Sveti Bartolomej (Association of Disabled Persons), Knin  
Ms. Ivana Simic, Activity Leader, Parents Club, Knin  
Ms. Kornelija Belak, Librarian, Napredak Association, Gracac  
Mr. Ervin Bauer, Social Events Manager, Napredak Association, Gracac  
Mr. Zvonimir Didovic, Secretary, Branimir Association, Benkovac  
Mr. Mile Maric, President, Branimir Association, Head of Department of Cultural and Social Activities, GAT Committee member, Benkovac  
Mr. Marko Duvancic, Director, Mladez Promine Association, Oklaj  
Ms. Maja Pavin, Director, Zeus Association, Drnis

### **Advocacy NGO Representatives**

Mr. Jozo Kolak, Director, Association of Bosnian Settlers  
Ms. Zdenka Simpraga, President, Hocu Kuci (I Want to Go Home), GAT Committee member

### **Municipal Office Representatives**

Ms. Gordana Renic, Head of Department for Economic Development, Obrovac Municipality, GAT Committee member  
Ms. Sanja Zderic, Head of Center for Social Welfare, Knin Municipality, GAT Committee member  
Ms. Dubravka Kajic, Agricultural Extension Officer, Knin Municipality, GAT Committee member  
Ms. Milka Blekic, Head of Center for Social Welfare, Benkovac Municipality, GAT Committee member  
  
Mr. Josip Laca, Head of Croatian Chamber of Commerce, Knin Municipality, GAT Committee member

### **County Office Representatives**

Mr. Miho Mioc, Deputy Zupan in charge of economic development, Sibensko-kninska County  
Ms. Radmila Peric, Advisor for Economic Development, Sibensko-kninska County, GAT Committee member  
Ms. Nevenka Marinovic, Head of Department for Economic Development and Reconstruction, Zadarska County  
Mr. Anđelko Zubčić, Advisor for Agriculture and GAT Committee member

## **Annex 2: Interview Question Guides for Cooperatives and Associations<sup>2</sup>**

### **Cooperatives**

1. When did you start up? Previous coop experience?
2. Has the coop yet realized the goals of its business plan?
3. Have there been any changes in the cooperative business plan?
4. Was the coop able to make social payment?
5. Which organization did you choose for social payment and why?
6. Does the membership have previous experience in production that is focus of this coop?
7. Do members sell through coop?
8. What access does the cooperative have to required inputs and markets?
9. How do you meet recurrent costs?
10. What is the employment situation in area and how do members make a living?
11. Have there been increases in membership?
12. Is the membership active? How often do you meet?
13. Receiving any other assistance either from the municipality, county or state or other NGOs or donors?
14. Do you believe the cooperative will exist in two years?

### **Associations**

1. Why did you start this association up? Who does the association serve? What need were you trying to meet?
2. When did the Association start up? Did it already exist prior to becoming a CRS/WB grant recipient?
3. Has the Association been able to meet its goals? What services do you provide and to how many people?
4. What are the future plans?
5. How does the Association meet recurrent costs?
6. Does the Association receive assistance from other NGOs or government? Specify.
7. Are there any paid employees? How many employees/volunteers currently serve?
8. Can the Association meet the demand for the services provided?
9. Has the number of beneficiaries you serve increased over time?
10. What ethnic groups are represented by your membership and beneficiaries?
11. What is your opinion about the current status of relationships between ethnic groups? Have tensions diminished?
12. Do you think the Association will exist in two years?

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<sup>2</sup> Not all questions were asked during some of the interviews conducted. Additional questions were asked during interviews to follow-up on points and to elicit organization specific information and issues.

### Annex 3

#### Population Statistics in Selected Areas and Explanatory Notes from Catholic Relief Services/Knin Office

*The numbers in the tables below are mainly from year 2000 and 2001. In all of these municipalities, only the numbers of Serb returnees have changed significantly since then.*

*We do not have exact figures for Kistanje and Lisane Ostrovice municipalities. In general, prior to the war **Kistanje municipality** was populated by Serbian majority, and only after the war, Janjevo Croats from Kosovo were settled there. Serbs are still majority in Kistanje municipality.*

**Lisane municipality** was always predominantly populated by Croats. According to the mayor, currently there is some 5 % of Serb returnees in the municipality, the rest are domicile Croats (there are no Bosnian settlers in the municipality).

#### Benkovac

Population	Remainees	Returnees	Settlers	Total
<b>Serbs</b>	228	908	0	<b>1136*</b>
Croats	0	9000	0	<b>9000</b>
Bosnian Croats	0	0	2000	<b>2000</b>
Other				
<b>TOTAL</b>	<b>228</b>	<b>9908</b>	<b>2000</b>	<b>12136</b>

#### Knin

Population	Remainee	Returnee	Settlers	Total
<b>Serbs</b>	1000	4400	0	<b>5400*</b>
Croats	0	2000	0	<b>2000</b>
Bosnian Croats	0	0	8000	<b>8000</b>
Other	0	0	0	<b>0</b>
<b>TOTAL</b>	<b>1000</b>	<b>6400</b>	<b>8000</b>	<b>15400</b>

### Gracac

	Remainee	Returnee	Settlers	Total
Serbian	165	2,835		<b>3,000 *</b>
Croatian	5	65	200	<b>270</b>
Bosnian Croats			3,230	<b>3,230</b>
Other				
<b>Total</b>	<b>170</b>	<b>2,900</b>	<b>3,430</b>	<b>6,500</b>

### Vrlika

<b>Serbs:</b>	<b>Returnees:</b>	230	
	<b>Remainees:</b>	60	<b>Total: 290</b>
<b>Croats</b>	<b>Domestic:</b>	3000	
<b>Settlers</b>	<b>Bosnian Croats:</b>	0	<b>Total: 3000</b>
<b>Total:</b>		3290	

\*Note: The cooperative Vrlicka jabuka is registered in Civljane municipality, but most members come from Vrlika municipality. Civljane municipality is inhabited mainly by Serb returnees.

### Obrovac

	Remainee	Returnee	Settlers	Total
Serbian	53	487		<b>540 *</b>
Croatian	70	1,897		<b>1,967</b>
Bosnian Croats			1,008	<b>1,008</b>
Other			15	15
<b>Total</b>	<b>123</b>	<b>2,384</b>	<b>1,023</b>	<b>3,530</b>

### Promina (Oklaj)

<b>Current</b>  Source: UNHCR OSCE	<b>Serbs</b>	<b>Returnees:</b>	37
		<b>Remainees:</b>	3
			<b>Total: 40</b>
	<b>Croats</b>	<b>Returnees:</b>	1447
		<b>Remainees:</b>	5
	<b>Settlers</b>	<b>BCs:</b>	
<b>Total settlers:</b>		<b>0</b>	
	<b>Other:</b>		
<b>Total:</b>		<b>1492</b>	

**Annex 4**  
**Assessment of Phase I Cooperatives**

<i>Cooperatives in Phase I (across)</i>  <i>Factors Associated with Coop Success (down)</i>	<b>Dalmatinski Med Cooperative, Knin (Honey)</b>	<b>Vrlicka Jabuka Fruit Cooperative, Vrlika</b>	<b>Raseljka Cooperative, Benkovac (Fortified Animal Feed, Dairy, Olives)</b>	<b>Potklenje Cooperative, Kistanje (Dairy and Lambs)</b>	<b>Lisane Cooperative. Lisane Ostrovicke (Vegetables)</b>	<b>Cucevo Cooperative, Kistanje (Lamb production)</b>	<b>Otkos Cooperative, Obrovak (Lamb production)</b>
<b>Paid Manager</b>	No – volunteer. There are plans to pay his salary once the cooperative is operational according to business goals	No – volunteer who lives and works elsewhere	Yes	No - volunteer	Yes	No - volunteer	No - volunteer
<b>Paid Accountant</b>	No	No	Yes	Yes	Yes	Yes	No
<b>Other Paid Position</b>	No	No	Hires part-time casuals as needed	Volunteer salesman works on commission	Part-time book-keeper, Part-time farm machinery operator	No	No
<b>Cooperative Contract with Buyer</b>	No, premature at this time until honey is certified. Do have MOUs with potential buyers once established.	No, but last year most of crop ruined by storm. Currently searching for a contract for sale of fruit this season and over winter	Yes for dairy, premature for animal feed until factory becomes operational and mixture is certified for sale	Yes, for milk	No, but there is active search for client contracts this year	No. Members sell lamb as individuals.	No. Members sell lamb as individuals.

<b><i>Cooperatives in Phase I (across)</i></b>  <b><i>Factors Associated with Coop Success (down)</i></b>	<b>Dalmatinski Med Cooperative, Knin (Honey)</b>	<b>Vrlicka Jabuka Fruit Cooperative, Vrlika</b>	<b>Raseljka Cooperative, Benkovac (Fortified Animal Feed, Dairy, Olives)</b>	<b>Potklenje Cooperative, Kistanje (Dairy and Lambs)</b>	<b>Lisane Cooperative. Lisane Ostrovicke (Vegetables)</b>	<b>Cucevo Cooperative, Kistanje (Lamb production)</b>	<b>Otkos Cooperative, Obrovak (Lamb production)</b>
<b>Membership Sells through Cooperative</b>	No –they sell to a local honey buyer who comes to collect. They will once pasteurization and packaging equipment is installed	No – but they plan to once they locate buyers, assuming adverse weather does not destroy the crop this season	Yes (dairy now) Animal feed production not yet started	Yes	No, but plans are to do so this season. They will gather the produce from each member, store it and sell it in bulk once they find a buyer	No – members sell lambs on their own	No – members sell lambs on their own
<b>Membership Engaged in Cooperative Development</b>	Yes	Difficult to tell, they don't seem extremely active	Yes, but signs that director dominates	Yes, but director dominates and makes most decisions	Yes	No – most are waiting to see if director can get a contract	No
<b>Equipment Installed and working (if applicable)</b>	No – but should be very soon	Installed, but not in use over the summer	Yes, but not yet operational	N/A	N/A	N/A	N/A
<b>Electrical Hook-up for Equipment Installed (if applicable)</b>	No – but they are ready to do so	Yes	No – but they are close to being able to do so	N/A	N/A	N/A	N/A
<b>First Social Payment Made</b>	No, but will do so once equipment is installed and honey is certified	Yes	Scheduled for 2003	Yes	Yes	No	No

<p><b>Cooperatives in Phase I (across)</b></p> <p><i>Factors Associated with Coop Success (down)</i></p>	<p><b>Dalmatinski Med Cooperative, Knin (Honey)</b></p>	<p><b>Vrlicka Jabuka Fruit Cooperative, Vrlika</b></p>	<p><b>Raseljka Cooperative, Benkovac (Fortified Animal Feed, Dairy, Olives)</b></p>	<p><b>Potklenje Cooperative, Kistanje (Dairy and Lambs)</b></p>	<p><b>Lisane Cooperative. Lisane Ostrovicke (Vegetables)</b></p>	<p><b>Cucevo Cooperative, Kistanje (Lamb production)</b></p>	<p><b>Otkos Cooperative, Obrovak (Lamb production)</b></p>
<p><b>Cost coverage for equipment maintenance, replacement</b></p> <p><i>(Note: all Phase I Coops have been notified that higher member contribution is necessary)</i></p>	<p>Should be able to do this once contracts are in place and sales begin</p>	<p>Should be able to do this once contracts are in place and sales begin – would help to rent out cooler off-season</p>	<p>Should be able to do this once factory is operational, contracts in place and sales begin; currently they rent their milk coolers to the local dairy</p>	<p>Minimal equipment at this point, but should be able to cover costs once more fully operational</p>	<p>Yes, with support from municipality until the cooperative is a more going concern</p>	<p>Yes, they rent out their equipment to cover costs, but need more membership investment to be able to afford major repairs or replacement</p>	<p>Yes, they rent out their equipment to cover costs, but need more member investment to be able to afford major repairs or replacement.</p>
<p><b>Evidence of Initiative and Capacity for Self-Management</b></p>	<p>Arranged training on own for modern bee-keeping management, plans for further training to be able to double production, and plans for marketing</p>	<p>Minimal uncovered by the evaluator</p>	<p>Concrete plans for obtaining grains for animal feed once factory is operational and plans to test quality of feed prior to final agreement with SANO Company</p>	<p>There are concrete plans in place for converting to cheese production which will be much more profitable than milk sales, and for convincing members who raise sheep to sell lamb meat to switch to a dairy orientation</p>	<p>Actively working to negotiate favorable contracts with supermarkets, arranging testing of water tables to develop a stable water source for members, recruiting several members to experiment with organic production</p>	<p>Minimal uncovered by the evaluator</p>	<p>The director has many concrete ideas and plans to stimulate growth and productivity of the cooperative, but membership does not show interest.</p>

<i>Cooperatives in Phase I (across)</i>	<b>Dalmatinski Med Cooperative, Knin (Honey)</b>	<b>Vrlicka Jabuka Fruit Cooperative, Vrlika</b>	<b>Raseljka Cooperative, Benkovac (Fortified Animal Feed, Dairy, Olives)</b>	<b>Potklenje Cooperative, Kistanje (Dairy and Lambs)</b>	<b>Lisane Cooperative. Lisane Ostrovicke (Vegetables)</b>	<b>Cucevo Cooperative, Kistanje (Lamb production)</b>	<b>Otkos Cooperative, Obrovak (Lamb production)</b>
<i>Factors Associated with Coop Success (down)</i>							
<b>Evaluator's Assessment of the Likelihood of Success:</b> <b>High</b> <b>Moderate</b> <b>Low</b>	<b>High</b> – should see turnaround in 2004	<b>Moderate to High</b> – could see turnaround in 2004 if contracts are established and more locally based president chosen	<b>High</b> – should see business goals being met in 2004	<b>Moderate to high</b> – could see increased profitability in 2004 if all members switch to dairy and then to cheese production	<b>Moderate to high</b> – could see turnaround in 2004 if contracts can be negotiated and water wells can be established	<b>Minimal</b> , unless membership willing to switch to dairy, modernize production modes, sell through coop	<b>Minimal</b> , unless membership willing to switch to dairy, modernize production modes, sell through coop

**Annex 5**  
**Assessment of Associations in Phase I**

<b>Associations (across)</b> <b>Selected key factors associated with sustainability (below)</b>	<b>The Parent’s Club, Knin</b>	<b>Sveti Bartolomej, Knin</b>	<b>Branimir Association, Benkovac</b>	<b>Napredak Association, Gracac</b>	<b>Mladez Promine, Oklaj</b>	<b>Association Zeus, Knin<sup>3</sup></b>
<b>Paid President</b>	No, there is a dedicated volunteer	No, there is a dedicated President and Vice President who are volunteers	The manager/secretary is a full-time position paid by the Municipality Office of Culture and Social Activities	No, there is a dedicated volunteer	Volunteer, has a full-time business and is a city council member	Volunteer
<b>Other Paid Positions/ Fees for Skilled Professionals Offering Services</b>	None. Their current goal is to obtain funding for one or two paid positions to manage the office and apply for grants, and for the provision of fees to skilled professionals that would be willing to offer specialized services for parents and children.	None. Actively searching for funds for a paid office manager.	Two Association activity leaders receive small stipends covered either through those who attend their classes or through local government.	Yes, librarian’s position paid for by Gracac and the USAID FLAG project covers the costs of the accountant’s salary.	The Association manager provides a volunteer with a small fee (out-of-pocket) for being present when children come to the facility to participate in specially scheduled programs. The goal is to obtain financing to the few volunteers for part-time paid positions.	

<sup>3</sup> The Zeus Club is not assessed here. They were not allowed to develop their association in the home municipality of the organizers (Drnis), and therefore established themselves in Knin on the premises of Sveti Bartolomej offering modest services after their first premises were flooded. They are making renewed attempts to establish the organization in Drnis as the mayor has shown signs of greater openness.

Associations (across)  Selected key factors associated with sustainability (below)	The Parent’s Club, Knin	Sveti Bartolomej, Knin	Branimir Association, Benkovac	Napredak Association, Gracac	Mladez Promine, Oklaj	Association Zeus, Knin <sup>3</sup>
<b>Volunteers</b>	Dedicated core group of 5 permanent volunteers, and additional 20 who volunteer from time to time. All volunteers have full or part-time jobs	Dedicated core group of seven volunteers	Several additional unpaid adult volunteers who provide services – would like to move towards fees charged for all services so that all volunteers receive some modest stipend	There is a dedicated core group of 8 volunteers and they are currently seeking additional adult volunteers to help run programs	The president is seeking more volunteers. There is currently an insufficient number. 3 permanent volunteers, can’t count on others.	
<b>Importance of Service to Community</b>	High The Club provides needed, affordable day care for children, provides psychosocial counseling for parents and children, works with children with developmental problems. The municipal government does not have the resources to cover these needs on its own.	High. There are very few services (psychosocial) available to handicapped children or to the immobilized, elderly adults. The municipal government does not have sufficient resources to cover these needs on its own.	High. The facility provides the only existing space for youth activities and skills development outside of school in Benkovac, and an Internet Club. The municipal government, through its contributions to Branimir, is helping to cover these otherwise unmet needs.	High. One facility replaces the library and books destroyed during the war, and provides access to computers. The other facility provides the only existing space for community entertainment and organized youth programs (arts, games, etc.) in Gracac. The municipal government does not have the resources to cover these needs on its own.	High. The facility replaces the library and books destroyed during the war. It also provides the only existing space for community entertainment and organized youth programs in Oklaj, and access to computers. The municipal government does not have the resources to cover these needs on its own.	

<b>Associations (across)</b> <b>Selected key factors associated with sustainability (below)</b>	<b>The Parent's Club, Knin</b>	<b>Sveti Bartolomej, Knin</b>	<b>Branimir Association, Benkovac</b>	<b>Napredak Association, Gracac</b>	<b>Mladez Promine, Oklaj</b>	<b>Association Zeus, Knin<sup>3</sup></b>
<b>Number of Paid Members</b>	175 members.	185 members.	Approximately 150 members. Are moving towards a new plan, pay modest fee for the activity you participate in. Poorest are allowed free access to all services.	195 members	146 members, but more benefit (poorest are allowed to use services)	
<b>Has a Yearly Plan</b>	Yes	Yes	Yes	Yes	Yes	
<b>Ability to Cover Recurrent Costs under Current Conditions</b>	Yes, from fees plus the Club rents out part of its space	Yes, through membership fees, municipality, grants, etc.	Yes, largely from the city. Benkovac subcontracts to the Association to produce posters, invitations, folders instead of going to private sector.	Yes, will hold plays to continue to raise funds, and meets most costs through renting part of the hall for other activities (weddings, special parties, etc.), membership fees, and from the parent organization.	Yes, municipality covers costs of water, electricity and heat.	
<b>Relationship with Municipal Government, and Current Level of Support</b>	Excellent. The Club enjoys a good relationship with the schools and school principles, who often recommend candidates for counseling.	Excellent. Municipality is renovating a larger space and they will become the Center for Rehabilitation, open to non-members as well. The Center for Social Welfare will pay the costs of	Excellent relationship with the Office of Culture and Social Activities. The head of this office is a board member of the Association and actively involved. Municipal government pays the salary. Mayor	Excellent relationship. Municipality pays librarian's salary.	Excellent, president is a local council member, and the municipality is assisting the negotiations with the local factory to obtain salary for the librarian.	

Associations (across)  Selected key factors associated with sustainability (below)	The Parent's Club, Knin	Sveti Bartolomej, Knin	Branimir Association, Benkovac	Napredak Association, Gracac	Mladez Promine, Oklaj	Association Zeus, Knin <sup>3</sup>
		coming to the Center on behalf of non-members, directly to the Association. They have located willing, qualified doctors from the MIR Center in Split to provide physical therapy and speech therapy whose salaries will likely be paid by Ministry of Labor and Social Welfare.	thinks very highly of them.			
<b>Other Sources of Support from fund-raising and solicitation (excluding facilities and other sources of support from local gov. and materials received through CRS/WB grant</b>	Annual contribution from Ministry of Culture and City of Knin, funds (modest) from "Our Children's Society" and from Euroclub.	Annual contribution from Ministry of Culture and City of Knin, writing grants for additional financing for supplies, compensation for volunteers. Just received grant from a Croatian bank to purchase computers for a planned computer workshop for children and from LURA Foundation (Donations for a	Annual contribution from Ministry of Culture and City of Benkovac, municipal government subsidizes some of the courses offered to youth at the center. Applying for additional funds through USAID CRONOGO project and to OSCE.	Annual contribution from Ministry of Culture and City of Gracac, Funds from Lutheran World League, County of Zadar; hall renovation assistance, heating costs and some books and equipment from the Lutheran World League. Some funds from National headquarters of Napredak Assoc.	Annual contribution from Ministry of Culture and City of Oklaj, a local factory will provide salary for librarian	

<b>Associations (across)</b>	<b>The Parent’s Club, Knin</b>	<b>Sveti Bartolomej, Knin</b>	<b>Branimir Association, Benkovac</b>	<b>Napredak Association, Gracac</b>	<b>Mladez Promine, Oklaj</b>	<b>Association Zeus, Knin<sup>3</sup></b>
<b>Selected key factors associated with sustainability (below)</b>		Better Childhood).		Book donations from Croatian Publishing Companies.		
<b>Relationships with other Organizations</b>	Our Children’s Society, St. Bartolomej, Assoc. Smjer, Assoc. of Croatian veterans suffering from PTSP, Hocu Kuci, Jesuit Org. for Refugee Assistance	Association Hocu Kuci, local Red Cross, UNHCR, IRC, MPDL	Pax Christi (in Benkovac), PRONI, OSCE, CARITAS	Care International, Gong	Solely with the Municipal Government.	
<b>Evaluator’s assessment of likelihood of Association sustainability based on above factors<sup>4</sup>: High, Moderate, Minimal</b>	Moderate to high. Need greater support from the Municipality and dedicated grant proposal writer, fund solicitor since volunteers have full-time jobs.	High – Excellent support from Municipal Government demonstrated.	High – Excellent support from Municipal Government demonstrated	High – Excellent support from Municipal Government and other donors	Moderate – needs other sources of support , full-time manager/president, volunteers to write grant proposals, solicit funds, open premises more frequently	Assessment must be delayed until they are fully re-established.

<sup>4</sup> There is a growing literature on NGO sustainability, factors that contribute to their sustainability, and methods to assess NGO sustainability. Among the many factors commonly assessed in a comprehensive evaluation of NGO sustainability in a given context are: favorable legal environment, sound financial systems and financial management capacity, key positions are paid, active core group of dedicated volunteers, fundraising capacity, active constituent relationships, ability to collaborate and network with other NGOs on common issues and needs, quality of services provided, etc. Each one of these factors includes a variety of dimensions that should be considered. Given the time constraints of this evaluation and its much wider focus and purpose, I focused on several key factors to examine for the purpose of the assessment of the Associations that were funded by the CRS/WB program.

