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NATIONAL FOUNDATION FOR CIVIL SOCIETY DEVELOPMENT LAW

I. GENERAL PROVISIONS

Article 1

(1) This Law establishes the National Foundation for Civil Society Development (hereinafter referred to as: Foundation), defines its purpose, foundation bodies, founding assets, methods and sources of financing.

(2) For issues not explicitly covered by this Law, the Law on Foundations and Funds shall apply.

Article 2

(1) The founder of the Foundation is the Republic of Croatia.

(2) The name of the Foundation is «National Foundation for Civil Society Development».

(3) The seat of the Foundation is in Zagreb.

(4) The Foundation is a legal person. The Foundation shall acquire legal personality by being entered into the Registry of Foundations.

II. FOUNDATION OBJECTIVE

Article 3

(1) The Foundation is being established with the basic purpose of promotion and development of civil society in the Republic of Croatia.

(2) In order to fulfil its purpose, the Foundation shall provide professional and financial assistance to programmes which promote and strengthen sustainability of the non-profit sector, cross-sector cooperation, civic initiatives, philanthropy, voluntarism and democratic institutions of the society, as well as to other programmes that facilitate the fulfilment of the basic purpose of the Foundation.

III. FOUNDATION BODIES

Article 4

- (1) The Foundation's bodies are the Management Board and the Manager of the Foundation.
- (2) The statute of the Foundation may provide for programme committees, advisory committees and other auxiliary bodies of the Foundation.
- (3) The proceedings of the bodies and auxiliary bodies of the Foundation shall be detailed in the terms of reference.
- (4) Members of the Foundation's bodies are required to perform their duties *bona fide*, in accordance with the provisions of this Law and other regulations, as well as the statute and other general acts of the Foundation.

Article 5

- (1) The Foundation shall be managed by the Management Board, which consists of nine members.
- (2) Members of the Management Board shall be appointed by the Government of the Republic of Croatia.
- (3) The Government of the Republic of Croatia shall appoint three members of the first Management Board from the representatives of the state administration bodies, five members from the representatives of the civil society organisations and one member as a representative of local and regional self-government, following a nomination from the Government Office for Cooperation with NGOs.
- (4) The method of nominating members of the Management Board referred to in Paragraph 3 of this Article shall, after the expiration of the regular term of the first Management Board, be set forth in detail in the Foundation's statute.

Article 6

- (1) The Management Board shall appoint and dismiss from duty the President and the Deputy President of the Management Board, appoint and dismiss from duty the Manager of the Foundation, render the Foundation's statute, the terms of reference of the Management Board, rules on conditions and procedure for allocation of funds for the fulfilment of the Foundation's basic purpose, decide on the manner of use of the Foundation's property, report to the Croatian Parliament and state institutions on the

Foundation's activities, and carry out other tasks in accordance with the law and the Foundation's statute.

(2) The President and the Deputy President of the Management Board shall be appointed and relieved from duty among the members of the Management Board, by consent of a simple majority of the total number of the Management Board's members.

(3) The President and the members of the Management Board shall not be compensated for performing their duties.

Article 7

(1) The President of the Management Board shall convene meetings, determine the agenda and chair the meetings of the Management Board, in accordance with the provisions of the Foundation's statute and the terms of reference of the Management Board. Should the President be prevented from performing his duties, the Deputy President of the Management Board shall perform his tasks.

(2) Meetings of the Management Board shall be convened at least once in every three months.

(3) The meeting may be held if the majority of the Management Board's members are present. Valid decisions are passed by consent of a simple majority of the Management Board's members present at the meeting, except in the cases referred to in Article 6, Paragraph 2, and Article 9 of this Law, respectively.

(4) Decisions of the Management Board shall be published on the notice board at the Foundation's seat or by other appropriate means, in accordance with the provisions of the Foundation's statute.

Article 8

(1) The Manager of the Foundation shall represent the organization, be responsible for the legality of the Foundation's operations, manage the Foundation in accordance with decisions of the Management Board, submit to the Management Board the annual balance sheet as well as reports on the state of business and finances of the Foundation, and carry out any other duties which are not expressly entrusted to other Foundation's bodies, in accordance with this law, other regulation and the Foundation's statute.

(2) The Manager may not be appointed among the Management Board's members. However, he is entitled to participate in meetings of the Management Board without a voting right and has the right to propose issues to be included in the Management Board's meeting agenda.

Article 9

A decision on appointment of the Manager of the Foundation shall be made at the inaugural session of the Management Board, in accordance with Article 6, Paragraph 1 of this Law. Consent of majority votes of the total number of the Management Board's members is required for a decision on appointment or dismissal of the Manager.

Article 10

(1) Term of office of the Management Board's members shall be four years, with a right to re-election.

(2) Term of office of the Manager of the Foundation shall be four years, with a right to re-election.

Article 11

(1) A member of the Management Board or some other body of the Foundation may not vote on issues in which he, his spouse, adopter or adoptee, relative by blood, either lineal or collateral, to the fourth degree, or relative by affinity to the second degree has pecuniary interest, or on issues which concern a legal person of which he is a member, in whose management he takes part or in which he has pecuniary interest.

(2) The Government of the Republic of Croatia shall dismiss a member of the Management Board from office should he fail to perform his duties *bona fide*, in accordance with the law and general acts of the Foundation, if it establishes that he has professional or pecuniary interests which are in conflict with the Foundation's interests; if his behaviour or conduct may hamper the Foundation's reputation, or if he does not meet any of the requirements set forth in Article 21, Paragraph 1, of the Law on Foundations and Funds.

Article 12

(1) The Foundation shall have its administrative department and organisational units, as defined by its statute.

(2) The Foundation shall co-operate with the Council for the Civil Society Development and the Government Office for Cooperation with NGOs in a manner defined by its statute.

IV. FOUNDATION FOUNDING ASSET

Article 13

(1) The Foundation's founding asset shall consist of two million kunas, which will be transferred to the Foundation's account from the proceeds designated from the lottery and games of chances in year 2003, in accordance with Article 3, Paragraph 8, of the Decree on Criteria for Distribution and Determining Beneficiaries of a Portion of Lottery Proceeds.

(2) The founding asset as described in Paragraph 1 of this Article shall be provided by the founder of the Foundation.

Article 14

(1) The Foundation has a separate account in kunas.

(2) Foreign currency funds of the Foundation will be deposited on a foreign currency account of a designated commercial bank.

V. FINANCING, FINANCIAL OPERATIONS AND CONTROL OF FOUNDATION'S OPERATIONS

Article 15

The financing of the Foundation shall be secured from a separate line of the state budget detailing designated proceeds from lottery and games of chances, in accordance with Article 10, Paragraph 1, Subparagraph 8, of the Law on Lottery and Games of Chances, and Article 3, Paragraph 8, of the Government's Decree on Criteria for Distribution and Determining Beneficiaries of a Portion of Lottery Proceeds, respectively, as well as from the founding asset, donations and other income generated in accordance with Article 16 of the Law on Foundations and Funds.

Article 16

(1) The Foundation's fiscal year begins on January 1st and ends on December 31st of the same year.

(2) Upon the closure of the fiscal year, the Management Board shall within 3 months submit to the Croatian Parliament and state bodies referred to in Article 31, Paragraph 3, of the Law on Foundations and Fund relevant reports.

VI. FOUNDATION LIABILITY

Article 17

- (1) The Foundation shall be liable for obligations arising from its dealings with its entire property.
- (2) The Foundation's losses shall be covered from its property.

VII. FOUNDATION ARTICLES AND OTHER GENERAL FOUNDATION ACTS

Article 18

- (1) The Foundation shall have its statute. The statute shall in particular have the following provisions:
 1. on the name and the seat of the Foundation;
 2. on the founding property of the Foundation;
 3. on the Foundation's basic purpose and the manner of use of its income, as well as designated beneficiaries of the Foundation;
 4. on the rights and duties of the management bodies and auxiliary bodies;
 5. on the conditions and procedure of appointment and dismissal of members of the Foundation's bodies;
 6. on the method of nominating members of the Management Board who are appointed by the Government among the civil society experts and representatives of local and regional self-government, in accordance with Article 5, Paragraph 3, of this Law;
 7. on decision-making rules of the Foundation's bodies and on methods of publishing these decisions;
 8. on method of co-operation with the Council for the Civil Society Development and the Government Office for Cooperation with NGOs;
 9. on designation of the remaining property in case the Foundation ceases to exist;
 10. other provisions that are deemed necessary for internal governance and activities of the Foundation.
- (2) Other general acts of the Foundation shall be in accordance with the provisions of this Law and other regulations, as well as the statute of the Foundation.
- (3) The Management Board shall be entrusted to interpret the statute and other general acts of the Foundation.

VIII. TRANSITORY AND CLOSING PROVISIONS

Article 19

- (1) The Government of the Republic of Croatia shall render a decision on appointing the Interim Manager of the Foundation within 15 days following the day this Law comes into force.
- (2) The Interim Manager shall be entitled to represent the Foundation and undertake all measures necessary until the Manager of the Foundation is appointed.
- (3) In accordance with Article 5, Paragraph 3, of this Law, the Government's Office for Co-operation with NGOs shall submit to the Government the list of nominees for the Management Board among the representatives of the administration bodies, civil society organizations and representatives of local and regional self-government, within 8 days from the date this Law comes into force.
- (4) In accordance with Article 5, Paragraph 2 and 3, of this Law, the Government of the Republic of Croatia shall render a decision on appointing the members of the Management Board within 30 days following the date this Law comes into force.

Article 20

- (1) The Manager of the Foundation shall submit to the Ministry of Justice, Administration and Local Self-government the Foundation's statute for approval, within 10 days from the date the statute has been adopted
- (2) This Law shall come into force on the eighth day following its publication in "The Official Gazette".

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Zagreb, October 16, 2003

