

REPUBLIC OF CROATIA  
CENTRAL STATE OFFICE FOR ADMINISTRATION

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**DRAFT PROPOSAL**

**CODE OF  
GOOD PRACTICE, STANDARDS AND CRITERIA FOR PROVIDING  
FINANCIAL ASSISTANCE TO PROGRAMS AND PROJECTS OF  
ASSOCIATIONS**

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Zagreb, October 2006

## **DRAFT PROPOSAL**

Pursuant to section 23, paragraph 2 of the Associations' Act (Official Gazette nos. 88/2001 and 11/2002), at its meeting held on ..., the Croatian Parliament adopted

### **The Code of Good Practice, Standards and Criteria for Providing Financial Assistance to Programs and Projects of Associations**

#### **PROCEDURE AND PRINCIPLES OF GRANTING FINANCIAL ASSISTANCE**

##### **I.**

(1) This Code shall establish the basic standards and principles for state authorities and the Office of the Government of the Republic of Croatia (hereinafter: the providers of financial assistance) in the procedure of granting financial assistance from the state budget to associations with a view to implementing their programs and projects which are of special general/public interest in the Republic of Croatia.

(2) In order to efficiently use the available resources in the society as well as rationally and transparently employ state budget funds, in awarding means to association for implementation of their projects and programs, the providers of financial assistance shall act in accordance with this Code.

(3) The procedure of granting financial assistance from the state budget shall be based on the following principles:

1. setting priorities for financing programs and projects of associations for a budgetary year,
2. organizing tenders with clear conditions, criteria for assessing the applications and procedure of granting financial assistance (including priority fields for application, the means of preventing possible conflicts of interest and the possibility of having insight into the assessment process). Tenders should be open for application to association for at least 30 days following their publication,
3. opening of received applications before a committee,
4. assessing applicant programs and projects through competent authorities, founded by the providers of financial assistance, constituted of representatives of state administrative authorities, scientific and specialized institutions as well as not-for-profit legal persons (associations, foundations etc.), in accordance with regulations and other rules of procedure of specialized bodies,
5. replying in writing to all participants of the tender on granting financial assistance or on the reasons for denial thereof,
6. public announcing of the tender results, including information on associations, programs and projects for which financial assistance had been granted, as well as the amounts granted,
7. concluding agreements on financing of programs and projects with associations to which financial support had been granted at the latest within 60 days from conclusion,
8. monitoring and assessment of approved programs and projects as well as of the spending of granted amounts to allocated purposes, on the basis of obligatory descriptive and financial reports which the associations shall present to the providers of financial assistance, in line with the financial assistance agreements.

(4) Should an association spend the granted financial assistance on purposes for which the assistance was not allocated, the providers of financial assistance shall cease further payments of granted financial assistance and request reimbursement of amounts already paid.

## **BASIC CRITERIA FOR FINANCING**

### **II.**

(1) Associations participating in tenders for granting financial assistance from the state budget for programs and projects of particular general/public interest in the Republic of Croatia must:

1. be registered with the Register of Associations of the Republic of Croatia,
2. promote the values of constitutional order of the Republic of Croatia,
3. perform activities directed at the needs of the community and the preservation of sustainable development.

(2) In its application for granting financial assistance, the association shall submit the report on its proper financial dealings, a statement of non-punishing of the responsible person within the association and an excerpt from the Associations Register of the Republic of Croatia as well as other documents in accordance with the conditions set in the tender of the providers of the financial assistance.

(3) The association may use the financial assistance granted from the state budget only for the activities within the approved program or project.

(4) The association is not entitled to financial assistance pursuant to this Code for activities which are already being financed from the state budget pursuant to specific regulations.

## **COUNCIL FOR THE DEVELOPMENT OF CIVIL SOCIETY**

### **III.**

(1) In line with the Decision on the Foundation of the Council for the Development of Civil Society (Official Gazette no. 26/02), the Council for the Development of Civil Society, as a specialized advisory body of the Government of the Republic of Croatia, shall monitor, analyze and evaluate assistance granted by the providers of financial assistance from the state budget for programs and projects of associations in the Republic of Croatia through tenders in accordance with this Code.

(2) The providers of financial assistance shall submit to the Council for the Development of Civil Society as well as to the Office for Associations the necessary information on the financed programs and projects.

## **TRANSITIONAL AND FINAL PROVISIONS**

### **IV.**

(1) The Decision on the Criteria for Determining Associations Whose Activity is of Interest for the Republic of Croatia (Official Gazette no. 86/98) shall be abrogated on the day of the entry into force of this Code.

(2) This Code shall enter into force on the eight day from the day of its publishing in the Official Gazette.

## **EXPLANATION**

### **Basis for the adoption of this Code**

Having adopted the Associations Act (Official Gazette no. 88/2001), the Government of the Republic of Croatia have the obligation under section 23 of that Act to draft and propose to the Croatian Parliament a Code of good practice, standards and criteria for granting financial support to programs and projects of associations (hereinafter: the Code). The drafting of the Code is also based on aims established by the National strategy for creation of a stimulating environment for the development of civil society, adopted by the Government of the Republic of Croatia on 12 July 2006.

### **Evaluation of the situation**

On 1 October 1998 the Government of the Republic of Croatia founded the Office for Associations with the main task of centralized financing of programs of associations from the state budget due to the observed lack of consistent policy towards the organizations of civil society, notably the associations.

Over the past period, the Office for Associations has shown remarkable results in its work, in particular by introducing a transparent method of financing projects and programs of associations. Those results are also visible in the well-balanced inclusion of representatives of the state administrative bodies and organizations of civil society in the processes of defining priorities, setting conditions of tenders, participating in the proposing and deciding quality projects and programs applying to the tender as well as monitoring and evaluating the results of already financed programs and projects.

Having considered on several occasions the necessity of introducing a new system of financing programs/projects of associations, the Government of the Republic of Croatia concluded that the achieved level of good practice allows for a decentralized model of financial assistance to associations. A decentralized model requires ensuring (relocation) of funds for financing programs/projects of associations under specific heads in budgets of state administrative authorities and the Office of the Government of the Republic of Croatia, as well as under the head of the National foundation for the development of civil society.

In order to avoid the situation as it was prior to the establishment of the Office for Associations, where no information existed on the amount, the manner or the beneficiary to which the state administrative authorities were awarding means allocated for the work of associations, section 23 of the Associations Act specified the obligation to adopt this Code.

In brief, this Code provides the unified good practice developed by the Office for Associations since 1998, which shall create a high-quality framework for the state administrative authorities to operate in a decentralized system of granting financial assistance to programs and projects of associations of particular general/public interest in the Republic of Croatia. Furthermore, the foregoing shall guarantee the rational management of public funds and the efficient use of available resources in the

society, all with a view to ensuring a high-standard environment and services for the citizens.

Pursuant to section 23 of the Associations Act, the provisions of the Code shall accordingly apply to granting of financial assistance to programs and projects of associations from the budgets of the local self-governing and regional self-governing entities.

The main issues that need to be resolved by the Code are:

- the good practice in the process of granting financial assistance
- the standards and criteria which the associations need to meet in order to obtain financial assistance from the state budget

### **Consequences of adopting the Code**

The adoption of the Code shall create clear, transparent and consistent principles in the process of granting financial assistance to projects and programs of associations of particular general/public interest. In this way, the Republic of Croatia shall once again reaffirm its commitment to introducing standards necessary for the accession into the European Union and for the constant stimulation of the development of civil society.

### **Resources for the implementation of the Code**

The adoption and implementation of this Code require no additional means from the state budget.

## **EXPLANATION OF SPECIFIC PROVISIONS OF THE CODE**

### **Section I. PROCEDURE AND PRINCIPLES OF GRANTING FINANCIAL ASSISTANCE**

Further to paragraphs 1 and 2

In accordance with section 23 of the Associations Act, these paragraphs define the purpose and the aim of adopting the Code (“... in order to rationally and transparently employ state budget means...”).

Further to paragraph 3

The defined good practice in the process of granting financial assistance from the state budget is based on the past practice of the Office for Associations, certain ministries and local self-governing and regional self-governing entities, and provides that:

- the state administrative authorities shall define priorities for financing of programs of associations within their field of work;
- on the basis of defined priorities, the state administrative authorities shall have the obligation to organize a public tender with clear criteria of application and priority fields of financing as well as evaluation criteria;
- all received applications shall be opened by the providers of financial assistance before a committee and forwarded to competent authorities for evaluation;
- the evaluation of submitted projects and programs shall be verified by independent bodies appointed by the competent state administrative authorities, consisting of representatives of that state administrative authority, scientific and specialized institutions and not-for-profit legal persons;
- the state administrative authorities shall reply in writing to all associations which applied to the tender, in order to inform them of granted financial assistance or of reasons for denial thereof;
- upon adoption of the decision, the state administrative authorities have the obligation of publicly announcing the results of the tender including information on associations which have been granted financial assistance, programs/projects and amounts awarded for each of the program (publishing in daily newspapers, Official Gazette of the Republic of Croatia, web pages and information centers);
- the state administrative authorities shall sign agreements on financing programs/projects at the latest within 60 days following the conclusion of the tender, with all the associations which have been granted financial assistance;
- all associations which have been granted financial assistance from the state budget shall submit to the competent state administrative authority a descriptive and a financial report on the results of the implementation of the financed program/project in line with the provisions of the agreement of the financial assistance.

### **Section II. BASIC CRITERIA FOR FINANCING**

This section defines the standards and criteria to be fulfilled by associations in order to be eligible to apply for financial assistance from the state budget. The main motto of this provision is: public money for public (general) interest. The enumerated

standards form a basis for the adoption of policies which will regulate activities of public interest (Public Benefit Organizations) in the Republic of Croatia.

Further efforts must be made in order to avoid dual financing from the same source (the state budget) of organizations registered under special regulations in cases when they are already included under specific heads into the budget from which such associations are financed.

Tenders are open for application also to organizations registered under special regulations. In order to avoid dual financing from the same source (the state budget), such organizations may not be granted financial assistance for the same activity.

### **Section III COUNCIL FOR THE DEVELOPMENT OF CIVIL SOCIETY**

With a view to successful implementing of the Proposed program of cooperation between the Government of the Republic of Croatia and the non-governmental, not-for-profit sector, starting of a dialogue with organizations of civil society and improving intersectional cooperation, in 2002 the Government founded the Council for the Development of Civil Society as an advisory body consisting of 11 representatives of ministries and the Office of the Government as well as of 13 representatives of organizations of the civil society from nearly all fields of activity.

The Council is the forum to examine and propose improvements of cooperation between the Government and the organizations of the civil society. One of the important fields of cooperation is also the financing of programs and projects of associations from the state budget.

The Council for the Development of Civil Society may therefore give opinions, recommendations and instructions for granting financial assistance in order to facilitate the practical application of the Code.

The state administrative authorities shall provide the Office for Associations and the Council with information concerning financed programs and projects of associations.

### **Section IV TRANSITIONAL AND FINAL PROVISIONS**

The Code shall enter into force on the on the eight day from the day of its publishing in the Official Gazette, whereas the Code shall abrogate the Decision on the Criteria for Determining Associations Whose Activity is of Interest for the Republic of Croatia.