

II. CROATIA: CONTEXT, CHALLENGES AND INSTITUTIONAL FRAMEWORKS

1. Croatia in the 1990s: the Historical and Political Context of War and its Aftermath

Space precludes a systematic overview of the historical context of Croatia and the factors which led to independence and war from 1991. However, in order to understand the case studies later in this paper, it is necessary to touch on a number of issues in brief. The many crises in the Yugoslav Federation in the 1980s, and the rise to power in Serbia, of Slobodan Milosevic, reinforced already existing tensions between increased regional and Republic autonomy and increased centralization. This tension was overplayed by ethnicised tensions and the notions of majority and minority rights, as well as tensions regarding democratic pluralism versus totalitarian authoritarianism. In Croatia, the rise to power of the Croatian Democratic Union (HDZ), and its President Franjo Tudjman, which gained a narrow victory in the first multi-party elections held on 30 May 1990, exacerbated the polarisation between Croatia and Serbia and, within Croatia between Croats and Serbs.

The ethnically Serb population, making up 13% of the Croatian population according to the 1991 census, was overwhelmingly concentrated in geographically distinct areas (the Krajina and Eastern Slavonia), and were a majority in a number of municipalities, as well as being significantly represented in the police and judiciary. The political leaders of the Serbs in Croatia, especially outside the major urban centres, refused to take part in the new political system and instead called for a referendum amongst Serbs regarding the future of Croatia in Yugoslavia. By August 1990, an autonomous region of Croatia had been declared, covering Northern Dalmatia, Eastern Lika, parts of Banija and Kordun. The self-styled RSK (Republic of Serbian Krajina), which included 72% Serbs and 21% Croats (Klemencic 1993: 2), operated outside the control of the Government of Croatia and, throughout the summer of 1990, blocked a number of roads which severely disrupted the tourist season.

Between March and June 1991, the first armed conflicts between Serbian rebels and Croatian police took place in Pakrac, Plitvice National Park and in Borovo Selo close to Vukovar, where 12 Croatian policemen were ambushed and killed. The Yugoslav army, under Milosevic's control, intervened under the pretext of creating a buffer zone.

Slovenia and Croatia declared independence on 25 June 1991 and the Yugoslav army then attacked Slovenia, but withdrew within a week. In Croatia, armed conflicts continued escalating with Yugoslav army units, Croatian Serb paramilitaries, and volunteer militias from Serbia, on the one side, facing Croatian police and an emerging Croatian army on the other, in Banija, Northern Dalmatia and Eastern Slavonia. Military actions went alongside the expulsion and killing of Croatian and other non-Serb inhabitants in particular towns and villages.

A total offensive began at the end of September 1991, with large towns just outside the area controlled by RSK forces under siege or constant attack, including Osijek, Vinkovci, Zadar and Dubrovnik, shelled from neighbouring Bosnia and Montenegro and from the sea in December 1991. Vukovar, in Eastern Slavonia was under siege for three months, and was completely destroyed and eventually captured on 18 November 1991. Large scale massacres took place here and in other parts of Eastern Slavonia. Increasingly, retaliation occurred in Croatian majority areas outside the front-line with the expulsion of Serbian populations from some areas.

A cease-fire was brokered by UN Special Envoy Cyrus Vance that came into effect in January 1992, freezing the status quo and front-lines so that 30% of Croatian territory was outside of the Croatian Government's control. Massive forced migrations were triggered, resulting in some 300,000 displaced

persons. The polarization between Croats and Serbs within Croatia led to a generalized intolerance and widespread human rights abuses including illegal evictions, job losses, thefts, intimidation and physical assaults.

On 15 January 1992, the international community recognised Croatia as an independent state and the UN Security Council adopted Resolutions 743 (in February 1992) and 749 (in April 1992), establishing and deploying UNPROFOR, a UN Protection Force in three UNPAs (UN Protected Areas) divided into four sectors (North, South, East and West). Originally envisaged as an interim arrangement, the UNPA zones became solidified, in part as the war in Bosnia gathered pace, with Croatian army units supporting Bosnian Croats in parts of Bosnia. In addition, parts of Croatia experienced an influx of Bosnian Croats, fleeing the fighting in Bosnia. Many of these refugees obtained Croatian citizenship.

From 1992 to 1995, the Croatian Government built up its military forces and accused UNPROFOR of failing to restore Serb-held territories to Croatian control. On 12 January 1995, President Tudjman announced that the UNPROFOR mandate would not be renewed after 30 March. UN Security Council Resolution 981 on 31 March 1995, allowed for the establishment of a new peacekeeping operation, UNCRO (UN Confidence Restoration Operation), to facilitate the implementation of all relevant Security Council resolutions. On 1 May 1995, UNCRO stood and watched as Croatia launched 'Operation Flash', a sudden special police operation which, within a few days, recaptured all of Sector West in Western Slavonia, leading to the exodus of many thousands of Serbian civilians, to Eastern Slavonia, to Bosnia, and to Serbia.

On 12 August 1995, Croatia launched 'Operation Storm' which, within a week, retook Sectors North and South. The collapse of the Serbian enclave resulted in a massive population exodus, with estimates ranging from 130,000 to 300,000 people, to the same areas as the smaller exodus following 'Operation Flash'. Recent reports have uncovered many previously unreported crimes consequent upon 'Operation Flash' (HHO 2003) although security was restored more quickly and effectively than in 'Operation Storm' where there was far more extensive looting, human rights abuses, and killings of Serbian civilians.

The status of Sector East was determined by the Erdut Agreement of October 1995, allowing for its eventual peaceful reintegration into Croatia, with guaranteed rights to stay to all inhabitants. The UN Transitional Administration for Eastern Slavonia (UNTAES) was established for a period of up to two years. The area of Eastern Slavonia was completely handed over to the Croatian Government on 15 January 1998. During the two years of UNTAES, demilitarization, local elections and peaceful reintegration into Croatia were achieved without major incidents. However, integration of the Serbian population was only partial with an outpouring of local Serbs into Yugoslavia from January 1998. Still, the percentage of Serbs is higher in this region than in any other part of post-war Croatia, where the total number of Serbs was decreased from 13% to 5%. At the same time, the return of Croats to the region has been very slow. By the end of UNTAES's mandate, the region had a population structure of 40% Croats, 40% Serbs and 20% Others. Currently it is 54.4% Croat, 40.8% Serb and 4.8% Others. Almost all the 155,000 Serbs living in the region obtained Croatian documents.

UNTAES is widely considered as one of the most successful UN missions, combining a comprehensive peace support operation with a combined civilian-military mandate. The success of the operation was also facilitated by the cooperation of the Croatian Government, which developed a national program for reconciliation and set up a national Committee for trust-building, which supported the establishment of ethnically mixed local commissions, which were supposed to resolve housing issues and other disputes. However, the national program's potential was not fulfilled, and it did not continue after the end of UNTAES mandate. In addition, the desperate economic situation in the region persists, which resulted from war destruction of infrastructure and no investments into production over the post-war period. The region, once among the richest in Croatia and the whole of Yugoslavia, is today among the poorest, with unemployment rates reaching 90% in Vukovar.

The success of UNTAES did not eliminate deep and long-term problems present in the region, in particular economic destruction, lack of trust between the ethnic groups and complicated process of return of all displaced persons, which requires the creation of housing and jobs for all those who want to stay in the region as well as those who are returning.

In the war in Croatia from 1991 to 1995, some 20,000 people lost their lives or are missing, and some 30,000 were disabled (Republic of Croatia 1999). War damages amounted to 37.4 billion USD. 362 out of a total of 488 municipalities experienced war damages, and GDP fell by 21% in 1991, a further 18% in 1992 and 8% in 1993. 50,000 buildings were totally destroyed. Some of the most important features of the war in Croatia, relevant for peace building, are as follows:

1. The complexity of military actions and 'ethnic cleansing' involving civilians as victims and perpetrators
2. The long-term 'no war, no peace' situation in parts of Croatia contributing to fear and uncertainty, compounded by lack of information about atrocities and partial reporting of key events
3. Major demographic shifts and population movements within Croatia and between it and other Republics
4. The catastrophic economic situation in the war-affected areas.

As already noted, the leading political actor during the war in Croatia was the Croatian Democratic Union (HDZ), which took power in 1990 thanks to its broad political program of nation-state building that brought together former dissidents, communists, technocrats and the radically nationalistic part of Diaspora. It stayed in power over the whole decade, winning the subsequent Parliamentary elections in 1995 and Presidential elections in 1997. Its rule was dominated by the central role of President Tudjman, who monopolized the state apparatus and created a parallel set of institutions, disempowering the Parliament and the Government.

Throughout its decade in power, HDZ and, in particular President Tudjman, continuously expressed and fueled hostility towards all independent media, NGOs and opposition parties, despite significant differences that existed between these actors. NGOs were mostly ignored in media reports and when mentioned, they were presented as suspicious allies of the international community, lacking loyalty to the nation. During the 1990's it was almost impossible for peace and human rights NGOs to create partnerships with public institutions or to access government funds. Hence, external support was instrumental for their very survival under Tudjman's regime. The regime collapsed under the weight of its legacy of negative social, economic, political, legislative and administrative consequences. It is important to bear in mind, however, that Tudjman's regime was never completely isolationist and authoritarian. In part because of its construction of a hegemonic Croatian national identity as European and, indeed, "defenders of European civilization against the Eastern/Oriental/Balkan Others" (Kesic, 1995), there was, at times, an openness to a range of international actors, allowing for external pressures to have an influence.

As the 1990s unfolded, the clash between two fundamentally different political cultures in Croatia became more obvious, as the grip of nationalist rhetoric, based on the demonization of both internal and external "other" and fueled by direct war threat, lost its effectiveness. Center-left opposition parties, such as SDP, IDF, HSLS and HNS dared to endorse progressive agendas, such as advocacy of human and minority rights and gender equality. However, in order to fight for space within the arena of parliamentary politics and need to appeal to win over HDZ voters, their critique of the nationalist agenda of the Croatian state and the nationalist hegemonic common-sense in society as a whole was never complete. In addition, a realignment of the right was taking place with splits inside HDZ between more modernising, technocratic elements and hard-liners within the party, who allied themselves with far-right parties including HSP (The Croatian Party of Rights), and a network of groups and

associations, including radicalised war veterans associations in some areas. Crucially, in many of the war-affected areas, this coalition of right wing forces remains, both politically and socially, the dominant force.

In December 1999, President Tudjman died and, a month later, in January 2000, in regular Parliamentary elections, HDZ lost power to a coalition of the Social Democrats, Social Liberals and four other parties. The Presidential elections in February 2000 saw Stipe Mesic elected and subsequent changes to the constitution led to a consolidated Parliamentary democracy in Croatia. Since major problems required structural reforms, it is no surprise that the progress made over the past three and a half years is insufficient to create a completely different legislative, institutional and economic environment, conducive to the economic and social revitalization of the post-war communities.

At the same time, there have been significant improvements, primarily related to the change of public discourses related to inter-ethnic relations, minority rights and the return of the Serbs in Croatia, as the key obstacle to peacebuilding – lack of political will – has been removed. This does not mean that a consensus on the need for full respect of minority rights and need to transform relationships between former enemies has been reached in the Croatian society. On the contrary, as the government abandoned the nationalist agenda, an even deeper polarization between nationalist and reformist social and political actors has emerged, to erupt periodically on occasions of the war crime trials by Croatian courts and regarding co-operation with the International Criminal Tribunal for the Former Yugoslavia (ICTY) with a destabilizing effect on the government. It remains to be seen how much support nationalist political parties will gain at the next elections, likely in November 2003, and whether there will be a qualitative change in their pre-election discourses regarding issues of refugee return, respect for human rights and inter-ethnic cooperation.

2. Contemporary Croatia: challenges and emerging institutional frameworks relevant to peace-building

The fundamental polarization in Croatian society makes the achievement of a political consensus for fundamental change extremely difficult. In any case, significant structural reform is extraordinarily difficult to achieve in one four-year term. Whilst a great deal of progress has been made, the lack of fit between sometimes far-reaching macro-level policy initiatives and real change at local level, particularly in the war-affected areas of Croatia, remains a major constraint on the conditions for transformative peace-building. In this section, we focus on four themes which represent the major challenges and where the balance between progress and resistance needs to be addressed in some detail, in order to grasp the complexity of the context for peace-building in Croatia. These four themes are: (1) the return and reintegration of refugees and displaced persons; (2) policies and practices guaranteeing minority rights; (3) the role of civil society as a social partner; and (4) development strategies, including for the war-affected areas.

(1) The Return and Reintegration of Refugees and Displaced Persons

The complexities of the forced migration crisis in Croatia is beyond the scope of this paper. It can be understood, crudely, in terms of three waves of migration and return. The first, in 1991 and 1992, consequent upon the wars in Croatia and Bosnia-Herzegovina, meant that by late 1992 Croatia had some 700,000 forced migrants, or 15% of the population, made up of 400,000 refugees from B-H and 300,000 Internally Displaced Persons (IDPs) from war-affected parts of Croatia. There was some return of IDPs within Croatia between 1992 and 1995. The second wave was consequent upon the military actions of 1995, in Croatia but also in B-H, which saw the rapid exodus of up to 300,000 Croatian Serbs, as well as a new wave of refugees from B-H. This also created the conditions for the return of Croatian IDPs to these areas. Finally, the reintegration of Eastern Slavonia also led to an exodus of Croatian Serbs, whilst creating conditions for the return of Croatian IDPs. The sheer scale of large

numbers of people “driven across front-lines and borders in criss-cross patterns and ... now occupying what remains of the housing in each others’ places of origin” (ICG, 1997; 3), has been compounded by a range of political and administrative measures which treat different forced migrants differently.

By 2003, Croatia has almost no IDPs, with over 207,000 IDPs having returned to their homes since 1995, 85% of whom returned before January 2000 (Republic of Croatia 1999a, MOR 2003). In addition, approximately 120,000 former refugees from B-H and 30,000 from Serbia have obtained Croatian citizenship, mostly on the basis of their Croatian ethnicity and Catholicism, leaving only 7,200 Bosnians and 700 people from Kosovo/a with refugee status in Croatia. In contrast, the process of return of minority Serbs has been much slower. Up until February 2003, a total of 98,538 ethnic Serbs returned to their homes in Croatia, leaving an estimated 220,000 still displaced. UNHCR and Red Cross field workers report that at least one third of the Serbian returnees still reside in Croatia only periodically (so called “commuters”), due to lack of economic opportunities or problems with property return. Return has increased significantly since January 2000, with over 50% of all cross-border returns in that period.

The main obstacles to return are primarily related to the actual physical return of property that is primarily contingent on the provision of alternative accommodation to temporary users, as well as general lack of economic opportunities in the post-war areas of Croatia. Despite the repeal of the controversial 1995 Law on the Temporary Take-Over and Administration of Specified Property, by February 2003, 36% of the approximately 18,500 properties which were taken over by the Government from Serbs who left Croatia in 1995 remain occupied by temporary users, the majority of whom are entitled to alternative accommodation to be provided by the state. In addition, there are numerous Serbs who lost their tenancy rights during their exile from Croatia, as they were not in position to apply for purchase of their apartments from the state prior to the abolition of social ownership.

On top of an equitable legislative and administrative framework, the resolution of the property return issue is contingent on financial resources, efficient coordination between the responsible ministry, the judiciary and the police, as well as international NGOs and local NGOs and cooperation of local authorities. Despite the fact that areas of special state concern enjoy a special taxation regime encouraging entrepreneurship and investments, the economic development of the post-war areas represents the most complex long-term challenge, as it is contingent on the pace of comprehensive creation of stimulating business environment throughout Croatia as well as the pace of overcoming severe depopulation. Earlier obstacles to return, including complicated administrative procedures of obtaining citizenship, social rights (primarily health insurance and pension) and application for return of property have been removed at the systemic level.

A major driver in the process has been Croatia’s signing of the Stabilization and Association Agreement in 2001, which put Croatia under the scrutiny of the European Commission and obliged the Government to speed up the removal of all legal and administrative obstacles to the return of Croatian Serbs and repossession of their property. Namely, complete cooperation of Croatia in return of all refugees is one of the key political prerequisites for the application to the EU, and SAP reports focus their full attention on the progress made in this respect.

Some of the major **strengths** of the current refugee return regime are as follows:

1. The establishment of an improved, more equitable, legislative and administrative regime. In addition to the repeal of the 1995 Law noted above, the coalition Government has introduced amendments to the 1996 Law on Reconstruction, and on the Law on Areas of Special State Concern, applying the principle of facilitating the return of inhabitants to their original homes, and enabling more equal treatment for Serbs applying for reconstruction of their property damaged in the war. Amendments passed in 2002 finally set clear deadlines and reduced considerably local discretion which, in some

localities, was a major impediment to return, giving more powers to the Office for Displaced Persons and Refugees (ODPR) within the Ministry of Public Works and Reconstruction (MPWR).

2. Clearer Action Plans and more effective implementation of necessary measures. In particular, the December 2001 Action Plan for the Implementation of the Repossession of Property, additionally elaborated on in the October 2002 Program for Sustainable Return, set priorities for the resolution of almost 4,000 cases where the original owners of property have requested their return. The Plan combines sanctions against those illegally occupying properties with the provision of alternative accommodation. In addition, the Government has initiated a procedure for payment of compensation to property owners.

3. The securing of significant, targeted funding. A total of 70 m. Euro in loans from the Council of Europe Development Bank (CEB), with matching funds from the state budget, has been secured for implementation of return programs to the end of 2003. In addition, a number of bilateral donors continue to fund smaller-scale return and reconstruction schemes.

4. Improved co-operation with specialist local NGOs on property return. This has occurred at the national level where ODPR and the Ministry has established full collaboration with the Serbian Democratic Forum (SDF) and the Union of Association of Croatian Settlers (ZUNH) on the implementation of the housing care project funded by the CEB, with the two NGOs conducting external evaluation of the project. At local level, practice is more varied, but in some areas, NGOs are supporting the process as mediators between returnees and Governmental bodies.

5. Successful public campaigns targeting potential returnees. In 2001, UNHCR and MPWR conducted a comprehensive and highly successful public campaign, informing Croatian Serbs living in FRY and B-H about the new final deadline of December 31, 2001 for applications for reconstruction, resulting in 22,000 new applications. In November 2002, UNHCR and its partner organizations in FRY undertook a similar public campaign, informing Serbian refugees from Croatia about the property repossession procedures, resulting in 1,700 applications received by January 2003, with more expected over the upcoming months.

6. Improved co-operation with international agencies who combine monitoring and support for the program. In addition to agencies noted above, the role of the OSCE Mission in Croatia, through an extensive field presence, has been crucial in providing an 'early warning' of problems in the system. In addition, in June 2001 a joint Working Group on Legislation was established by the Government and the international community to address return-related legislative issues.

Some of the major **impediments** to refugee return and reintegration are as follows:

1. Failure to resolve the issue of lost tenancy rights. A long running dispute between sections of the international community and the Croatian Government has been the latter's failure to repeal the August 1995 Law on the Lease of Flats in the Liberated Territories. Immediately following 'Action Storm', this Law set short deadlines and led to some 27,000 from 85 municipalities, primarily affecting Croatian Serbs. The Government has argued that no legislative redress or compensation for terminated occupancy/tenancy rights should be provided since these rights, as a form of social ownership, no longer exist as a legal construct in Croatia. In the face of mounting pressure, and a Council of Europe deadline, the Government has conceded some ground, allowing returnees to areas under special state to be included into the alternative housing care scheme developed in 2002, while returnees to other parts of Croatia would be eligible for state subsidized purchase or rental of housing. This is a compromise unlikely to please anyone, with human rights NGOs labeling it an insufficient and hypocritical remedy that reproduces discrimination, while the opposite objections can be expected from representatives of Croatian settlers, likely to view the plan as yet another proof that the Government is catering to the international community by favoring Serb returnees.

2. Failure to remove annulment to compensation for property damaged through terrorist acts. In 1996, the Croatian Parliament annulled the article 180 of the Law on Obligatory Relations, disallowing citizens

who have suffered death, physical injury or destruction of property due to terrorist acts to claim any compensation through the Croatian courts. The timing of the annulment of the article indicates its intention to prevent remedies for mostly Serb-owned property that was burnt and loitered upon the military operation "Storm" in Summer 1995. Despite the legislative obligation that all court proceedings would be continued upon the adoption of a new regulation, the legal vacuum has lasted for the past seven years.

There were no signs of progress until in Spring 2003, due to the urgency of the Government's obligations towards the European Court of Human Rights and the implementation of the SAA, and two hastily drafted laws are due to pass through Parliamentary procedure just ahead of the deadline. While the Government will probably manage to avoid additional embarrassment and sanctions due to unmet obligations, the credibility of its commitment to redress the injustice caused by the 1996 suspension of Article 180 is disputable, and many financial issues remain as stumbling blocks.

3. Inefficiencies and delays in the judicial system. The ineffectiveness of the judiciary in relation to property return cases, which are supposed to be urgently processed according to the 2002 Amendments, represents the greatest obstacle to physical repossession of property. Considering the fact that an ineffective judiciary is the most burning problem in the Croatian public sector, there is little hope for substantial improvement in the near future. The judicial system lacks public confidence, in part because of delays, but also because of perceived biases and propensity to low-level corruption. According to an OSCE assessment, the key aspects of the problem include: excessive delays in the State Attorney assuming responsibility for property return cases from MPWRC/ODPR and their transfer to municipal state attorney offices; the slow pace of scheduling court hearings (average 4-6 months), a high number of stalled, pending lawsuits against temporary users and the problematic court practice of combining into one proceeding an owner's claim for property repossession and the temporary user's counterclaim for reimbursement of investments into the occupied property. The separation of the two cases results in a much faster property restitution process, as demonstrated by the Slunj Municipal court, which has recently changed its approach (OSCE/UNHCR 2003:12). In addition, court orders for evictions are still systematically postponed or ignored in several parts of Croatia.

4. Other barriers to return. As already noted, it is not only legislative and administrative factors which affect individuals' judgments about whether or not to return. In addition, even when administrative obstacles have been technically removed, the slow pace and negative attitudes on the part of local officials processing cases can be a deterrent. Lack of economic development in general, and lack of opportunities for returnees in particular, are also factors affecting return. A disproportionate number of returnees are elderly. In addition, concern about the possibilities of discrimination in schools, as well as difficulties and delays in securing welfare benefits, are also factors hindering return. As will be noted below, the Government's development strategy has made little inroads into these problems. More generally, in areas of disadvantage and exclusion, different groups of returnees, in-migrants from Bosnia, and settled populations compete for scarce resources. This is compounded by a climate of distrust and fear on all sides with unresolved issues from the past compounded by current problems.

The slow pace of return, and the slow removal of barriers to return, has not created conditions conducive to peace-building in the places which form our case studies. For this reason, a great deal more work on peace-building from below is needed which can also connect with, and produce changes in, macro-level practices and policies.

(2) Minority Rights

As a result of Croatia's independence, war, and massive forced migration, minority rights in contemporary Croatia have been transformed fundamentally. During the years of HDZ rule, *de facto*

erosion of minority rights often went alongside formal *de jure* commitments to international standards, as enshrined in the Croatian constitution. However, it was not until the adoption of the Constitutional Law on National Minorities (CLNM), in December 2002, that constitutional guarantees of equality, a special right to vote for minority representatives in Parliament, and freedom of expression, use of language and script, and cultural autonomy, were given concrete legal expression. The Law was a long-standing commitment of the Republic of Croatia following its accession to the Council of Europe in 1996. By the time the law was enacted, the results of the 2001 census were known, putting the Serbian minority, whose numbers fell by two thirds, in a weaker bargaining position. In particular, the new Election law, passed in April 2003, is actually less favorable to minorities than election laws passed when HDZ was in power.

Croatia has a wide array of bodies and institutional arrangements, at various levels of the polity, tasked with various functions relating to minority and human rights. At times, the number and overlap in functions appears baffling and, obviously, contributes to reduced effectiveness in practice. The most important bodies, relevant for the promotion of minority rights and, hence, in creating the conditions for peace-building, are as follows:

I. The Constitutional Court. The Constitutional Court is the highest court in the judicial system of Croatia. Considering the gravity of human rights violations committed in Croatia in the 1990s, especially regarding the discrimination against Serbs and other national minorities prior to 1997 when Croatia entered the system of the European Court of Human Rights, the Court has not been especially effective. In 1997, rulings by the Court provided a degree of nominal justice in cases of illegal evictions of Serbs from their property, and also upheld the right of citizens' monitoring of the elections, which had been prohibited by the Election Commission. Nevertheless, the actual level protection of human rights provided by the Court has been limited on numerous occasions where lower-level courts and the state administration, especially the police in cases of illegal evictions, did not act upon its decisions. In April 2002 the Constitutional Law on the Constitutional Court was amended, based on recommendations of the European Court of Human Rights that the Court should be clearly defined as the ultimate domestic legal remedy and its procedures specified and simplified.

II. The Governmental Office for Human Rights. The Office has a role to liaise with all relevant agencies, including focal points in respective Ministries, regarding the development and implementation of programs for the protection of human rights. The Office is currently developing a comprehensive National Program for the Protection and Promotion of Human Rights with accompanying administrative structures and monitoring mechanisms. There is still, however, a lack of publicly available information on the actual activities of different bodies and a lack of clear and systematic reporting procedures and benchmarks that should be provided in the National Program. A recent OSCE report (OSCE 2003) points, in particular, to a lack of dialogue and collaboration between the Office and the Ombudsperson's Institution, described below.

Under the auspices of the Office for Human Rights, regional coordination bodies for human rights are being formed in each county, bringing together representatives of regional agencies for public administration, the interior, labor and social welfare, health, education, culture, economy, as well as civil society and human rights organizations, with the task of identifying the most burning human rights issues in the respective region and developing specific action plans to be adopted by regional assemblies. However, a lack of transparency of the regional coordination structure for human rights has been highlighted in the OSCE expert analysis of Ombudsperson's institution, with the recommendation that the Office for Human Rights ensures a wider understanding of its role and status (OSCE 2003: 16).

III: The Governmental Office for National Minorities. The Office disburses funds and provides technical support to associations of national minorities in relation to the implementation of the national policy for the protection and promotion of national minorities. Currently, the Office is coordinating the development of the National Program for the Protection of Roma, a draft of which has been presented for public debate. The Office, which has been criticized for its lack of transparency and slow pace of work, is increasing its staff as its different duties expand in relation to the implementation of the Constitutional Law on National Minorities, which prescribes the creation of a new consultative structure for national minorities, described below.

IV: National and Local Councils of National Minorities. The CLNM introduces new national and local consultative mechanisms for the protection of national minorities. Only four months after the adoption of CLNM, the national Council of National Minorities was formed on April 16, 2003. Appointed by the Government, the Council includes 7 nominees of local councils, 5 renowned public figures and all national minority members of parliament. In June 2003, the council took over the disbursement of 2.6 m. Euro of annual Government funds for associations of national minorities from the Governmental Office for National Minorities. The Law allows for the establishment of local councils of all national minorities living in a local community, to be directly elected by minority civil society organizations or individuals. These local councils are registered as non-profit organizations with the possibility to create coordination bodies at the regional and national level. The council structure will be funded from the central and local budgets with the mission of advising the local and national government in relation to the promotion and protection of national minorities, with a special focus on the local and national public media representation of national minority issues. Whilst the first round of elections were rushed, and widely criticized, it is too early to say what impact these bodies will have in particular localities in the future.

V: The Public Ombudsperson's Institution. The Office of Ombudsperson is enshrined in the Constitution and made real in a 1992 Law, according to which the public ombudsperson is appointed by Parliament for a period of eight years, with the mandate of examining individual violations of the constitutional and legal rights of citizens, and probing the shortcomings and irregularities in the operation of public administrative bodies once other legal remedies have been exhausted. The first public Ombudsperson, appointed in 1992 and dismissed in 1996, Branko Babac was strongly criticized by human rights NGOs for slowness in setting up the office despite allocated resources and for a lack of criticism in his annual reports, covering, as they did, the most acute period of human rights' violations in Croatia¹.

He was succeeded by the current ombudsperson Ante Klarić who has demonstrated outstanding competence in profiling the Ombudsman's Office as a highly responsive and independent institution for the protection of citizens' rights. The Ombudsperson presents an annual report to the Parliament, including a detailed assessment of the state of human rights in Croatia and recommendations for improvements aimed at both the legislative and the executive branches of the government. At times, the Government seems less than eager to acts upon the report, despite the fact that, by law, Government institutions must respond to the Ombudsperson's inquiries and recommendations within 30 days².

¹ The sharp criticisms were published by Veronika Rešković, in her article "Muke po Babcu" (Babac's Passion) in the independent journal ARKzin, issue 60, March 15, 1996, <http://www.cdsp.neu.edu/info/students/marko/ARKzin/ARKzin60.html#ombudsman> (English summary on Internet).

² The tensions between the Ombudsman's office and the Government erupted in 2002, during the parliamentary discussion of the Ombudsman's Annual report, when a representative of the leading party harshly criticized the Ombudsman for presenting

VI: The Parliamentary Committee for Human Rights and the Rights of National Minorities. This committee reviews draft legislation related to the protection of human rights and the rights of national minorities. In addition to representatives of all parliamentary parties, the committee includes parliamentary representatives of national minorities (the Committee's President is a representative of the Italian minority), as well as associate members representing religious communities (Catholic and Serbian Orthodox churches), human rights organizations (the Croatian Helsinki Committee), and women's human rights organizations (B.a.B.e.). The parliamentary committee is highly visible in public debates related to human rights issues and outstandingly open and responsive to inputs from civil society.

VII: The Coordination for Social Affairs and Human Rights of the Government of the Republic of Croatia. This is the central executive body in charge of the monitoring, evaluation and improvement of human rights protection undertaken by the government. It meets on a weekly basis, providing a forum for consultations and preparation of decisions by the Ministers of education, culture, science, labor and social welfare, war veterans, health, and finance, as well as heads of specialized governmental offices³.

VIII. The Commission for Human Rights. This body was created in 2000, as an inter-agency body of the government, with a mandate that combines elements of the Coordination for Social Affairs and Human Rights and the Office for Human Rights. Its actual activities and its distinctiveness from the other two bodies are not clear, except for the fact that it has only a nominal annual budget of 5,000 Euro for promotional activities and convenes far less frequently than the Coordination.

(3) Civil Society

The institutional framework within which civil society operates in Croatia is clearly crucial for the peace-building case studies described below, all of which involve non-governmental organizations. In this area, there was a degree of progress made in the last two years of HDZ rule, which has been built on considerably by the current Government. Before this, there was explicit opposition from HDZ and its supporters to any independent associations, be they professionalised NGOs or, even more so, advocacy oriented and human rights NGOs, often labeled as 'enemies of Croatia'. At the same time HDZ maintained its hegemony through close links with a range of associations including war veterans' groups. The anti-NGO stance culminated in the 1997 Law on Associations which provided a large degree of state control over citizen's associations.

In the context of sustained pressure from the international community, the Government established an Office for Co-operation with NGOs (henceforth UzU) in November 1998. In the last year of the HDZ Government the UzU, under the auspices of the Deputy Prime Minister, gained a reputation for fairness and openness and, in particular, for extending dialogue with the NGO sector. The role of the UzU, staffed by three people, the Head, Deputy and

political assessments of the state of human rights in Croatia and complaining about lack of cooperation on part of executive bodies. In June 2003, the Parliamentary discussion of the Annual Report was featured by the attacks of the representatives from the opposition parties who found the report too non-judgmental, insinuated that the Ombudsman made a secret deal with the Government and even put his mandate in question. For the first time ever, the Ombudsman walked out of the session, offended by the accusations and the fact that more than a half of parliamentarians were absent during his presentation. In his final word, Klarić explained that general assessments of the human rights situation were not included in the report in order to avoid their abuse for partisan purposes and to encourage the parliamentarians to draw the conclusions themselves.

³ Poslovnik Vlade RH (N.N 107/00) <http://www.vlada.hr/Download/2002/09/03/poslovnik-dopuna.html>

an Administrator, has become immensely important since the election of a new Government in January 2000. In January 2002, a new Law on Associations came into effect which, together with a raft of other Laws and procedures, some of which are in process, finally establishes a supportive enabling environment for NGOs in Croatia.

One of the most important aspects of the relationship between the Government of Croatia and NGOs has been an annual grants competition, administered by the UzU, in which Central Government funds are allocated to NGOs on the basis of project proposals according to a number of different themes. Five competitions have been held from 1999 to 2003, with the overall amount dispersed, and the average size of grant, shown in Table 1 below, together with estimates regarding the amounts dispersed to war-torn areas.

TABLE 2: Grants Through UzU to NGOs in Annual Competitions 1999-2003

Year	Amount HRK	No of Applications	No. of successful Applications	% Success rate	Average grant amount HRK	No Grant to Post-war Areas	% Post-War Focus grants	Amount HRK Post-war Areas	% Post-War Focus amount
1999	28 316 522	667	276	41%	102 597	--	--	--	--
2000	20 545 740	1145	352	30%	59 039	43	12%	1 712 357	8%
2001	22 188 893	921	482	52%	46 130	78	16%	3 078 594	14%
2002	17 188 883	986	4504	47%	38 197	94	21%	2 919 347	16%
2003	17 088 893	872	4425	51%	38 663	86	19%	2 953 822	17%

A preliminary analysis of the proportion of funds directed to the post-war communities⁶ indicates that despite the fact that around 45% of all grants are directed at groups located in Zagreb, a significant contribution is made to post-war communities, either by means of local groups, or through the support of national or regional NGOs active in those areas, primarily legal aid providers, networking and capacity-building programs. Considering that at least 1.25 M Euro has been invested in the accumulation of social capital and strengthening of civil society in post-war areas through the Office of NGOs over the past five years, it would make sense that this program were mentioned as one of the Government's measures for the revitalization of post-war areas in the official progress reports submitted to the Parliament and the international community, which is not the case at present.

4 In 2002, for the first time the 137 grants were provided for multi-year programs in areas of social service delivery (51), civil society and community development support (26), health (25), education (23), protection of cultural heritage (10).

5 Including 131 grants for continuation of three-year programs approved in 2002.

6 The analysis was conducted based on basic information on the grants approved each year, including the name and location of the organization, project title, program area and amount approved. The criteria for estimating whether a project or a program was directed at post-war communities were the location of the organization, description in the project title, researcher's personal familiarity with certain projects and additional inquiry into national programs with potentially strong post-war focus. The grants marked as directed at post-war communities include those conducted by groups located in post-war areas as well as those from other parts of Croatia that include approximately one third of beneficiaries from post-war areas. The analysis for the year 2002 was based on the Guide through Financed Programs and Projects of NGOs in Year 2002, published by the Office of NGOs, on the occasion of the 2003 NGO Fair (Office for NGOs:2003). The analysis provides general orientation as opposed to conclusive information.

Another concern is that the Ministry of Public Works, Reconstruction and Construction, the principal government agency in charge of the return process and regional development, has participated in only two grant-making annual cycles and monitored only 13 grants (only 0.8% of all grants) over the past four years to a total value of 77,500 Euro, among which only one exceeds 10,000 Euro. Of these, 10 are for Croatian settlers' associations, one is for a Serbian NGO dealing with return, and only two grants focus on the overall process of reintegration and trust-building. Knowing that the Ministry does not directly subcontract any NGOs, this analysis indicates a grave lack of the Ministry's direct collaboration with NGOs working on the revitalization of the post-war areas, notwithstanding the Ministry's more instrumental collaboration with two NGOs noted above.

Through the grant making process, since 1999 (that is even during the last year of the HDZ regime), NGO projects and programs of diverse profiles have received Government funding, including homosexual rights' campaigns, feminist initiatives against domestic violence, civil service information points, peace education, reconciliation initiatives, legal aid for refugees, disability self-support groups, drug prevention and rehabilitation programs, youth camps, second world war veterans' clubs, catholic family centers etc. Indeed, the inclusiveness of the process has enabled a balanced representation of different ideological and thematic interests around which citizens in Croatia mobilize. The three areas not covered by the program include grants for national minorities managed by the office for National Minorities, as noted above; war veterans' associations that are channeled directly through the Ministry of War Veterans; and grants for sports associations, supported through the Ministry of Education and Sports and other sources. The lack of transparency in the funding process for the latter two areas is a burning, politically burdened issue, inciting polemics in the public⁷.

There is also a lack of transparency, outside of some of the larger cities, in local municipal and county authorities' grant-making to NGOs and associations of citizens. Again, in many of the war-affected areas, there is a tendency to fund war veterans and a range of ideologically-motivated associations regardless of their actual programs of work. Often, different local government departments, including the Department for Health and Social Issues and, in many cases, the Office of the Mayor, make decisions without any clear planning or consultation process. A survey of 74 Croatian towns and cities (Bežovan and Zrinščak date) indicated that the following kinds of associations received most support, although the authors do not provide quantitative information: 1. Caritas, the Red Cross and Associations of Persons with Disabilities; 2. Associations from the Homeland War; 3. Pensioners' Associations; and 4. Associations providing programmes of Social Integration (Psycho-social support; Prevention of violence; Solving problems of addiction; etc.).

In December 2000, the Government of Croatia published 'A Programme of Cooperation Between the Government of Croatia and the Non-Governmental and Not-for-Profit Sector'. This wide-ranging agenda document was produced through a consultative process involving all stakeholders and seeks to promote cooperation, solidarity, social justice, transparency, personal ability and responsibility, and participatory decision-making. It sets out mechanisms for improving communication between the Government, civil society, and private sector actors. As such, it represents the consolidation of

⁷ In the interview with the researcher (December 2002), the Head of Office for NGOs has mentioned how she refused to take up the responsibility of organizing grant making for war veterans' associations from the Ministry of War Veterans. Namely the Ministry funds umbrella associations of war veterans with almost no conditions in respect to the quality of proposed programs and financial reporting. The decisions on distribution of resources are predominantly driven by the political interest of appeasing the war veteran associations that are still viewed as a potential threat to the reformist government. At the same time, the current lack of transparency means that most community-based war veterans' initiatives and their integration into the rest of civil society receives almost no support, as, according to the accounts of interviewed local activists, most funds are not channeled from top-down within the umbrella associations and the war-veterans' groups remain gravely isolated from other parts of the civil society, even in the grant-making process.

democratic values and practices in Croatia. Through technical assistance from DFID and other donors, work is continuing on solidifying the Programme into a broad social compact, in which national level initiatives are combined with local and regional development and capacity building. In this way, civil society will be seen as a crucial and permanent partner to Government, with clear lines of communication established, so that governance will become less statist and more democratic, open and responsive.

In March 2002, the Council (*Savjet*) for Civil Society Development was formed by Government decision, bringing together 10 governmental officials (mostly deputy ministers and heads of government offices), 7 representatives of different sub-sectors of civil society, and 3 independent experts, with an initial mandate of one year, extended to three years in 2003. The Council's role includes: to suggest and review new legislative proposals; to supervise the grant-making process; and to monitor the implementation of the Code of Positive Practice once it gains Parliamentary approval. The Council has been an important vehicle for guaranteeing the transparency and fairness of the grant-making process and for the long-term sustainability of civil society in Croatia.

The Law on the National Foundation for Civil Society Development is currently in Parliamentary procedure. It represents a fundamental change in the Government's strategy regarding civil society development. The FCSD will be established as a Public Operational Foundation whose founder is the Government but, through its governance structure, will have a considerable degree of relative autonomy and, importantly, will be much less of an instrument of Government and much less influenceable by shifts in day-to-day politics in Croatia. Its role will be to provide expert and financial support to increase the sustainability of the non-profit sector in Croatia. It will also promote inter-sectoral co-operation, philanthropy, volunteering, citizens' initiatives, and democratisation processes.

Importantly, the FCSD will have the power to fund-raise and seek donations and, as the Law protocol states, funding of 4.5 M Euro for the first two years has been secured through the EU CARDS Programme. The FCSD will have an initial endowment from the state budget of 2 m. HRK. In addition it will receive a proportion of the revenues from the national lottery and other games of chance in Croatia. The Law on Lotteries allocates 50% of lottery revenues to civil society, and the FCSD will receive 14% of this sum. As an indication, estimated revenue from this source for the FCSD in 2003 is 17 M HRK. Whilst the activities financed by the UzU will be transferred to the FCSD, the UzU will continue in existence as a small office responsible for aspects of Government policy regarding civil society. The Council for Civil Society will also continue to exist. The exact relationship between the FCSD, UzU and Council will be determined by the statute of the FCSD. It is expected that the staffing of the FCSD will be increased considerably over that of the UzU, with considerably increased capacity for research and policy development.

Considering the dynamism, inclusivity and strategic approach demonstrated throughout the past five years of existence of the Governmental Office for NGOs, there is space for optimism that the base exists for the creation of an even more appropriate and comprehensive institutional framework for civil society development, including a politically balanced inter-sectoral national council, a politically independent national public foundation (with the possibility of regional foundations in the future), competent focal points for cooperation with civil society in line ministries and, crucially, enhanced regional and municipal administrative capacities for creative engagement in partnerships with civil society organizations. Notwithstanding resource issues, and goodwill from civil society counterparts, the new framework's viability and impact is still contingent on the readiness of line ministries and regional and local governments to engage in the demanding process of transforming their modes of operation towards greater citizens' participation in all stages of policy making and its implementation. If this

occurs then the peace-building initiatives led by NGOs in Croatia, and described below, stand a greater chance of feeding into macro-level policy processes.

(4) Development Strategies

In part as a result of war events, there was little systematic attention to strategic development in the 1990s, beyond the idea that "a road inevitably means development" (UNDP, 2001; 51). In some respects there was a quite conscious political decision not to delve into particular themes – there was no survey of poverty in Croatia until 2000, for example (World Bank, 2000). One of the priorities of the new Government elected in January 2000 was the commissioning of a comprehensive national development strategy "Croatia in the 21st Century", co-ordinated by the Development Strategy Office established in July 2000. A broad statement of principles was produced in July 2001, and thus far, nine components of the strategy have been adopted by the parliament, (information technology, culture, science, national security, defense, energy, environmental protection, macro economy, agriculture and fishery), while a dozen more are being prepared, including the ones on support to civil society development and decentralization.

The concept of peacebuilding is reflected in the Principles of Development, which give considerable importance to the quality of social relationships, generated by civil society, for successful social and economic development that is viewed as the prime guarantee of national security: "*The concept of national security relies on a comprehensive development of societal resources and capacities of social institutions. A successful and integrated society is at the same time the safest society*" (Principles 2001:29).

The Strategy of National Security

In addition, the *Strategy of National Security* was adopted by the Parliament in March 2002, representing a fundamental conceptual document for the development of a comprehensive system of external and internal national security. The main goals of the Strategy include the development and implementation of an effective security system, integration into international and regional security systems, and the development of a stable and economically viable society capable of responding to challenges and threats. The Strategy advocates understanding national security as a result of efforts by a variety of social actors in different societal spheres, including politics, the economy, diplomacy, defense, science, technology, ecology and internal security, thus creating space for civil action. As well as confirming Croatia's commitment to international standards and obligations, and democratic control of the security forces, the document emphasizes the importance of the individual security of all inhabitants, by means of protection of the constitutional order, democratic political system, human and civil rights, requiring further development of the internal security system and strengthening all democratic state institutions and the legal order. While the role of civil society is not explicitly mentioned in the Strategy or the parliamentary discussion, the adopted concept of national strategy and the interpretations presented by the majority of parliamentarians (with the exception of the right wing parties, especially HDZ) represent a valuable opportunity for linking peacebuilding with the Croatian security policy. As in all the strategic documents, the link between it and the development of institutional and policy frameworks remains vague, thus far.

There are, however, two specific opportunities for strengthening ties between concepts of peacebuilding and security policy, provided by the Civil Service and the recent project on Community Policing. The current scheme of civil service

enables conscripts who choose this alternative to military service, to work in one of the designated public institutions and NGOs for the period of 8 months. Currently, the Ministry of Justice, Public Administration and Local Self-Government is responsible for coordinating this procedure. Once the obligatory military service is abolished, which is expected to happen over the upcoming two years (former Minister of Defense and president of the parliamentary party Libra has already launched the campaign), civil service will become incongruent with the concept of the professional army accessible to men and women. At the same time, there is strong advocacy taking place on part of the Office of NGOs and civil society for the promotion of voluntary work (a Law on Volunteering is being drafted), which coincides with the measures proposed in the National Youth Policy, to enhance social and economic mobility of youth through internship schemes. The Community Policing project of the Ministry of Interior envisages a completely new role for police personnel in local communities, where their main task would be to create trust and collaboration with citizens, formal and informal community leaders in particular that would contribute to crime prevention and greater respect of human rights on part of the police.

(5) Decentralization of Public Administration

This mismatch between strategies and actual policies in place is also present in the case of decentralization of public administration where excellently developed idea-typical models face obstacles caused by political realities and impasses. This part of the strategic development was sub-contracted to the Croatian Law Center (HPC) which has made remarkable progress and built a degree of consensus so that nine draft laws are currently being discussed which propose innovative regulation of local elections, a new territorial organization of local and regional self-government, enhanced legal status and authority of local self-government, clearer status of local government officials, sustainable financing of regional and local self-government, and thoroughgoing decentralization of primary and secondary education, health, social care, and culture, with the purpose of enhancing independence, competence and responsible self-governance and engagement of all sectors. No fundamental changes will occur until after the next elections and difficulties regarding political support for regionalism, plus a need to counter the politicization of local government by the right-wing parties and their supporters, will continue to present difficulties.

Regional Development Policy

One of the most important gaps in the strategy thus far concerns the elaboration of a coherent multi-sectoral regional development policy. A Regional Fund has been formed under the auspices of the Ministry of Public Works, Reconstruction and Construction, with conferences held where proposals were made for attention to be paid to participatory regional policy planning, which would include the private sector and NGOs and would focus on comparative advantages of each region, in particular human and environmental resources enhancing social

cohesion and social capital. It is expected that the full design of the regional development policy and accompanying institutional structure will be completed by the end of 2003.

For the war-affected areas this is of the utmost urgency. The interdependence of social and economic development is clearly reflected in the current profile of the post-war areas of Croatia, featured by severe depopulation (small number of prevalently old inhabitants), destroyed social networks, damaged infrastructure, high unemployment and lack of productive activities. Since the sustainability of return and existence in the post-war areas, and thus peace building itself, ultimately depends on prospects for development, the current state leaves little room for optimism, despite positive trends noted above.

According to the Government Report on the Social Situation in the Areas of Special State Concern, presented to Parliament in June 2002 at Parliament's request, the Government's measures and subventions for the enhancement of economic development have had little effect so far, due to the complexity and depth of the problem. While it is too early to expect the reversion of deeply rooted negative trends of underdevelopment, close monitoring and detailed evaluation of government's interventions is crucial for determining whether the current development strategy might yield results in the long-term. It is already apparent, however, that the strategy fails to acknowledge the importance and relevance of investment into the agency of civil society, the recreation of social networks and the enhancement of regional and local leadership for sustainable peace-building and development.

Negative Trends

According to the 2001 census, the density of population in the post-war areas of only 22.3 inhabitants per square kilometer is 3.5 times lower than the average density of Croatia and even 4.6 times lower than the density of the rest of the country. Over the past ten years the total number of inhabitants in these areas has decreased by 40%, in comparison to the average decrease of 3% in Croatia as a whole. The vitality index of 79,7 (number of births per 100 deaths) is the least discrepant demographic indicator from the Croatian average of 89,7, due to the influx of younger ethnic Croatian settlers from B-H and FRY. At the same time, the age structure in post-war areas shows negative imbalance between the youth and the elderly, with 32% of the elderly (over 60), 47% of middle-aged and 21% of youth (below 20), in comparison to an even number of the elderly (24%) and youth (23%) in the overall population of Croatia, which itself is not sufficient for the natural reproduction of the population.

In addition, pre-war enterprises have been either destroyed by war, become inaccessible due to mining or their revitalization (contingent on clarification of ownership structure and attraction of investments) has proved to be too complex a task. In war-affected areas, the unemployment rate was around 43% at the end of 2001 and has not been significantly changed since then⁸. The employment rate of 40% was more than one third lower than the Croatian average of 55% in July 2001. Despite the fact that the employment rate is growing (by 7% in 2001), so is the unemployment rate (by 9% in 2001), hence there is no significant improvement in the overall structure of employment. *Per capita* income is 25% lower than the Croatian average, which represents a smaller discrepancy than the employment rate, due to the fact that most income comes from jobs in the public sector (including special bonuses for

⁸ No more recent data are available segregated data for areas of special state concern are available from the Croatian Bureau of Employment, except for the data presented in the 2002 Government Report.

areas of special state concern), that are on average better paid than the jobs in the private sector. In addition, the post-war areas, which make up 8.03% of the total population of Croatia, account for 21,7% of total social welfare benefits. When social welfare benefits are deducted from the total per capita income, inhabitants of post-war areas make only 51.8% of the personal per capita income made by average inhabitants of Croatia.

Key government measures for these areas endorsed by the Parliament in July 2002, have mostly focused on the development of infrastructure and stimulation of entrepreneurship, while its taxation incentives have primarily targeted individuals rather than local governments, which have thus continued to rely primarily on central government incentives. It is apparent that none of the measures, with the exception of planned business incubators and business education in one pilot project, take into account the need for the accumulation of social capital, particularly through enhancement of business leadership, self-initiative, recreation of social networks, enhancement of security and confidence building, despite the fact that lack of entrepreneurial spirit and broken social ties have been pointed out in the report as key factors of underdevelopment. In the Parliamentary discussion, only Vesna Škare Ožbolt from the Democratic Center, who, when a member of HDZ, served as the President of the National Board of trust-building during the reintegration of Eastern Slavonia 1998-99, explicitly emphasized the need "for greater attention to the restoration of civil society and the improvement of the quality and security of public life because that is the only way to decrease tensions between different social groups whose normal courses of life were violently interrupted".

As will be clear from the case studies, this lack of concern with wider social and human development in war-affected areas presents limits to the possibilities for peace-building. Nevertheless, if reforms on decentralization are implemented, they may provide valuable opportunities for the affirmation and expansion of community peace-building practices which are inseparable from sustainable socio-economic development of the post-war regions, and the promotion of the principles of subsidiarity and cooperation between different social actors and sectors.

3. International Assistance Programs, European Integration and Peace-building in Croatia

Throughout the 1990s, there were major tensions in the relationship between the HDZ regime and various kinds of international assistance programs in Croatia. In part, this was a reflection of the regime's distrust of international agencies including non-governmental organizations. A neo-conspiracy theory of the funding, by external interests, of opposition groups to undermine Croatia's sovereignty, security and stability, emerged as a sub-text of this framework, even up until the January 2000 elections. At the same time, the international assistance regime itself was too focused on immediate humanitarian needs, and often acted as a parallel structure with few meaningful partnerships with local authorities. In addition, uncoordinated assistance programs had limited impact and effect and, insofar as they targeted particular groups, often based on ethnicized approaches, may have contributed to disintegration rather than peace building at the community level.

Considering the fact that despite all political and economic challenges, Croatia is among the most stable and prosperous and democratic post-conflict countries in the Balkans, with prospects of a successful outcome of its application to the EU in the foreseeable future, it is no surprise that at present, international donor support to Croatia is more focused on structural administrative and economic reforms. There is less of a proliferation of

agencies with a smaller number of larger donors, among which OSCE, USAID and the European Commission are the main supporters of community-based peace-building efforts. In some ways, it could be argued that a peace-building agenda is more explicit and visible in the development assistance frameworks of international donors in Croatia, than in the development programs of the Croatian state.

1. The Office for Security and Cooperation in Europe (OSCE). The OSCE has had a field presence in Croatia since 1996, with a mandate of assisting the Croatian government and other interested social actors in the fields of human rights and the rights of national minorities; the development of democratic institutions; and the monitoring of the two-way return process, in order to "promote reconciliation, the rule of law and conformity with internationally recognized standards". It was invited to remain in Croatia after the January 2000 elections. Its current, and most probably last, mandate runs until December 31, 2003, with an annual budget of 10.8 m. Euro and 67 staff, working from the central office in Zagreb, three field centers in Vukovar, Sisak and Knin, and seven field offices in post-war communities throughout Croatia (OSCE Mission to Croatia website 2003).

In addition to its highly visible monitoring function and direct engagement with Government officials, the OSCE has been active in catalyzing local cooperation, technical assistance with small grants of up to 5,000 Euro available to community-based initiatives, especially those that are still in a nascent phase and cannot access other sources of funding. Medium-sized grants ranging from 5,000 to 50,000 Euro are also available to national NGOs that provide services and support community based organizations in post-war areas of Croatia. This bottom-up approach was particularly nurtured during the period 1999-2001 and is being gradually reduced as the Mission is downsizing and preparing its exit strategy.

The Mission staff responsible for the support to civil society have underlined several successful examples of enhanced cooperation of local youth groups and local authorities, in places such as Korenica, Đevrske and Glina, where OSCE support to emerging local youth clubs broke down the local government's suspicions of both the local civil society as well as OSCE as an agency that is only interested in criticizing local structures, as opposed to supporting them. The OSCE prides itself for having stimulated local cooperation, "in a way as simple as putting people together", with regular meetings involving local authorities, media as well as NGOs, and which are seen as especially important in Eastern Slavonia but also in Šibenik, in Dalmatia, where civil society is less developed.

In its assessment of the state and potentials of civil society in Croatia, OSCE has been critical of the unbalanced regional development, to which leading national NGOs from the urban centers pay insufficient attention in their programming and field activities. Despite the fact that the office for NGOs is aware of the problem, it still tends to disburse most funds to NGOs located in Zagreb, which are closer to sources of information and have more advanced fundraising skills.

In terms of its unique contribution to community peace-building, OSCE has been effective due to its network of accessible field offices that provide technical support to local activists and authorities and are at the same time in a precious position of communicating the local dynamics and needs for political intervention to the central Mission office, which has direct access and significant influence on national and international policymakers. A little discussed, but very valuable, legacy of OSCE is the human capital of more than 200 Croatian professionals who have over the past seven years been directly involved in providing support to local institutions and organizations focused on human rights protection and peace-building in the post-war areas of Croatia and who have at the same time, become skilled in management of development programs, the field in which Croatia still lacks human resources. In the exit phase, it would be beneficial if the OSCE facilitated integration of its current staff into the Croatian public services (both state and non-state), where knowledge of the post-war local dynamics, framework for human rights, communication prerequisites and non-profit management is much needed.

2. The United States Agency for International Development (USAID). Since 1992, USAID has been the leading international agency, supporting relief and recovery of war-affected communities and populations. At present, its support to community-based peace-building is channeled through two main programs – CRONGO and ECRA. CRONGO, from 2002 to 2004 represents the second three-year cycle of support from USAID to Croatian civil society, with a total budget of 1.75 m. USD. It is implemented by the US NGO the Academy of Educational Development (AED) that provides training, small grants and larger institutional grants to NGOs and civil initiatives throughout Croatia, including post-war communities.

Economic Community Revitalization (ECRA) is a three-year comprehensive program that integrates the reconstruction of infrastructure, economic revitalization, local government capacity building and the enhancement of community-based social services and civic organizing in a number of post-war municipalities. In these areas, USAID has signed a memorandum of understanding, which requires that local governments cost share and cooperate with its implementing partners, mostly local and some international NGOs and businesses. The program is managed by MercyCorps International that disburses funds and closely monitors the activities of more than 20 implementing partners, all of which are treated as contractors, as opposed to being grantees. A large number of locally designed long-term community-based peace-building programs have been included in the ECRA program.

In addition, through the Local Government Reform Project of the Urban Institute, significant value has been added to the improvement of local governments' capacities to manage their resources efficiently and enhance their cooperation with civil society and citizens. While the program is not exclusively focused on post-war areas, more than a half of trained local consultants have been assisting post-war municipalities, while the program's main components have also been implemented in a number of post-war communities.

3. European Integration, the European Commission and the CARDS Program. As a result of political problems throughout the 1990s, Croatia was not included in a number of European Union assistance programs, including PHARE and TEMPUS, until very late in the day. Since 2000, the main goal of the government has been the integration of Croatia into the EU, indicating the government's commitment to comply with a European set of values and principles. In October 2001 Croatia signed the Stabilization and Association Agreement (SAA) with the European Communities and its Member States, thus demonstrating its capacity to meet international obligations and start the intense process of accession to the EU. While the SAA mostly focuses on specific economic and trade-related issues, political and institutional reforms - with special emphasis on promotion and respect of human rights, national minorities and refugee return process as well as strengthening of the rule of law and good governance - are considered instrumental preconditions for its implementation. Moreover, the SAA strongly emphasizes the importance of cooperation with other countries of the Stabilization and Association process, for the political, economic and institutional stabilization in Croatia and the whole region *"through the development of civil society and democratization, institution building and public administration reform, enhanced trade and economic co-operation, wide-ranging co-operation, including in justice and home affairs, and the strengthening of national and regional security"* (SAA 2001).

In the last two Stabilisation and Association Process (SAP) reports, the Commission has stressed the importance of political conditionality for successful accession, particularly full cooperation with ICTY, effective protection of minority rights, efficient and equitable process of refugee return, urgent transformation of the Croatian Radio-Television into independent public media, thorough reform of the judiciary and enhanced regional cooperation. Croatia

submitted a full application for membership in February 2003, and there is optimism that membership may be a reality before the end of the decade.

In addition, as part of the European Union's process of integration of all the countries of what it terms 'the Western Balkans' (former Yugoslavia minus Slovenia, plus Albania), Croatia is eligible for assistance under the CARDS program, amounting to some 168 m. Euro under the national program and a further 23 m. Euro under the regional program from 2002-2004. Whilst there is no explicit reference to peace-building, a great deal of assistance focuses on refugee return, human rights, minority rights, civil society, the rule of law, and effective administration. A recent tender for social services provision by NGOs, explicitly targets the war-affected areas. In addition, the program is a major funder of the Foundation for Civil Society Development.

4. Other Donors. Amongst other donors, the Open Society Institute, through its various grant-making programs, has been of immense importance in Croatia. The Institute is about to end its programs in Croatia and, in any case, since 2000, has switched too much more technical assistance in the areas of educational reform and decentralization. DFID has supported a range of civil society initiatives, refugee return programs, as well as technical assistance for the UzU/FCSD on partnerships and compacts. Other bilateral donors, including the Norwegians, Swedes, Dutch, and Canadians, have also supported a range of local NGOs working on peace-building projects.