



Development of the NGOs block grant feasibility study
has been funded by the *Lithuanian-Swiss Cooperation
Programme*

**NON-GOVERNMENTAL ORGANIZATIONS' BLOCK GRANT FEASIBILITY
STUDY UNDER THE LITHUANIAN-SWISS COOPERATION PROGRAM**

Vilnius, 2010

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INTRODUCTION

On 27 February, 2006, the European Commission and the Swiss Confederation, signed a Memorandum of Understanding, under which Switzerland made a commitment to make a contribution of 1 billion Swiss francs to 10 new EU countries. Financial assistance of Switzerland for Lithuania for was 70,858,000 (hereinafter referred to as CHF). This includes assistance to security, stability and reforms, infrastructure and environment, promotion of private sector, and human and social development. On December 20, 2007, the Government of the Republic of Lithuania and the Swiss Federal Council signed a bilateral Framework Agreement regarding the implementation of the Lithuanian-Swiss Cooperation programme to Reduce Economic and Social Disparities within the Enlarged European Union (hereinafter referred to as the Lithuanian-Swiss Cooperation Programme). It is planned that all Project Agreements in accordance with the Lithuanian-Swiss Cooperation Programme should be signed by 14 June 2012, and the funds should be used by 14 June 2017 June. On 19 November, 2008 the Government of the Republic of Lithuania adopted the Resolution No. 1178 "On Administration of the Lithuanian-Swiss Cooperation Programme between the Republic of Lithuania and the Swiss Confederation to Reduce Economic and Social Disparities within the Enlarged European Union" (Official Gazette, 2008, No. 136-5315), according to which intermediary bodies in charge of the programmes or block grant were appointed. The following intermediary bodies, which administer Lithuanian-Swiss Cooperation Programme, have been appointed: the Ministry of Finance, the Ministry of Health and the Ministry of Education and Science. Pursuant to the Resolution, the Ministry of Finance of the Republic of Lithuania was appointed as an intermediary body responsible for the development and implementation of the NGO block grant.

Public body "Social and Economic Development Centre", with regard to the order of the Ministry of Finance has prepared the NGOs' block grant feasibility study under the Lithuanian-Swiss Cooperation Programme. The preparation of the NGOs' block grant feasibility study under the Lithuanian-Swiss Cooperation Programme (hereinafter - the feasibility study) was financed by Lithuanian-Swiss Cooperation Programme.

The objective of the feasibility study is to perform a detailed and comprehensive analysis of the current situation and needs of NGO sector in Lithuania and formulate high-quality, consistent and sustainable conclusions and recommendations.

To achieve the **objective**, the following **goals** are pursued:

1. Perform analysis of the current situation and needs of NGO sector in Lithuania:
 - 1.1. General description of NGO sector in Lithuania;
 - 1.2. Current situation analysis of NGOs' institutional capacities;
 - 1.3. Current situation analysis of cooperation between NGOs and local municipalities;
 - 1.4. Current situation analysis of cooperation between Lithuanian and Swiss NGOs;
 - 1.5. The role and influence of NGO in solving horizontal issues;
 - 1.6. NGO fund-raising capacities for the implementation of their projects.
2. Prepare the following conclusions and recommendations regarding:
 - 2.1. Strengthening cooperation between NGOs and local municipalities,
 - 2.2. Strengthening cooperation between Lithuanian and Swiss NGOs,
 - 2.3. Areas, activities, measures, applicants and target groups financed by the NGO fund,
 - 2.4. The role and influence of NGO in solving horizontal issues,
 - 2.5. The principles for the establishment of NGO Steering Committee.

During the preparation of the feasibility study the following methods were applied: scientific literature review, focused group discussion, electronic questionnaire survey.

During the preparation of the feasibility study *quantitative and qualitative methodology* was coordinated. Common methodological study of several steps, as well as resulting conclusions and recommendations are based on the theory of close relationship between democratization and civil society (Diamond, 1994). Salamon and Anheier after a comprehensive study of 22 countries (1999) concluded that where state governing, business and non-governmental organizations to share close partnerships¹, non-governmental sector (also known as - civil society) is the "healthiest" (i.e., the most active in economic sense) and the largest (i.e., the strongest civic, community, altruism, voluntarism, and similar values). In order to analyse the current situation of NGO sector in Lithuania, the main attention was paid to the relations between

¹ *NGO and public partnership is being established when, while implementing public policy and decision making related to setting societal standards and and life's quality, NGOs are being consulted with and supported by the state, despite the level of influence and resources of the NGO sector. Alternative models: NGO – is healthy independent opposition to the state, supplying alternative services and opinions; NGO – an agent of the state, providing services on behalf of it and to the larger extent being regulated by the state.*

NGOs and state relations in providing public services. While acknowledging that the situation is not formed spontaneously in the here and now, but it has arisen over a longer period of time and developed traditions and expectations of NGO sector; first of all, the near-past of the NGO sector in Lithuania was reviewed (mainly on the basis of the ordered researches and several scientific studies conducted in universities, which were performed by NGO sector itself). In addition, further statistical material was gathered by the State Enterprise “The Centre of Registers” and the Department of Statistics of the Republic of Lithuania, which allows the assessment of the current situation of NGO sector; however, it does not reveal the potential leverage of NGO sector development. In parallel, the survey of NGO representatives was carried out, which sought to clarify the most difficult points in the current development of NGOs in Lithuania. The quantitative analysis was carried out by using the e-survey method. The target group of the analysis is non-governmental organizations. It should be noted that the quantitative survey is anonymous, and it has not been specifically requested to indicate, which NGO representative (leader) completed an electronically submitted questionnaire. During the organization of a quantitative survey invitations were sent to 1,520 NGOs in Lithuania. Contact details were taken from the database of the Lithuanian Information and Support Centre of Non-governmental Organizations, where active Lithuanian NGOs are logged and submitted information about their organization. NGO representatives participating in the survey were passive, therefore, the survey was extended. The set of 185 appropriate responses was received. The third layer of the study was organized in focused group discussion. At this stage it was possible to explore scenarios for improving the situation and specific potential of proposals was discussed. In a focused group discussion involved 13 Vilnius and Kaunas NGOs representatives. The specialists, who have carried out the study obliged their commitment to maintain confidentiality for the focus, therefore, their ideas were quoted without authorship; on the other hand, as it is dictated by the logic of the focus group, although the participants of the discussion were represented by various NGOs, both in scope, status and experience, it was considered that due to dynamics and the topic of conversation, their speeches were not associated with specific NGO activities, but provide general situation of NGOs, problems and assessments of opportunities. In order to include in a qualitative study representatives of NGOs from different regions, a qualitative survey was also carried out. In this phase of the study Lithuanian regional NGOs were interviewed, which, because of geographical distance were not able to participate in a focused discussion. Questionnaires were sent to active regional NGOs, except of Vilnius and Kaunas NGOs. The instrument of qualitative survey in writing was in line with the guidelines of the focus group discussions.

The feasibility study consists of two parts. The first part presents the analysis of the current situation and needs of NGO sector in Lithuania in the following sections: general situation of the NGO sector in Lithuania, cooperation between NGOs and local municipalities, cooperation of Lithuanian and Swiss NGOs, the role and influence of NGOs in addressing horizontal issues and NGOs fund-raising capacities to implement their projects. The current situational analysis was composed and written as follows: first of all, NGO situations in individual cuts, which were defined above are highlighted in the analysis are stressed as insights of previous scientific studies and expert, and subsequently analysis data from the focus group discussion and quantitative study of regional NGO representatives'; and the third stage includes the data from the quantitative survey. The second part of the feasibility study, based on the performed analysis of current situation and needs, includes conclusions and recommendations regarding strengthening of cooperation between NGOs and local municipalities, cooperation between Lithuanian and Swiss NGOs, eligible areas of financing, activities, measures, applicants and target groups to be financed by the NGO Fund, the role and influence of NGO in addressing horizontal issues and the principles for the establishment of Steering committee of NGO fund.

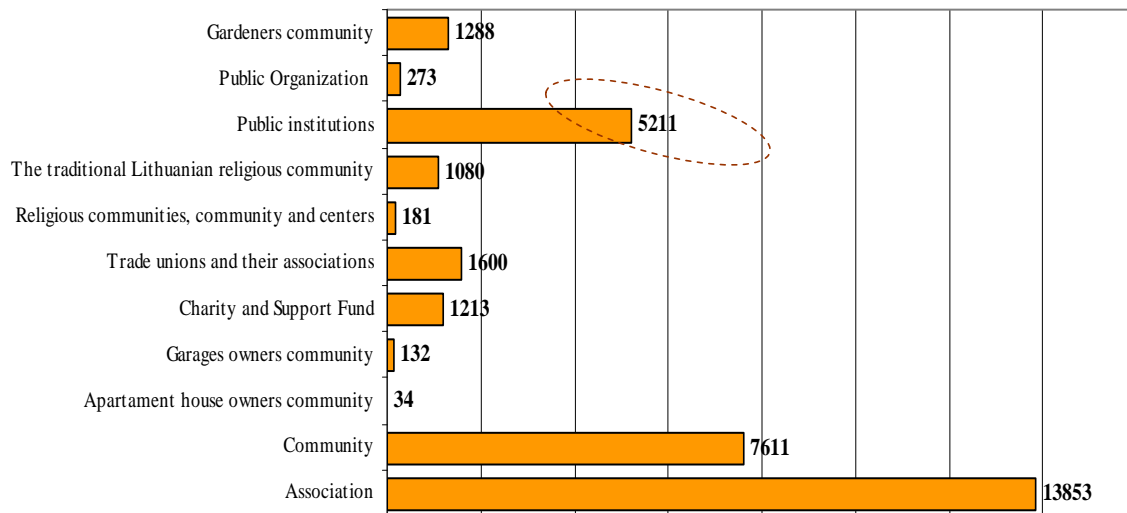
I. CURRENT SITUATION AND NEEDS ANALYSIS OF THE NGO SECTOR IN LITHUANIA

I.1. NGO SECTOR IN LITHUANIA

I.1.1. Analysis of statistical data

According to the data of state enterprise "The Centre of Registers" in 2009, 32,476 NGOs were registered in Lithuania. The largest part NGOs in Lithuania were associations (42.7 per cent of all NGOs or 13,853), communities (23.4 per cent. all NGOs or 7611) and public bodies (16.1 per cent or 5211 of all NGOs or public institutions were registered in total). 1,213 Charity Funds in Lithuania were registered until 2009, 1,600 trade unions and their branches, 1,080 traditional religious communities in Lithuania, and 1,288 gardener communities. The smallest part of the NGOs was represented by multi-flat house owners' partnerships (in total 34 were registered, and in general context NGOs they formed 0.1 percents of all NGOs in Lithuania), communities of garage owners (132 were registered, while the percentage was 0.4

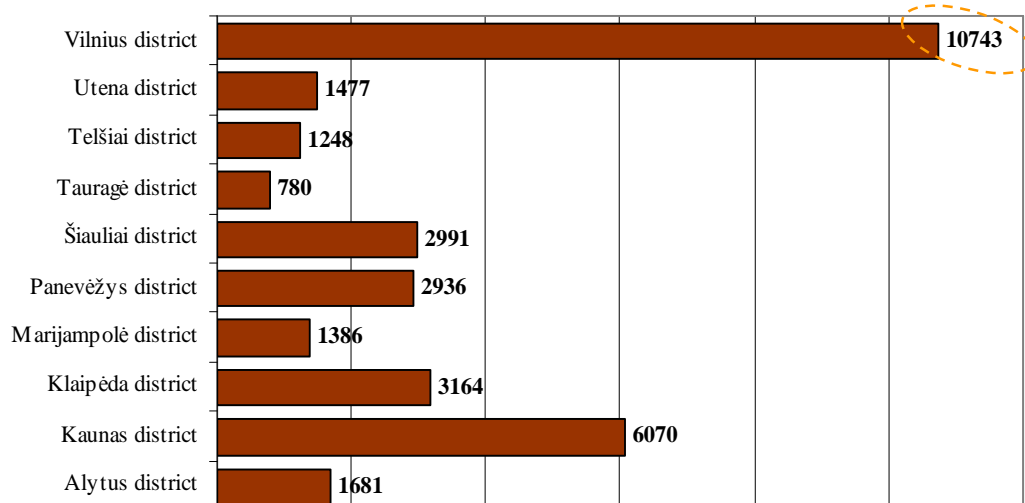
percents of all NGOs), and religious communities, communities and centres (these NGOs made 0.6 percents of all NGOs, but their absolute numbers were 181. A detailed distribution of NGOs according to their status is presented in the picture below (Picture No.1).



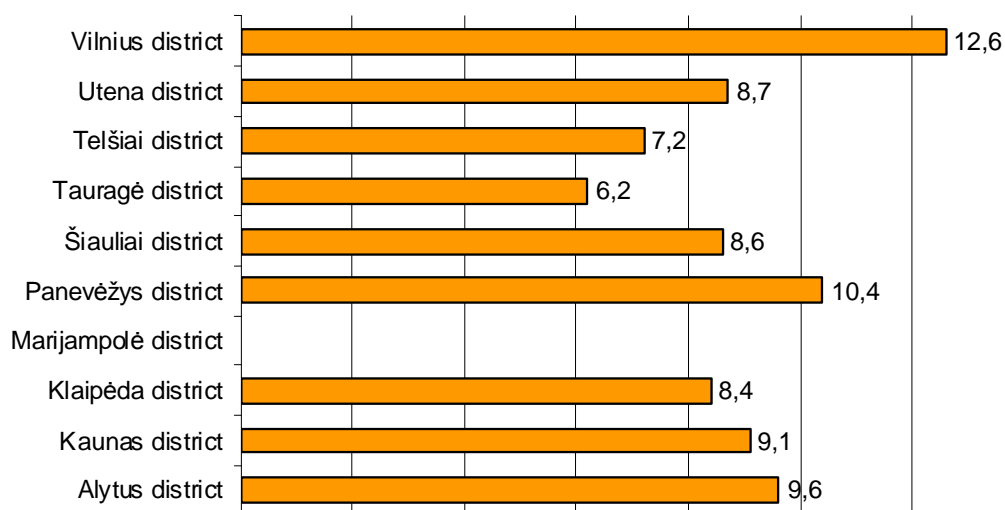
Picture No.1. NGO in Lithuania according to their status, 2009; **Source:** State enterprise „The Centre of Registers“.

According to the data of state enterprise “the Centre of Registers”, slightly more than one half (51.8 percent) of Lithuanian non-governmental organizations are based in Vilnius and Kaunas counties. According to absolute number minimum of NGOs are registered in Taurage and Telsiai counties. However, it is important to emphasize that comparison of NGOs and the population, i.e. the number of NGOs per 1000 inhabitants, it can be stated that there are no very large differences between counties (Picture No. 3). In average, counties have 8.9 NGOs per 1,000 inhabitants. The number of NGOs in

different municipalities of this study is presented in the annexes of this study.



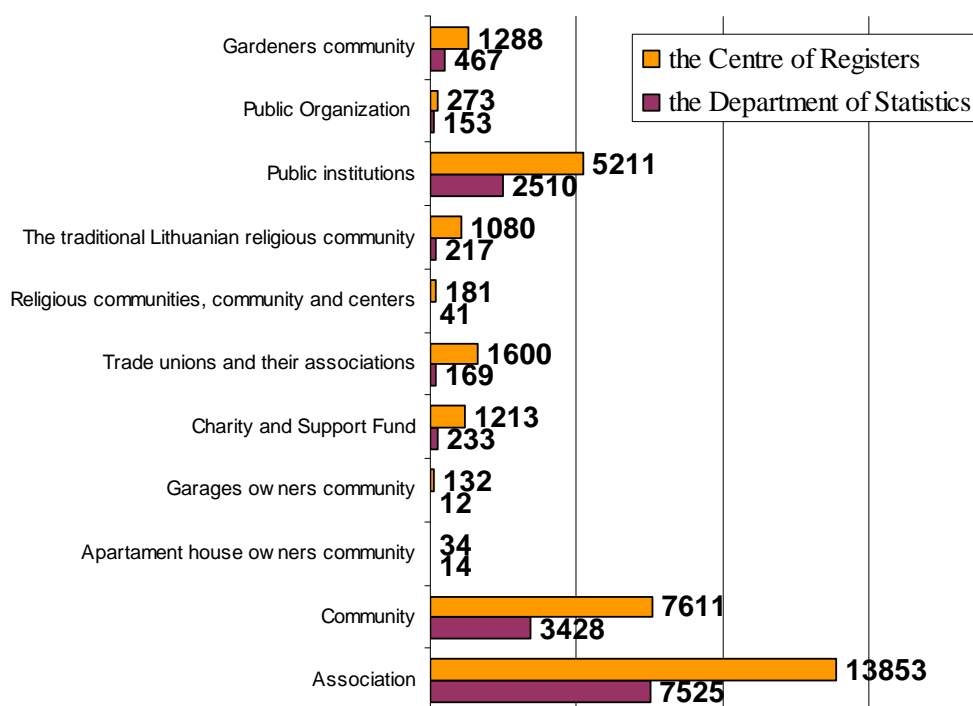
Picture No. 2. NGOs in Lithuania according to counties in 2009; **Source:** State enterprise „the Centre if Registers“.



Picture No.3. NGOs in Lithuania per 1000 inhabitants in counties in 2009; **Source:** State enterprise „the Centre if Registers“.

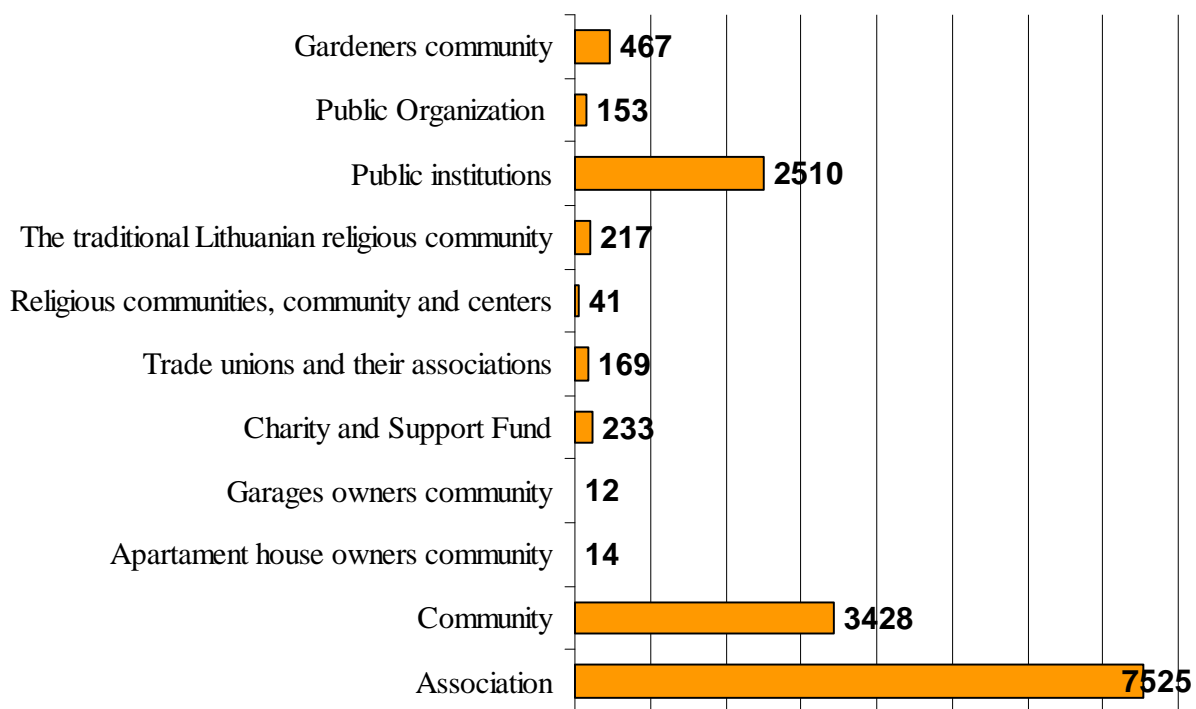
It is important to emphasize that the Department of Statistics under the Government of the Republic of Lithuania the number of operating non-governmental organizations in Lithuania in 2009 was smaller than it is presented by the state enterprise “the Centre of Registers” (Lithuanian Statistical Yearbook, 2009). The number of operational non-governmental organizations, depending on the status, was from 44

to 91 percent lower than it is registered. The number of associations operating in Lithuania is 46 percent less than it is registered, and 55 percent of communities, communities of owners of apartment buildings - 59 percent., garage owners communities - 91 percent., charity and support funds - 81 percent., trade unions and associations - 90 percent., religious communities , and community centres - 77 percent., it is actually less active traditional Lithuanian religious communities - 80 percent., public bodies - 44 percent., gardeners communities - 64 percent than it is registered in the state enterprise “the Centre of Registers” (Picture No. 4).

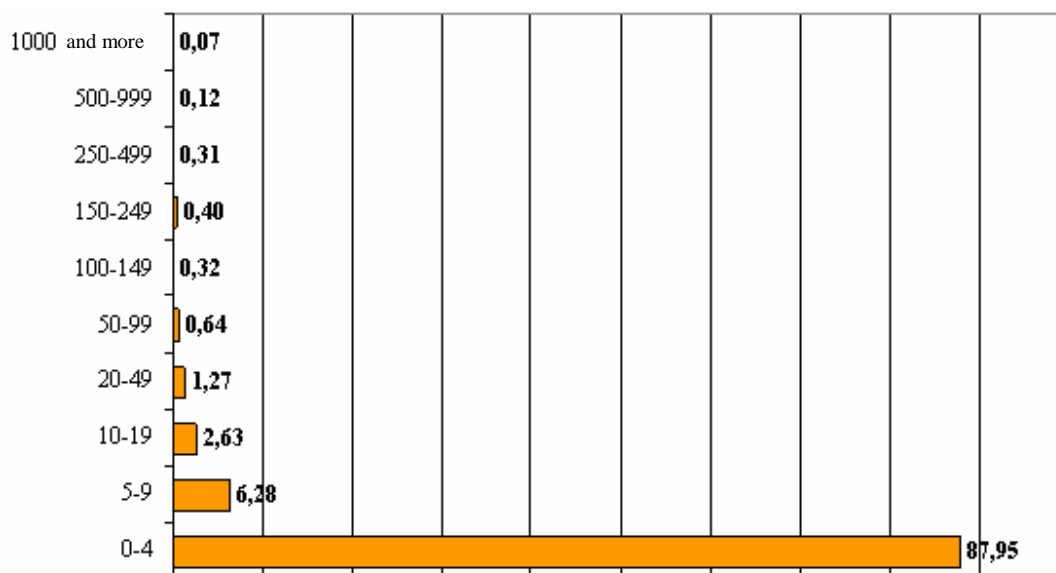


Picture No. 4. NGOs in Lithuania: registered and active subjects in 2009; **Source:** the Department of Statistics under the Government of the Republic of Lithuania and State Enterprise “the Centre of Registers”.

According to the data of the Department of Statistics, NGO organizations have 14769 employees. The largest part of them (91 %) works in associations, communities and public bodies (Picture No.5). The largest part (88 %) of non-governmental organisations may be attributed to micro-companies; whereas up to 4 employees work in such organisations in Lithuania (Picture No.6).



Picture No. 5. The number of employees in NGOs in 2009; **Source:** the Department of Statistics under the Government of the Republic of Lithuania.



Picture No.6. The number of employees in NGOs in 2009, in %; **Source:** the Department of Statistics under the Government of the Republic of Lithuania”.

I.1.2. Analysis of scientific literature

The analysis of research and published articles about the NGO sector in Lithuania shows that there are no comprehensive studies about the distribution of NGOs in Lithuania, their active operation, the groups they represent and their sources of funding. The biggest social response was received from the study carried out by the Civil Society Institute in 2004 - 2005 m., on which collective monograph was published in 2006 by Žiliukaitė R. Ramonaitė A. Nevinskaitė L. Beresnevičiūtė, Vinogradnaitė I. "Undiscovered Power: Map of Lithuanian Civil Society". It is a fundamental sociological study based on several important databases: the European values' surveys, the state enterprise "the Centre of Registers", the Central Election Commission of the Republic of Lithuania, data of NGO Information and Support Centre (NISC) and insights of qualitative analysis of (in small towns), etc. The main vision of the collective monograph is that a civil society potential in Lithuania is low in public policies; and the dominant political culture (including media) has little space for social innovation and the related civic values and orientation of the displacements of greater empowerment of the population, more social confidence, rising corporate responsibility initiatives and directions.

Dynamics of NGO sector in Lithuania (1990-2009). After analysis of research and publications, it can be stated that from 1990 NGOs have been growing steadily: from 1,500 organizations registered in 1990 to more than 16,000 NGOs – 2005; therefore, in a 15 year period, the number of NGOs has increased more than tenfold. In 2009, there were 32,476 registered NGOs. However, it is important to point out that some organizations do not register out of the database of the state enterprise "the Centre of Registers" for various reasons, but mainly, because of complexity of de-registration procedures.

The newly constituted and registered NGOs are loose for the approved legislation of the Republic of Lithuania. Due to the adoption of relevant legislation in Lithuania, for example, in 2003, the number of rural community-based organizations was increased, due to the new Civil Code of the Republic of Lithuania, which requires high cost of registration of NGOs in recent years significantly decreased the number of newly registered NGOs (Žiliukaitė, 2006). Partly that could be considered as a positive trend because it could be presumed that the created and registered civil society organisations are responsible and determined to operate actively. It can be assumed that the spontaneous "social enthusiasm" period is ending, which began with the collapse of the Soviet government, which after actual beginning of NGO

activity and after facing of the inherent problems in this sector, is ending, and NGOs only exists but do not act according to their real purpose. However, on the other hand, increased administrative and financial costs of registration of NGOs, regulated by legal acts of the Republic of Lithuania, negatively influence motivation and effectiveness of public sector, and are economically irrational.

Regional Distribution of NGOs. Despite changes in the legal status of NGOs, it is possible to say that Lithuania is already well-established and rooted density proportions of NGOs in regions. The largest relative number of NGOs per 1000 inhabitants is in the city of Vilnius, for example, in 2005 it was 9.2, but it is important to emphasize here, that the majority of national NGOs covering the entire country, are registered here. The number of NGOs per 1,000 inhabitants in Neringa Municipality was 8.4, but this municipality has a small urban population. The same situation is also characteristic of Jurbarkas, Joniskis, Zarasai, Rietavas, Akmenė districts, Birštonas, Palanga, Visaginas towns (in those districts and urban population there is from 6.4 to 5.1 NGOs per 1000 inhabitants). The smallest number of NGOs is in Vilnius district, i.e. just 1.1 NGOs per 1000 inhabitants. Less than 3 NGOs per 1000 inhabitants are in Silalė, Alytus, Kaunas, Salcininkai, Jonava, Tauragė, Elektrėnai, Švenčionys, and Radviliškis districts.

Statistical analysis shows that there is a direct correlation between the number of NGOs in the municipality and the municipal voters' turnout; and among the number of NGOs in the municipality, the working-age population and the percentage of occupation and income local residents (Žiliukaitė, 2006). Unfortunately, the macro-level analysis does not indicate a causal relationship between the reasons of structural socio - economic and political causes of NGOs and NGO consequences, mainly because it does not pose questions about the number of members engaged in NGOs, NGOs leadership, type of activity and other managerial - organizational characteristics. The presumption is that greater support to the NGO sector in problem areas would create a more positive social-political and economic climate in the entire country.

Distribution of NGOs according to their type of activity. Studies in Lithuania are performed differently defining types of NGOs' activities and membership therein, but are carried out by the same method (a representative national population survey asks respondents to indicate, in which NGOs they are involved), and basically show, that it is possible to talk about relatively strong proportions of membership of the Lithuanian population distribution in NGOs:

- The majority of residents choose sport organisations and clubs as their NGOs (attracting about 3.5 per cent of the population (Žiliukaitė, 2006);
- Relatively numerous trade unions in Lithuania: 3.2% (after a dramatic fall from 42.7% in 1990 it is probable that the proportion of trade union membership increased in 2008-2009 due to the changing political and economic situation in the country) (Žiliukaitė, 2006);
- Cultural and educational organisations include 2.6 % of Lithuanian residents; and this membership is one of the most dynamic, because a lot of organisations operate in schools and universities (Žiliukaitė, 2006);
- 2.5 % of Lithuanian residents belong to youth organisations (Žiliukaitė, 2006);
- 2.2 % of Lithuanian residents belong to religious organisations (traditional catholic church is not included); (Žiliukaitė, 2006);
- Professional associations unify 1.5 % of Lithuanian residents (Žiliukaitė, 2006);
- Social assistance organisations unify 1.2 % of Lithuanian residents (Žiliukaitė, 2006);
- 1.1 % of Lithuanian residents participate in the activity of women organisations (Žiliukaitė, 2006);
- 1.1 % of Lithuanian residents belong to community organisations (Žiliukaitė, 2006);
- 0.5 % of Lithuanian residents belong to environmental organisations (Žiliukaitė, 2006);
- Movement for peace and human rights' protection organisations include 0.1 % of Lithuanian residents each (Žiliukaitė, 2006).

20% of residents participated in the activity of NGO in one or another form and by various intensity (with financial payment and without); (Žiliukaitė, 2006). Distribution of NGO activity according to their profile (according to attributed activity of organisational leaders and activists in representative surveys) in Lithuania is not analysed in detail and systematically; however, general tendencies are noticed:

- Most of Lithuanian NGOs are multi-profile, i.e. work in more than one field (Matonytė ir Zdanevičius, 2003);
- The largest part of NGOs work in social (39.8 %) and educational (38.6 %) fields (very often one organisation works in both fields) (Matonytė ir Zdanevičius, 2003);
- 24.1 % of NGOs work in cultural field (Matonytė ir Zdanevičius, 2003);

- only 24.1 % of NGOs work in interests' representation field (however, this category is not differentiated and cover representation of social and professional group); (Matonytė ir Zdanevičius, 2003);
- 16.9 % of NGOs work in health and sports field (as analysed separately, there are 14 % of NGOs in sports activity); (Transparency International, 2007);
- 5% of NGOs work in children and youth occupation activity (Transparency International, 2007);
- 4.,8 % of NGOs work in environmental field (Matonytė and Zdanevičius, 2003);
- 3.3 % of NGOs work in human rights' protection field (Transparency International, 2007)
- Democratic development is performed by 2.6 % of NGOs (Transparency International, 2007). However, very often the same organisation works in human rights' protection and democratic development fields;

NGO activity is very unevenly distributed across the country: the largest variety of NGOs is in Vilnius, and, for example, in Panevezys dominates NGOs working in the field of culture, in Kaunas and Klaipėda - social and health NGOs (NISC, 2005). Although after changes in Lithuanian legal framework some changes have been recently introduced, it is noted that the type of NGO activity depends on the nature of the legal status of NGOs: charity and support funds mostly (72.7 per cent.) are engaged in social and health activities; associations – in children and youth, social and health activities; and community organizations – in cultural, democratic development and education activities (NISC, 2005).

The range of the target groups represented by NGOs. Because of their public activity NGOs are “easily” represented by the persons with higher education (every second person with a university education is taking part in at least one NGO activities, and an absolute majority of NGO leaders have university education) and youth aged 18-25 years (26 % of persons in this age group are themselves involved in NGO activities). Major problems have NGOs, which are represented by older people (only 2 % of people over 66 years of age are somehow involved in the activities of NGOs (Žiliukaitė, 2006). Due to social exclusion participation of people with disabilities and poor families in NGOs is limited (particularly in rural areas). Also due to established political culture and traditions in Lithuania, NGOs working in the field of equal opportunities, human rights, and environment face difficulties. Comparing the data on NGO activities (the scope of the provision of services) and participation of population in the field of NGO activities, it is recognized that in organizational performance the most successful and the largest social

penetration is reached by NGOs working in the field of sports, culture, education and youth organizations, and the greatest organizational challenges and has the lowest social penetration social are faced by NGOs working in social field; and NGO, performing representation of interests (of different social groups, except for children and young people and professional groups, including labour relations).

Sources of *NGO funding*. The problems of the lack of finances for NGOs, funding sources and instability of their amount are well-known from the publicly available information. However, there is a lack of systematic, detailed and specific research in Lithuania about the sources of funding for NGOs, as well as the means and scope of attracting funds. According to studies carried out so far, it may be stated that:

- NGOs active in Lithuania have small financial resources: annual budget of a half of actively operating NGOs does not reach 20000 LTL (~8403 CHF), median of annual NGO budget in Lithuania is 3000 -5000 LTL (~1261 – 2101 CHF) (NISC, 2005);
- One fifth of NGOs enjoy budget of over 100000 LTL (~42017 CHF); (NISC, 2005 ir Transparency International, 2007).
- „Rich“ NGO group includes charity-support funds; and according to activity profile they are NGOs working in the field of human rights‘ and education (NISC, 2005);
- A lot of NGOs work without clear budget, or sometimes do not have any means (even 19.5 % of NGO leaders do not know annual turnover of their organisations (Transparency International, 2007);
- The smallest budgets have organisations working in the field of environment protection and culture; NISC data of 2005 show, that there are a lot of local NGOs working in sports field in a group of small budget NGOs (Matonytė and Zdanevičius, 2003);
- Two-thirds of NGO leaders mentioned the lack of funds as the biggest problem of their operation (Transparency International, 2007);
- Only 10% of actively operating NGOs get half of their budget from the income received from economic activities (NISC, 2005); and the largest number of such organisations is in educational and cultural fields; and the least number of environmental protection and children organisations (NISC, 2005);
- 33 % of finances NGOs attract through targeted projects (in international and national competitions); (Matonytė and Zdanevičius, 2003);

- 14 % of money disposed by NGOs make financial support of private sponsors (Matonytė and Zdanevičius, 2003);
- 12 % of NGO budget form budget allocations (Matonytė and Zdanevičius, 2003);
- 10 % of NGOs generate money from local and international funds (Matonytė and Zdanevičius, 2003);
- 8 % of NGO budget form money allocated from municipality budget (Matonytė and Zdanevičius, 2003);
- 16 % of NGO budget comes from „other“ means (mostly, membership fee and income for the services); (Matonytė and Zdanevičius, 2003);
- 7 % of NGO leaders indicated that they act without any income, only voluntary. However, it is important to stress, that this particular data reveal the situation in 2003, i.e. prior to the legally enforced option of transferring 2% of income tax to NGOs; therefore, it is possible, that the number of NGOs with zero budget decreased during this period (e.g., according to NISC data in 2005 6 % of NGOs have annual turnover of 1000 LTL (~420 CHF); (Matonytė and Zdanevičius, 2003).

In conclusion, it may be stated that more than a half of NGO income (55 proc.) in 2003 came from public financing (project financing, and allocation from the state and municipalities); and philanthropy accounted for about 24 % of NGO means (assistance of national and international funds, as well as financing of private sponsors).

I.1.3. Research analysis of NGO leaders

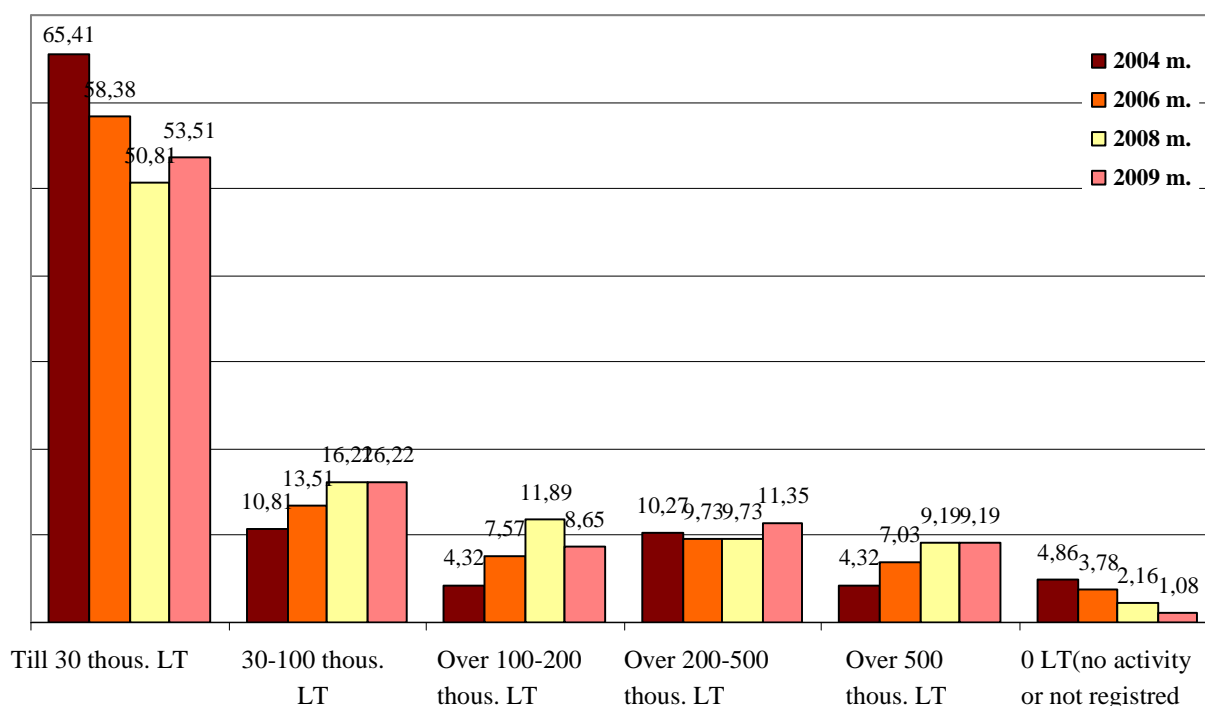
Distribution of NGOs by status. Quantitative analysis of NGO representatives, performed during the period of December 2009 - January 2010, by the Public Institution of Social and Economic Development Centre, supported statistical evidence that there are mostly associations, public bodies and support and charity funds in Lithuania. Distribution of NGOs, which participated in the quantitative study, by status was as follows: 66 % - associations, 22 % - public institutions, 9 % - support and charity funds, and 4 % - NGOs of other status.

Distribution of NGOs according to the areas of operation. The quantitative study showed that the profile of NGO activities in Lithuania is quite broad. In addition, a quantitative study confirmed the data of previous researches performed in Lithuania and published in publications, that activities of NGOs in Lithuania cover more than one area, i.e. one organization can work in two, three or even four areas. It was determined that most NGOs in Lithuania work in the field of social protection (45 %), education (36%), cultural and heritage fields (26 %). Every fifth NGO in Lithuania is working in health protection area. Environmental protection involves 15 % of NGOs in Lithuania, in sport - 9 % of NGOs. Visual information about distribution of NGOs by areas of operation are provided in the annexes of this study (Annex 2).

Represented target groups. The data of quantitative survey revealed that NGOs in Lithuania are not only multi-profile organizations (they act in more than one area), but they are not homogeneous according to represented target groups; one NGO often represents several target groups. It may be stated that represented target groups can be divided into two parts - firstly, NGO represents certain society groups according to social status (such as youth, elderly, etc.); and, secondly, the geographic distribution (e.g. all Lithuanian residents, regional residents, etc.). During the study it was determined that every second NGO in Lithuania represents the target group of children or youth. This trend can be explained by the fact that, as demonstrated in the scientific literature, children's and youth group is one of the most-represented groups and NGOs representing these groups face less pressure. Every third NGO in Lithuania represents all people in Lithuanian, without distinction of one or more particular groups. Also, every third NGO represents a certain population of the region. 25 percents of NGOs in Lithuania represent the elderly and seniors, 20 percents - persons with disabilities, 17 percents - persons living in poverty, 16 percents of NGOs represent women, 17 percents - risk groups and people with addiction, minorities' (ethnic, emigrants, and immigrants) groups are represented by 8 % of NGOs. Visual information about distribution of NGOs according to represented target groups are presented in the annexes of this study (Annex 2). NGO activity level in geographically. During quantitative analysis of NGO representatives, it was revealed that majority of Lithuanian NGOs represent their target groups within the country, without broadening it to international level. NGOs in Lithuania working in European or global level make 18 % of all NGOs in Lithuania. Every third NGO is operating at national level, every fifth – at local level. NGOs working in Lithuania at local level (in a community, town or village) make 15 percent. Visual information

about the distribution of NGOs operating in accordance with the geographical level is presented in the Annex of this study (Annex 2).

The financial capacity of NGOs. Quantitative analysis of NGOs confirmed the tendencies of previously performed researches and published publications in Lithuania, that NGO sector in Lithuania lacks funds and financing for their performed activities. Annual budget of more than half of NGOs makes up to 30 thousand LTL (~ 12605 CHF); (in 2009 there were 54% of such NGOs in Lithuania). It is important to emphasize that during the period of 2004 - 2009, a tendency of NGOs with a budget of up to 30 thousand LTL (~ 12605 CHF) per year fell by 11 percent. NGOs with an annual budget of 30 to 100 thousand LTL (~ 12605 to 42017 CHF) in Lithuania make 16 percents. During five-year period the number of such NGOs has grown by 5 percent. The number of NGOs with an annual budget from 100 to 200 thousand LTL (~ 42017 to 84034 CHF) during the period of 2004 - 2009 NGOs rose by 5 % (Respectively, in 2004, these NGOs made 4 %; and in 2009 - 9 %). Every tenth NGO disposes a budget of 200 to 500 thousand LTL (~ 84034-210084 CHF). During the period of 2004 - 2009 their number remained almost unchanged (in 2004 - 10 %, in 2009 - 11 %). NGOs with an annual budget of more than half a million LTL (~ 210084 CHF) in Lithuania make 9 %. During the period of 2004 - 2009 the number of such NGOs increased by 5%. In 2004 - 2009 the number of NGOs with the lowest budget decreased (up to 30 thousand LTL (~ 12605 CHF) - fell by 11 %), the number of NGOs without financial means total decreased (from 5 % to 1 % of NGOs in the analyzed period); and, accordingly, the number of NGOs with higher budget increased; and this indicates that the situation during five years in financial field was improved. Detailed information about the financial capability of NGOs during the period 2004-2009 is presented in Picture 7.



Picture No.7. The size of annual NGO budget in %.; **Source:** Quantitative NGO analysis in 2009-2010, Public Institution „SEPC“

The table presented below provides information about NGO budgets in 2009.

Part of NGO budget in 2009	Private means	Means received from citizens by 2% of income tax	State/municipality orders	Means of EU and other international projects, as well as state financed projects	Income for services for non-public sector	Other means
0 %	14,59	21,62	48,65	56,76	81,08	61,08
Up to 5 %	19,99	40,00	4,86	1,08	8,65	12,43
6-10 %	14,05	12,97	5,95	5,41	3,78	7,57
11-15 %	2,16	3,78	1,08	2,16	1,62	2,16
16-20 %	8,11	5,41	3,78	1,62	0,00	4,32
21-30 %	4,32	3,24	3,78	4,86	1,62	2,70
31-40 %	3,24	0,00	3,24	2,16	0,00	1,62
41-50 %	4,86	3,24	6,49	2,70	0,54	0,54
51-60 %	2,16	1,08	5,41	2,70	0,00	1,62
61-70 %	2,16	1,08	2,70	1,08	0,54	1,08
71-80 %	5,94	2,16	4,86	4,86	0,54	0,54

81-90 %	2,70	1,62	4,86	8,11	0,00	1,08
91-100 %	14,59	1,62	2,16	6,49	1,08	2,16

Table No.1. The size of annual NGO budget in %.; **Source:** Quantitative NGO analysis in 2009-2010, Public Institution „SEPC“

It was determined that more than half of NGO budget form private means (more than half of NGO budget form 27.6% private means), state, municipalities' orders (more than half of NGO budget form 20.0 % of state and (or) municipalities' orders), means for the projects of EU, other international and state funds (more than half of NGO budget form 23.2 % of project means). The smallest part of the budget form income received from the services, provided for non-public sector. After calculation of average of NGO income sources, it may be stated that:

- Private means form 19.5 % of total NGO budget in Lithuania;
- Means received from residents according to 2% of income tax form 12.8 % of NGO budget in Lithuania;
- State and municipality orders make 22.6 % of NGO budget in Lithuania;
- means for the projects of EU, other international and state funds form 24.2% of NGO budget in Lithuania;
- Income received from the services for non-public sector form 3.5 % of NGO budget in Lithuania;
- Other means form 9.3 % of NGO budget in Lithuania.

While summarizing analysis of NGO situation in Lithuania it may be stated that Lithuania has 32476 registered NGOs. Most of the NGOs in Lithuania are associations (42.7 %), communities (23.4 %), and public institutions (16.1 %). However, actually operating NGOs are less than it is registered (depending on the status actual number of operating NGOs is from 44 to 91 % less than it is registered). Every second Lithuanian NGO is concentrated in Vilnius and Kaunas. According to the absolute number the least NGOs are registered in Taurage and Telsiai County. In average, there are 8.9 NGOs per 1000 residents in counties. The most NGOs per 1,000 residents are in Vilnius County (per 1000 residents 12.6 NGOs), in Panevėžys County (per 1000 residents 10.4 NGOs), Alytus County (per 1000 residents 9.6 NGOs) and the lowest number is 6.2 per 1000 residents in Taurage Couty. It was determined that there is a direct correlation between the number of NGOs in the municipality, voters' turnout in municipal elections, number of NGOs in the municipality, the number of working-age population, and the percentage of employment and income of local residents. There are 14769 employees in NGO organizations. The

majority of them (91 %) are working in associations, communities and public institutions. In most NGOs (88 %) NGOs there are up to 4 employees. About 20 % of Lithuanian population in one form or another, and at different intensities (with monetary reward, and without), are involved in NGO activities. The majority of Lithuanian NGOs are multi-profile, i.e. at the same time employed in more than one area. The largest part of NGOs work in social and educational fields. Lithuanian NGOs have limited financial resources. More than half of the NGOs have the annual budget of up to 30 thousand LTL (~ 12605 CHF). In average, NGO sources of income are distributed as follows: private funds form 19.5 % of total NGO budget, funds received from residents of 2 % income tax form 12.8 %, state and local government orders - 22.6 %, EU and other international funds, state financed projects - 24.2 %., revenue from services for non-public sector was 3.5 % of NGO budget, and other means - 9.3 % of NGO budget.

I.2. NGO INSTITUTIONAL CAPACITIES: CURRENT SITUATION ANALYSIS

I.2.1. Analysis of scientific literature

After analysis of researches and prepared publications in the field of NGOs, it was determined that describing institutional capacity of NGOs as mezzo-level characteristics and features, specific to an organization itself, rather than their social environment, political and economic context of the country (macro level) and not as characteristics of individual members and their clients, subjective needs and expectations (micro level), it is noted that most NGOs lack capacity to raise funds and activities to attract and retain qualified staff (Transparency International, 2007). Even 28 % of active NGOs do not have permanently employed accountant, and even are not able to buy accounting consultations (NISC, 2005). Similarly, 8.9 % of NGO leaders state their core problem to keep proper accounting (Transparency International, 2007).

It was determined that NGO leaders have systematically complained about the lack of new ideas in NGO activities and information about them (Matonytė, Zdanevičius, 2003). It is assumed that co-operation with foreign partners; especially from the countries of different political culture (not post-communist) is the most effective way to reduce this gap.

Only every second NGO has activity plans. In particular, very few NGOs work in accordance with

approved action plans related to children and youth, cultural and social affairs and health areas (NISC, 2005). Only in 4 % of NGOs annual activity efficiency assessment is performed. Few NGOs have strategic (long term) action plans, and in every second of NGOs financial audit of their activities was not performed during their activity period (NISC, 2005). It is therefore natural, that among the factors for the development of institutional capacity NGOs leaders indicate better management - capacity-building and acquisition of expertise (Matonytė, Zdanevičius 2003).

NGOs lack skills in public relations and many NGO require better promotion of their activity (marketing), during which it is not only possible to gain general confidence of the public, but also to attract donors and volunteers in their activities (Transparency International, 2007). Only half of active NGOs have their own web site (NISC, 2005).

Another problem related to institutional capacity is lack of staff. NGOs lack both employees and volunteers. Most of social, health and education NGOs have not more than 5 employees, and the most professional, according to employed persons' point of view, are not numerous organizations working in the field of human rights. As it was already mentioned, Lithuanian NGOs are poorly developed in volunteering; and only a few organizations in the country have more than 25 volunteers (such organizations dominate in the field of education). Most of the cultural, social, health, youth, and democracy development organizations have from 1 to 10 volunteers (NISC, 2005).

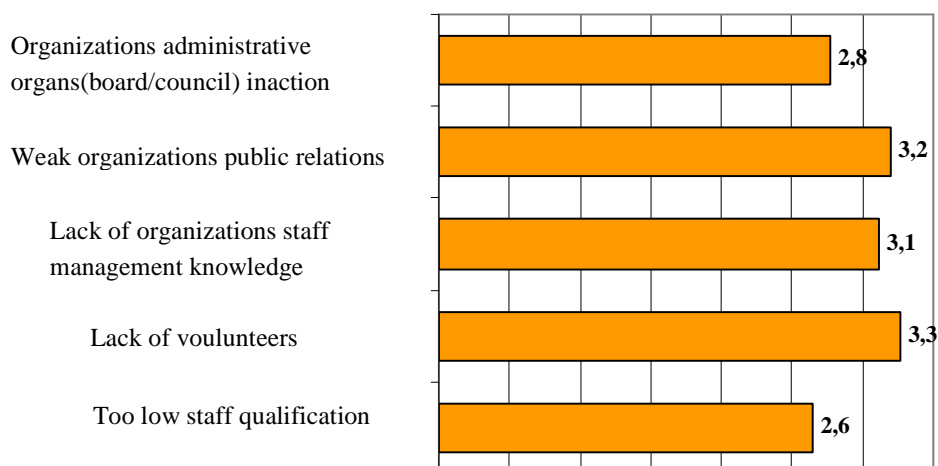
More than two-thirds of the NGOs have at least one computer (NISC, 2005), but 15 % of NGO leaders think that additional investment in information technology are required for the development of NGOs (Matonytė, Zdanevičius, 2003). Every third NGO does not have any premises; neither their own nor rented. This makes NGOs act as "mailboxes". The need of premises is particularly large material need of NGOs.

I.2.2. Research analysis of NGO representatives

Representatives of NGOs in a qualitative study confirmed institutional capacity problems of the NGO sector. NGO sector in Lithuania lacks basic institutional capacities, which are often conditioned upon lack of financing and means. According to NGO representatives, organizations often lack permanent and qualified staff, volunteers, facilities to perform their activities, skills, which would allow successful

completion of applications, initiate projects and implement them correctly, and in this way raise funds for their organization.

During quantitative survey of NGO representatives, it was revealed that one of the most important and most pressing problems of NGOs in Lithuania are lack of funding and resources to operate and develop their activity (63 %). This problem leads to weak institutional capacity of NGOs, and weak institutional capacities play an important role in organizational development, quality of services, full access to target group representatives, and finally, the lack of finances in an organization. A vicious circle is formed: without organization or with low financial capacity NGOs cannot attract qualified staff and active volunteers, who strengthen cooperation with government institutions, and would be able to attract private funds into an organization, sell provided services and receive income from outside. Every third NGO representative stress weak institutional capacity as a pressing problem, characteristic of NGO sector in Lithuania (a detailed distribution of the problems typical of NGO sector, of the study is presented in the Annexes of this study, Annex 3). During the study, NGO representatives were asked to assess problems of institutional capacity in 5-point system, where 5 means the problem is very important, and 1 - completely unimportant. Major concern of NGO representatives is related to the following institutional capacity: lack of volunteers (average score for this problem was attributed to 3.3 %, while very important or important problem of the lack of volunteers was for every second non-governmental organization in Lithuania), weak public relations of an organization (average score for this problem was attributed to 3.2, and very important or important problem of weak public relations was for every second NGO representative in Lithuania), lack of management knowledge of employees (average score for this problem was attributed to 3.1, while very important or important problem of lack of knowledge in personnel management was for every second representative of non-governmental organization Lithuania), (Picture 8).

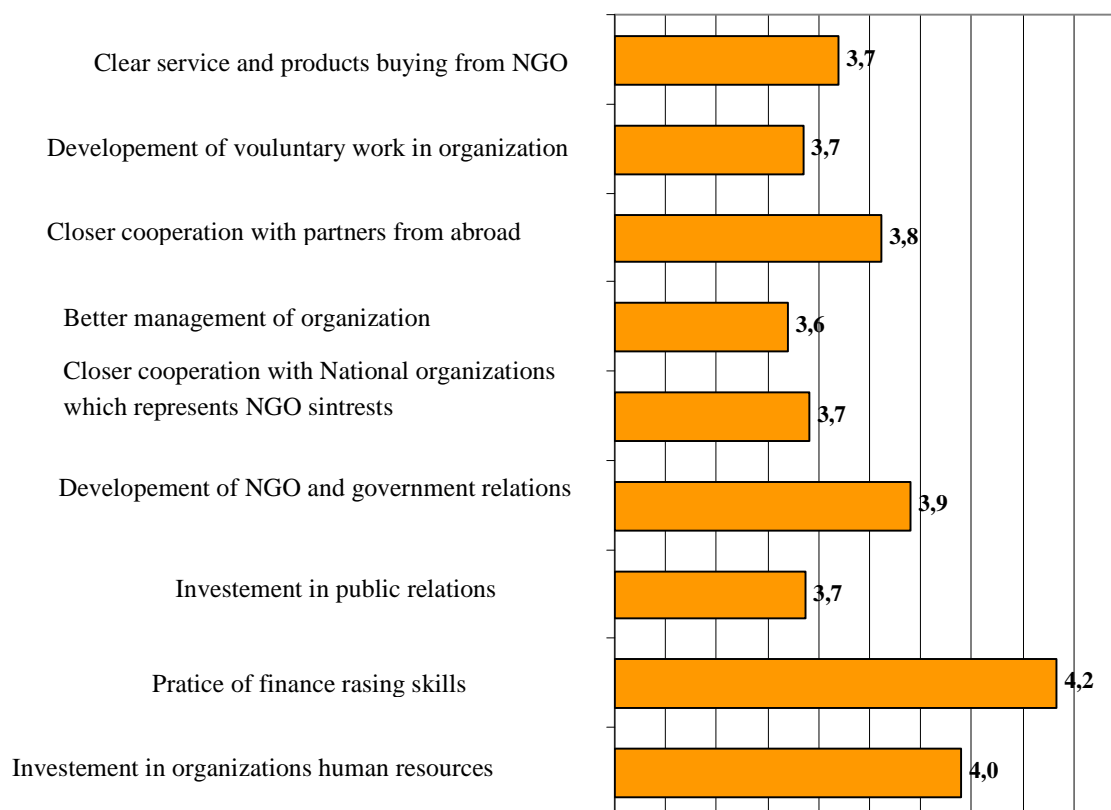


Picture No.8. What are the main problems of your organisation? (Assess each factor in 5-point system, where 5 is very important, 4 – important, 3 – neither important nor unimportant, 2 – unimportant, 1 – completely unimportant); Sections: institutional skills, average score

Source: Quantitative NGO research, 2009-2010, Public institution „SEPC“

In order to ensure development and effectiveness of NGO sector in Lithuania, it is necessary to strengthen institutional capacities of NGO. In particular, it is necessary to remove the fundamental problem of non-governmental sector (money shortage), which causes other problems, namely, it is necessary to strengthen and improve NGO skills to attract funding. It is believed that the times when means for organizations “top-down”, without any lobbying, steps or cultivation, have passed. NGO representatives approve the measure on the improvement of financial skills. 80 % of NGO representatives approve the measure on the improvement of financial skills, which would increase NGO capacities and development opportunities. During the study it was determined that this measure is the most important in promoting the development of NGOs (this measure received in average 4.2 points in 5-points system, where 5 means that the measure is very important in increasing the effectiveness of NGOs and development opportunities, and 1 means it is completely unimportant). The second measure according to importance, in opinion of NGO representatives, is investments in human resources (average score - 4). It is important to stress that improvement of NGO cooperation skills development is an effective tool. It is necessary to improve cooperation skills and relationships with government (national, local, etc.) institutions, as well as with local and foreign partners, from which best practices can be learned and organizational skills could be improved. Strengthening of institutional skills has influence on the development of effectiveness of NGO

sector. The following skills for improvement are as follows: development of voluntary work in NGO's (such a measure in development of NGO sector is important or very important for 61 % representatives of NGOs), better management of an organization (such a measure in development of NGO sector is important or very important for 61 % representatives of NGOs), investments in public relations (such a measure in development of NGO sector is important or very important for 62 % representatives of NGOs), investment in human resources (such a measure in development of NGO sector is important or very important for 74 % representatives of NGOs). Detailed information of measures, which in opinion of NGO representatives, could enhance effectiveness and development opportunities of NGOs and their ranking. Measures were evaluated in 5-point system b NGO representatives, where 5 points means that applied measure is very important for the organization's performance and development prospects, and 1 means it is completely unimportant. Average points are presented in the picture.



Picture No.9. Assessment of this measure in 5-point system, where 5 is very important, 4 – important, 3 – neither important nor unimportant, 2 – unimportant, 1 – completely unimportant); Sections: institutional skills, average score

Source: Quantitative NGO research, 2009-2010, Public institution „SEPC“

I.2.3. The main problems and needs

Summarising analysis of institutional capacities of NGOs, it could be stated that NGO sector in Lithuania lacks fund-raising capacities in order to perform their activities and develop it. The shortage of funds determines weak institutional capacities of NGOs. With weak institutional capacities the following problems are related: inability to attract and retain qualified employees, to hire an accountant or purchase the services, lack of required volunteers, lack of activity ideas and information about it, lack of organizational strategy, weak public relations, low level of computerization, lack of premises, staff management skills, inaction of organization management bodies, weak relations with local and international NGOs.

Strengthening the institutional capacities of NGOs would increase effectiveness of the NGO sector and raise its development opportunities in Lithuania. Organizational needs in this area are divided into internal and external. The internal needs is strengthening human resources and material base: increase of personnel competence, increasing professional activities, improvement of service provision and / or funding search process, efficient use and management of volunteers, reaching financial independence of an organization, and use of information technologies. The external demands include the following elements: enhance national and international cooperation between organizations with a similar profile, as well as with different government institutions, communication and marketing of their activities.

I.3. COOPERATION AMONG NGO AND LOCAL MUNICIPALITIES: CURRENT SITUATION ANALYSIS

I.3.1. Analysis of scientific literature

Cooperation among NGOs and local municipalities is not clear-cut, because it covers different relations among the mentioned sectors. Cooperation is noticed in various areas: procurement of social services from NGOs, financial assistance to NGOs and their projects, involvement of NGO representatives into decision

making process. Cooperation is based not only on municipality view on NGOs, but also on the skills to represent their target group, provide grounded proposals and professional services.

While analysing situation in the cooperation of NGOs and local municipalities, we noticed the following determinations:

- There are no unified mechanisms in all three state government levels on how all NGO sector could be represented; however, there are quite a lot of opportunities of branch representation opportunities (NISC, NGO Law Institute, 2006). Talking about representation of the whole NGO sector in all three governing levels, it depends on the will of government institutions, and not on the initiative of organisations. This is because there are practically no general representation principles determined, selection of representatives to various councils, committees and commissions is not systematic (NISC, NGO Law Institute, 2006).
- Positive view of the government on NGOs is considered the most important development aspect of effectiveness of NGO activity and development opportunities (Matonytė, Zdanevičius, 2003). It far exceeds the expectations of a positive view of society as a factor in increased NGO opportunities (Ibid, 32). This allows to diagnose the lack of government attention and credibility on NGOs as a major source of difficulties for NGOs;
- NGO leaders considered a key factor in improving the capacity of the organization of intensive work with potential donors from the public sector, the development of relations with municipalities, as well as increased funding from municipalities (Šiliauskas, 2006);
- Even after accession to the European Union (EU), Lithuanian public sector balances between efficiency and exploration of old public administration practices and procedures. Lack of specific management skills is typical of national, local authorities and NGOs (Dvorak, 2006);
- Although requirements of citizens for the central, territorial and local levels of government to better address their social and other problems in Lithuania is constantly increasing, still legislation of the Republic of Lithuania (e.g. Public Administration Development Strategy until 2010) does not establish conditions for citizens, acting through NGOs to become certain co-providers / co-creators of public services, (limited parents' opportunities to engage in basic and secondary education or the provision of citizens' integration into health care services, Dvorak, 2006);
- Co-participation foundations' were laid in Lithuania 7 July, 1994 in the Law of Lithuanian Self-government, which defines the principles that determine self-government, i.e. citizen participation

in management of public municipal affairs. Municipalities must establish opportunities for citizens to be directly involved in the preparation of draft decisions, through surveys, meetings, conferences, public discussion of petitions, to promote civic initiatives. In addition, the municipality needs to support NGO initiatives related to municipal management of public affairs. However, the provisions of the statute do not mention a single word about what co-participation of citizens in the provision of public services (*Dvorak, 2006*);

- The Law of Local Self-Government of the Republic of Lithuania retains only a right to establish new public service providers, instead of strengthening civil democratic and authorising citizens to achieve self-provision of public services (which private providers do not provide economic calculations for municipalities) (*Dvorak, 2006*). Municipalities have a wide choice of instruments (money, power, influence), co-promote participation, but by law a municipality want only to maximize its power, influence and domination in the delivery of public services;
- Therefore, interaction of citizens and NGOs representing them with local authorities are encouraged by law and in the first, "deliberate" stage, raising the problems, and discussion of possible solutions at the stage of searching, but not during the implementation process of approved decisions; citizens and NGOs are not partners of a municipality across the whole chain of public services, in the most substantial (performance) phase, NGOs are at best local subcontractors who temporarily delegated tasks, but not take initiative and responsibility;
- The concept of public services is unclear;
- 75 % of NGOs in their activities cooperate with municipalities; and only 36 % of NGOs in their activities cooperate with national government institutions (*NISC, 2005*).
- It has not been evaluated and tested so far, what services the municipality buys and what part of this procurement make procurements from NGOs.
- NGO participation in decision-making from the municipalities' point of vies was not studied; the municipalities has not been interviewed, how many and what kind of proposals they received from NGOs, to what extent and how NGOs participate in decision-making.

To sum up the legal framework and the results of previous studies, it may be stated that cooperation among NGOs and local self-government is not adequately regulated and does not create exclusive rights, additional opportunities to provide services, or to receive financial support from local authorities to NGOs.

Some NGOs have opportunities to receive assistance from the European Union Structural Funds. For example the EU support measure "VP3-2.4-MSSL-01-R Development non-stationary social services infrastructure." According to this measure, for applicants, including NGOs, up to 180 million LTL will be distributed (52 mln. EUR or 75.6 million. CHR) in order to support renovation of 87 social service objects and to help 36000 socially supported people. There are more than 10 similar measures for which NGOs may apply. Another measure "Services of electronic government" is designed to create user-friendly, easily accessible and useful user-friendly electronic public services to ensure that information and communication technologies are used effectively for public sector modernization involving citizens and providing relevant information. 197.5 million. LTL (57 mln. Or EUR 82.98 million. CHR) is allocated for this measure. On the other hand, it must be remembered that due to support under these and other measures NGOs will have to compete with the state budget institutions and state-owned enterprises. Currently competitions for support are not closed, therefore, it is not possible to assess how much aid has been actually received and what the NGOs have received it.

I.3.2. Research analysis of NGO representatives

During qualitative study a view was also highlighted that in Lithuania cooperation among NGOs and local self-government institutions are weak. It is also stressed that cooperation among large and small municipalities (district) with NGOs should be compared. NGO representatives state that in smaller towns NGO cooperation with local self-government is more flexible, efficient, and in large cities such cooperation, if it exists, is limited and problematic. Another problem in this area is limited knowledge and understanding about possibilities of cooperation among NGOs and local authorities. Often understanding about cooperation with NGOs is limited by the organization of cultural events and provision of social services. Problems can be divided into two groups: the subjective and objective. Personal views on NGOs and their capabilities of municipal administrations and council members, "personal revenge" (for example, if NGOs or organizations opposed to some or other critical local decisions, then funding for NGOs is deducted) can be attributed to subjective problems. In addition, several government representatives, as it is stated by NGOs, see NGOs not as partners rather than competitors eligible for particular funding. Local governments protect public institutions, which belong to them. Weak institutional capacity of NGOs, lack of diversity of funding sources, etc., can be attributed to objective problems. Attention is drawn to limited capacity of NGOs and experience in working with local government and other levels of government. You can find that the level of cooperation, the intensity and diversity are not well established and vary

according to municipality size, type, and a number of historical factors. This lack of uniform practices somewhat complicates the adoption of uniform conclusions, and prerequisites for the exchange of good practices and bad cooperation and experience are established.

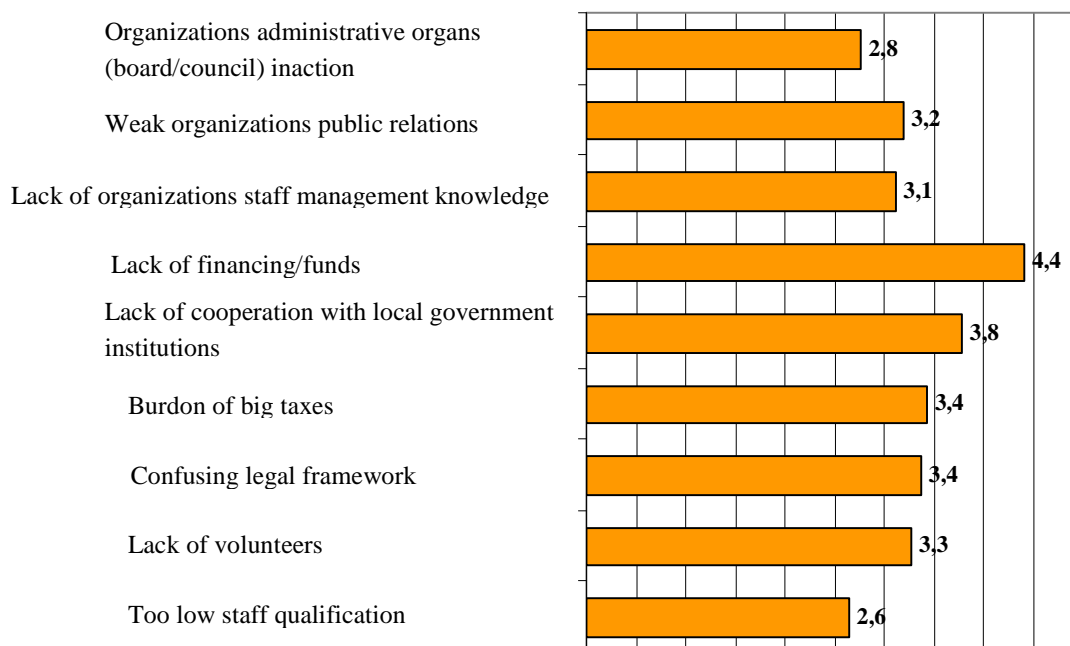
During analysis of the situation of social services it has been noted that national legislation governing the provision of social services and compensation for services does not affect competition, which creates opportunities for non-governmental sector to receive planned income for the service and care for socially vulnerable and disadvantaged persons. Certain statutory exemptions in selling their services to legal entities are obtained by legal persons with social enterprise status. However, this status is obtained by very little enterprises, and NGOs in particular, because it is obtained, if the company employed at least four persons belonging to the target group (unemployed or disabled). During qualitative study NGO representatives provided quite a lot of information on the NGOs and local self-government cooperation. The following methods are suggested for the solution of the problem:

- NGO financing should be based on reviewed and positively for NGOs developed principles of public procurement;
- Encourage professionalism of local politicians in their relations with NGOs, i.e. organise trainings and implement social education programs oriented towards professionalism of democratic consciousness of local politicians, as well as transparency of decision making activity;
- More clearly and consequently distinguish NGO activity areas, opportunities and responsibilities at national level in such a way that they shall not change their essence after government shift; one of the guarantee sources is to strengthen local communities and institutionally closely relate them with municipalities (e.g. through the institution of elected chief executives of neighbourhood and increased opportunities of communities through their „delegated“ activity areas;
- In state and local government level more attention, trust and functions should be paid to NGOs, and appropriately delegate management of means devoted for such activities. In this way, quality of social services would be improved and economic effectiveness would be reached (services would become cheaper, their allocation and appointment would be more transparent).
- Increase NGO sector prestige in society: providing NGO wider social functions and recognition, NGO opportunities would be increased to attract volunteers, sponsors and additional means from residents;

- Strengthen NGOs that they would feel as real partners, and other institutions could believe and trust them.
- Completely change current system social service provision, establishing the same conditions of competition for all participants of the market, budgetary institutions, NGOs and business companies. Demand oriented system should be established, which could finance actually provided basic services and allows citizens to choose appropriate service provider.

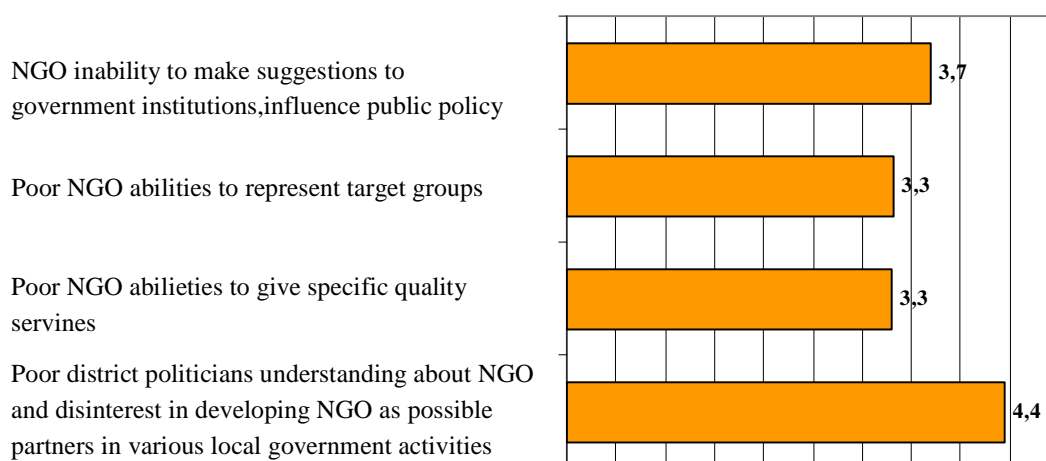
Quantitative research of NGO representatives. The whole series of questions in the quantitative analysis was designed to assess respondents' views of NGOs and interrelations with local self-government, to reveal problems of cooperation and state the needs of NGOs identified in this field. Answering the question "Weak partnership among local government (national and (or) self) and self-governmental sector (there is no clear formal mechanisms for NGO participation in national public policy, there is little common operational initiatives and projects) - 57.3 % of respondents consider it an important issue. The overall rating of problems (Picture No.10), local (municipal) authorities and the problem of lack of partnership is in second place (important or very important problem was identified by 68.1 % of all respondents), lack of funding to NGOs, as an important or very important issue was identified by 85.9 % of respondents.

Analysing the main obstacles in the cooperation of NGOs and local government, poor understanding of local politicians about NGOs and disinterest to develop links with NGOs as potential partners in various local activities (in overall assessment of problems this issue was indicated as average score of 4.4 out of 5 points, where 5 means that this obstacle is very important for NGOs and local government cooperation. Another major obstacle to the joint problems was ranked as second according to importance, i.e. inability of NGOs to make proposals to government institutions and influence public policy. Representatives of NGOs in average provided 3.7 points from 5, where 5 points means that inability of NGOs to make proposals to government institutions and influence public policy is very important obstacle in order to achieve cooperation among NGOs and local self-government institutions (details in Picture No.11).



Picture No. 10. What are the main problems of your organization? (Assess each factor in 5- point system, where 5 is very important, 4 – important, 3 – neither important nor unimportant, 2 – unimportant, 1 – completely unimportant); Sections: institutional skills, average score

Source: Quantitative NGO research, 2009-2010, Public institution „SEPC“



Picture No.11. What are the most important obstacles, which, in your opinion, disturbing closer cooperation among Lithuanian NGOs and local government institutions? (Assess each factor in 5- point

system, where 5 is very important, 4 – important, 3 – neither important nor unimportant, 2 – unimportant, 1 – completely unimportant); Sections: institutional skills, average score

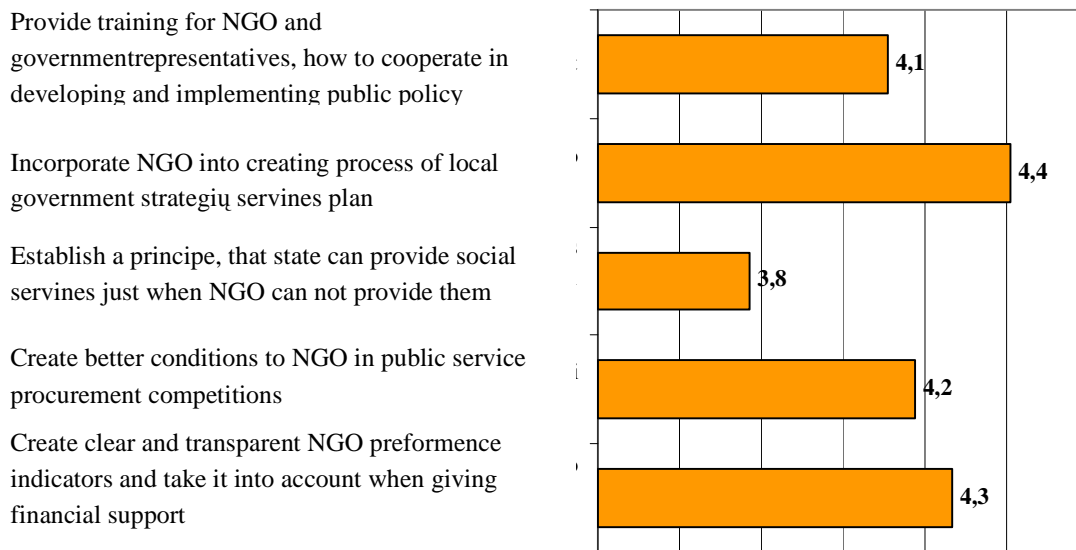
Source: Quantitative NGO research, 2009-2010, Public institution „SEPC“

The priority order of the cooperation problems among NGOs and local municipalities with regard to quantitative analysis was listed as follows:

- Poor understanding of municipal councillors about NGO and their disinterest to develop these organisations as possible partners in various local municipalities activity areas;
- Inability of NGOs to provide proposals to government institutions and influence public policy;
- Poor skills of NGOs to provide particular qualitative services;
- Poor NGO skills to represent particular society groups.

After determination of the main difficulties and problems of co-operation among NGOs and local municipalities, quantitative study tried to investigate the opinion of NGO representatives on acceptable ways to promote and strengthen local municipalities and NGO cooperation. The most important way, in opinion of NGO representatives, to achieve closer cooperation is to include NGO representatives into the process of the preparation of strategic plans (e average score for this method during analysis was 4.4 out of 5, where 5 means that this method is very important for NGOs and local government cooperation). Another important way to encourage closer co-operation is clear and transparent assessment criteria for NGO development, according to which financial assistance would be distributed. For this method NGO representatives provided an average of 4.3 points from 5, where 5 means that this method is very

important for NGOs and local authorities in co-operation (details re presented in Picture No.12).



12).

Picture No.12. What ways could you suggest to strengthen cooperation among NGOs and local self-government? (Assess each factor in 5- point system, where 5 is very important, 4 – important, 3 – neither important nor unimportant, 2 – unimportant, 1 – completely unimportant); Sections: institutional skills, average score

Source: Quantitative NGO research, 2009-2010, Public institution „SEPC“

Proposals regarding encouragement of strengthening cooperation among NGOs and local municipalities taking into account quantitative survey results:

- Involve NGO representatives into the process of preparation of strategic plan;
- Establish clear and transparent criteria of NGO activity assessment and regard them dividing financial assistance;
- Establish better conditions for NGO participation in competitions of public procurement;
- Organise trainings for NGO and local government representatives, how to cooperate while creating and implementing public policy;
- Fix the principle that the state can provide social services only when NGOs cannot provide such services.

I.3.3. The main problems and needs

In summary, it may be stated that NGO sector considers cooperation with local municipalities as an important area of activity. Collaboration, more precisely, interrelations among organisations occur in several areas: purchase of social services from NGOs, financial support for NGO projects and involvement of NGO representatives in decision-making.

But at the same time attention has to be paid to numerous problems: insufficient funding, strong competition with other market participants and budgetary institutions, no positive discrimination in the purchase of services, social support system is not favourable for NGO, no understand of NGOs from the local government side, short-time and small volumes of service orders, poverty of assistance programs, etc. On the other hand, it should be noted that some NGOs because of their limited financial resources are not able to create a high quality and competitive services, since they have no professional staff and working arrangements.

In order to promote develop of cooperation between municipalities and NGOs, it is necessary to strengthen institutional capacities of NGOs and professionalism, which could have positive influence on participation of NGOs in decision-making, both in service development. NGO representatives consider that local administration and the council do not understand or recognize the importance of NGO sector and its opportunities, therefore, measures should be taken to raise awareness, develop and educate local representatives about the benefits of involvement of the third sector and citizens, create new discussion measures, and legally regulate NGO opportunities to make proposals and ensure their participation in decision-making. Concrete proposals for measures in this area are presented in the chapter on conclusions and recommendations.

I.4. COOPERATION OF LITHUANIAN AND SWISS NGOs: CURRENT SITUATION ANALYSIS

After performed research and prepared publications in the analysis of NGO sector in Lithuania, it was determined that there is no information about previous cooperation of Lithuanian and Swiss NGOs. This fact was proved by qualitative and quantitative studies performed by a public institution „Social and Economic Development Centre“.

I.4.1. Research analysis of NGO representatives

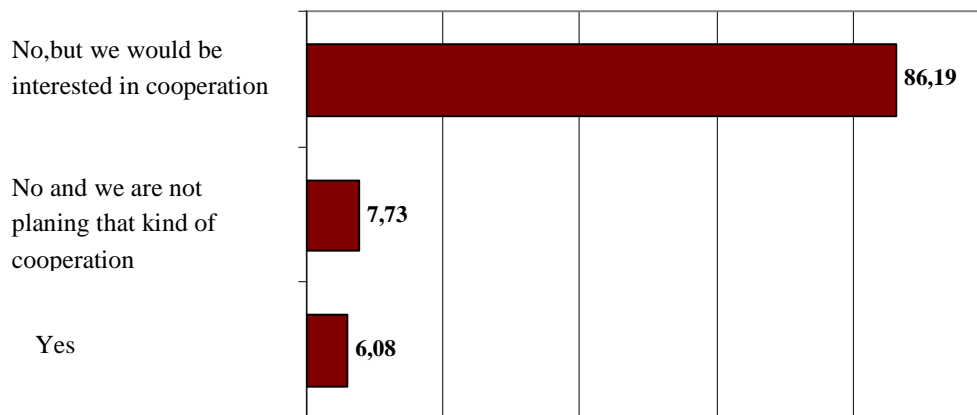
During quantitative analysis of NGO representatives it was determined that only a very small part of NGOs in Lithuania cooperates with Swiss NGOs. However, there are opportunities and potential. During analysis the following future cooperation areas of cooperation with Swiss NGOs in were determined:

- Gender equality;
- Poverty and social exclusion;
- Environment and related educational;
- Youth occupation, free time organisation, rural business development;
- Exchange of good practice;
- Development of social services;

Assistance for sustainable regional / local development (e.g., establishment of partnerships among different partners, working at local level (local government organisations, business representatives, employee associations, non-governmental organisations) in order to achieve social development, etc.);

- Enhancement of democracy and civil society;
- Enhancement of local and international cooperation,
- Establishment of NGO networks and coalitions with NGOs and encouragement of cooperation n European level;
- Strengthening institutional capacities of NGO (trainings, consultations, strengthening of NGO accounting and assessment, strengthening cooperation of social, business partners and academic society with NGOs, sustainable development of NGO sector).

During quantitative analysis it was tried o assess current situation of among Lithuanian and Swiss NGOs; and, first of all, NGO representatives were asked, if they cooperated with Swiss NGOs at all. The largest part of NGO representatives (93.9 %) did not cooperate with Swiss NGOs. However, it is important to stress that 91.8 % of NGOs, which did not cooperate with Swiss NGOs are interest in cooperation with them in the future (Picture No.13).



Picture No.13. Did your organisation cooperate with Swiss NGOs?; %

Source: Quantitative NGO research, 2009-2010, Public institution „SEPC“

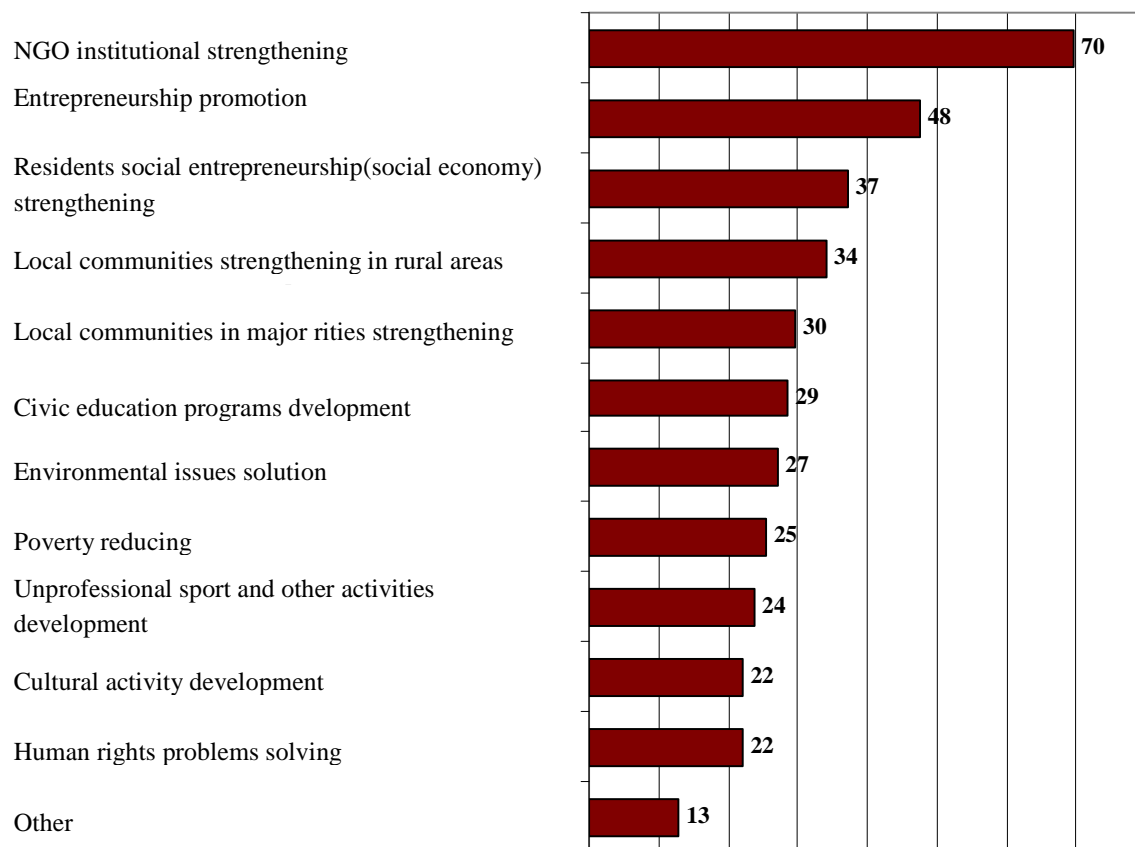
During the analysis the following areas were determined, in which Lithuanian NGO representatives would be willing to cooperate with Swiss NGOs:

- Environment and related education;
- Culture and cultural heritage;
- Partnership and cooperation with local self-movement;
- Reduction of social exclusion
- Development of social services;
- Science and education;
- Democracy, legal society and human rights;
- International cooperation for development (assistance and support for developing countries);
- Development of NGO services (economy activity);
- Development of volunteering;
- Protection of user rights in provision of energy services;
- Promoting healthy way of living;
- Training of business and leader skills;
- Legal environment;
- Training of community feeling;
- Development of volunteer and unpaid sponsorship;

- Education of consumers;
- Sports, unprofessional sports, active way of living, sports of the disabled;
- Prevention of criminality, violation of rights, law, drug addiction;
- Reduction of alcohol using;
- Social responsibility, socially responsible business (Corporate Social Responsibility);
- Reduction of violation against women;
- Prevention of AIDS and drug addiction; reduction of social exclusion;
- Development of philanthropy;
- Health;
- Informal training;
- Security of residents;
- Training of citizenship;
- Improvement of traffic security.

It can be stated that Lithuanian NGOs give priority to cooperation with Swiss NGOs in areas where they work themselves. Therefore, the list of areas where there is potential for international cooperation, is quite long. The study determined that in the opinion of the majority of Lithuanian NGO representatives, Lithuanian - Swiss NGO Cooperation Fund Programme priorities should be directed to solution of the most important problems, i.e. institutional strengthening of NGOs (70 %) and strengthening of NGO entrepreneurship (48 %), which will allow to solve the basic problem of NGO sector - lack of financing and funds. It is assumed that cooperation with Swiss NGOs in these areas should be based on the best practices and training of practical skills. Both in the opinion of NGO representatives and in the opinion of researchers, in order to solve the problems of NGO sector, to promote cooperation and share the best practices not only from the Swiss NGO, but also among NGOs in Lithuania, as well as in regional and national level. Other priorities that NGO representatives believe could be the subject of co-operation with Switzerland, there are activities in which NGOs are working, i.e. strengthening of local communities (in rural areas - 34 %; in cities - 30 %), enhancement of social entrepreneurship among residents (37 %), civic education (29 %), environmental problems (27%), poverty reduction (25 %), strengthening of unprofessional sports and other activities (24 %), development of cultural activities (22%), human rights problems (22 %); (Picture No. 14). Every tenth NGO representative pointed out other priorities which should be promoted in cooperation with Swiss NGOs. During analysis other priorities could be

mentioned: organization of specific social services, mobilization of local resources and development of local government cooperation with local NGOs in promoting healthy lifestyles, solution of mental health problems (suicide, violence prevention), because during two decades Lithuania has the highest rates of such problems in the world; development of communication skills, health and social problem-solving; NGO infrastructure improvements, crime prevention and law violations, promotion of youth activities, informal education, promotion of social responsibility, reducing violence against women, strengthening of the disabled organizations, prevention of AIDS and drug addiction, children's health; cluster cooperation in integrating strengthening and development among business, government and NGO representatives (otherwise - 3PPP).



Picture No.14. What, in your opinion, should be priorities of NGO Fund of Lithuanian-Switzerland Cooperation Program in 2011-2013?; %; **Source:** Quantitative NGO research, 2009-2010, Public institution „SEPC“

I.4.3. The main problems and needs

In summary of current situation analysis of cooperation among Lithuanian and Swiss NGOs, it may be stated, that until now only a small part of Lithuanian NGOs cooperated with Swiss NGOs; however, there is a great potential for international NGO cooperation. Cooperation among Lithuanian and Swiss NGOs would have the largest potential in the area of solution of the main NGO sector problems, i.e. strengthening NGO institutional capacities and NGO entrepreneurship. Cooperation in this area would allow solving the basic problem of NGO sector: financing and lack of means.

I.5. THE ROLE AND INFLUENCE OF NGOs WHILE SOLVING HORIZONTAL ISSUES

I.5.1. Analysis of scientific literature

Horizontal priorities are very important and form the basis of all European projects. Analysing the situation in this area previous analysis and prepared publications were overviewed. From a quantitative point of view, the main social problems in Lithuania are unemployment, increasing wealth differentiation and increasing the number of people at social risk (Mačiulskytė, 2006). In order to reduce poverty and social exclusion “The Strategy for Poverty Reduction Lithuania” was prepared in 2000, which was eventually developed, after Lithuania's accession to the EU. It is considered that poverty is a complex phenomenon, which is influenced by low income, lack of education, lack of employment, social services, failure, inefficiencies of fiscal policy (Mačiulskytė, 2006). The prepared studies recognize that government has no intention to solve the issue of addressing poverty substantially and does not empower NGOs to solve it deeper, which, in opinion of NGO representatives, in community level would be fairly effective moral control tools to do it successfully (Mačiulskytė, 2006). Implementation of poverty solving policy in Lithuania fails, because the process of supervision is not effective, because civil society is weakly involved in it. With weak institutional involvement of NGOs into social cohesion in Lithuania, civil discontent takes the worrying form and large scale: social and economic conditions formed the basis of three-quarters of protests in 1998-2000 (Mačiulskytė, 2006). It is obvious that in recent years, socio-economic conditions did not diminish the proportion of protest, but the scale of protests has increased dramatically (and reached its peak during the riots near the Seimas on January 16, 2009).

There is insufficient assessment of NGOs that support and strengthen internal members of the public

morals. Lithuania creates opportunities to act in accordance with the procedural restrictions, and in this way eligibility limits are tried (Mačiulskytė, 2006). Vivid example of such a test is abuses asking increased maternity benefits.

Although in statistical point of view, the state "fades" and "dissolves" between other social service providers, but substantially its role as an institution is increasing, which provides common service rules of the market and ensures that they comply with all the participants. Unfortunately, the process of excluding social sphere from the state is very painful in Lithuania and social reform has no positive effect on making differentiation in society milder (Anuškevičius, 2006). There is insufficient attention to social support for those who are themselves self-employed (either individually or through representative organisations), and try to solve their social problems (housing, business, education and training, retraining, etc.). Experts say that after quite a successful civic initiatives and involvement into political agenda during the period of 1996-2000 in working stage gender equality issue is removed from the public agenda in Lithuania, because majority of conservative politics contradict to the performed family policy. For example, when the guidelines were published for the applications of Structural Funds regarding coordination of family and work, gender equality concept was removed from it. When the state discusses the "gender equality" issues, cooperation is selective, only with those NGOs which advocate the traditional (Catholic) family values. Cooperation among NGOs promoting the principle of gender equality, state and local governments is just as pressing from external institutions (primarily, the EU) and the need "to put a tick in a box" (www.gap.lt).

Municipal and state authorities often do not consider profile (gender equality and environmental) NGOs as equal partners and do not believe that NGOs have expertise and experience, therefore, they often do not take into account their proposals and motivate that their proposals are unrealistic, irrational, unscientific, etc. For example, in 2009 when the draft law "on prevention of violence in private space" was being prepared, the working group did not include any NGO representative operating in the field of gender equality, and the reason for rejection was "professionals (and not enthusiasts) had to discuss, what if such a law is possible in Lithuania" www.gap.lt; the same happened with the input of NGOs regarding State Family Policy Concept, when their written proposals were not taken into account. Therefore, gender equality issues are in a narrowed initial stage of decision-making: into deliberation stage, according to political majority, only NGOs promoting positive political philosophy shall be invited, in decision-making

stage only bureaucratic-expert logic is regarded (based not on a social change, but on public stability and control principles), and, finally, the step of implementation and monitoring of decisions in the field of gender equality in public policy of Lithuania is in embryo stage and is based on examination of individual complaints and public relations techniques, but not widely "grounded" in really functioning NGOs.

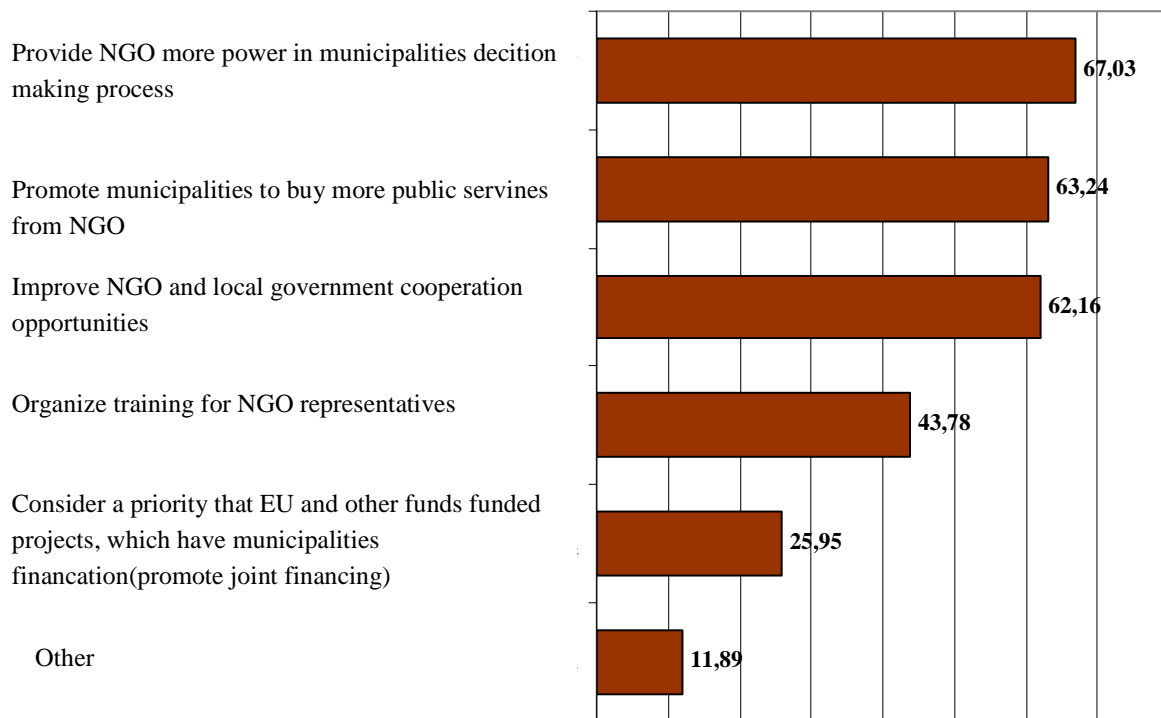
In contrast to public activity of gender equality in Lithuania, environmental concerns associated and related social activities in Lithuania are much less politicized (political parties do not have significant favourite institutions working in environmental area, including NGOs), and environmental public activities have a considerable extent: within a year, an environmental action in one form or another involves about 3.2 % of population and although relative density of environmental NGOs in the country is small, such NGOs are those, who have the smallest budgets and minimum staff; experts estimate that some of the Lithuanian environmental NGOs' projects in cooperation with state and local governments are very successful (e.g. promoting renewable energy development). On the other hand, experts note that unlike gender equality activities, environmental initiatives often face more challenges and obstacles not because of state or local authority control and authority, but because of other NGO activities and interests, i.e. they become victims of active pluralistic civil society themselves: some environmental NGOs opposed to the proposed projects with local communities for their own purposes and values, or other The environmental NGOs (e.g. denying that one or the other wind farm will be on the path of migrating birds). Such a number of NGO goals related to environmental protection, conflict in the government or local authorities have become judges and experts (such as quarrels between the rational utilization of forest and forest preservation supporters, although in practice the world in all this dispute is more than a hundred years and there is no one correct answer). Such a context of environmental education and training for both public sector and the general public remains one of the priorities of environmental NGOs. In conclusion, the expert opinion shows that in Lithuania the role and influence of environmental NGO's for the represented sector is relatively high, but by no means insufficient, and the largest gaps are common in general environmental education, because of political elite and among the population. Meanwhile, in Lithuanian public policies raising and solving issues of gender equality is divided from NGOs in this area, and much more civil society is enabled to address the socio-economic issues and problems, which are particularly significant in a country with high social exclusion. The policy of separation of social services from the state should be performed through the review and improvement of public procurement regulatory

framework and actual social practices (in favourable direction for NGOs). The main leverage of involvement of gender equality policies into the state (to involve into public policy various non-governmental organizations working in this area) in Lithuania is in the global civil society, i.e. in transnational advocacy coalitions and the Europeanization of the country (the adoption and implementation of relevant EU directives).

I.5.2. Analysis of NGO representatives

Horizontal priorities are very important and form the basis of all European projects, However, Lithuanian specificity suggests assumptions that the horizontal priorities are formally assessed and analyzed and they are not analysed in principle. Both from the applicant and the project evaluators' points of view, they are as an integral and unavoidable element of project preparation. Such assumptions were also proved by highlighted information from qualitative study. Qualitative research showed that influence of NGOs in addressing horizontal issues is weak. The expressed view shows that such a situation is prevailing due to distrust of government and local self-government in NGOs, poor assessment of NGOs and not seeing these organizations as equal partners. NGO representatives offer strengthening this area of solving horizontal issues in the following ways: promote government and local self-government institutions to trust NGOs more, define their role in strengthening NGOs themselves, to promote the systematic design and organize roundtable discussions, sharing of the best practice with local communities and other country regions.

During quantitative study of NGO representatives in Lithuania, it was determined that increasing role of NGOs in addressing horizontal issues is possible by increasing impact of NGOs in decision-making of municipalities (67.03 %), and purchase of services from NGOs (63.24 %). Similar assessment was expressed in suggestion for the development of cooperation among NGOs and local governments (62.16 %). The picture below provides information about opinion of NGO representatives on the measures, which would increase influence of NGOs in addressing horizontal issues (social, economic, cultural, and environmental and gender issues). In addition, it was proposed to establish the law on the cooperation among municipalities and NGO, i.e. to make it a mandatory rule.



Picture No.15. How could you suggest to increase the role and influence of NGOs in Lithuania in the management of social, economic, cultural, environmental and gender issues; %; **Source:** Quantitative NGO research, 2009-2010, Public institution „SEPC“

It is important to stress that currently only some NGOs represent the areas of horizontal priorities.

I.5.3. The main problems and needs

In summary, it may be stated that implementation of horizontal priorities causes certain challenges for non-governmental sector and it is not equally important and effective. If achievements of NGO in the areas of environment and women's rights are sufficiently large, still there is a lot of work in non-discrimination because of race, ethnicity or sexual orientation areas. This situation exists partly because of historical and cultural traditions of Lithuanian, partly because of low interest NGOs themselves or not many members of violated groups. One of the problems in this area is limited financial independence of NGOs and the narrow base of donors supporting non-traditional topics. In order to promote and develop horizontal priorities it is necessary to strengthen institutional capacity of NGOs, professionalism and financial independence, as well as focus on identification of problems and the

promotion of tolerance in society. Specific proposals on this issue are presented in the chapter of proposals and recommendations of the analysis.

I.6. NGO OPPORTUNITIES IN FUND-RAISING

NGO opportunities to attract means for their activity, irrespective of independent activity or activity in partnership with government institutions, depend on for main factors:

1. Of legal acts in force of the Republic of Lithuania, regulating such activity and its opportunities;
2. Economic situation of the country (income of business companies and population)
3. Civic culture (charity, support, volunteering and similar traditions);
4. Capacity of persons working in NGO sector to perform fund-raising activity.

It is important to stress that the content and influence of such factors is not consistent. Continuous supervision of „the third sector“ dynamics in Lithuania shows that:

- 1) Legal basis in Lithuanian is changing. Legal base shifts due to larger directive „influence“ of NGOs.
- 2) Economic situation is also shifting (after long-term rowing in 208 it started to change in worsening direction, and it is scarcely believed that in the coming years economic decrease could end);
- 3) Civic values (charity, support, altruism, and volunteering) are not very popular among Lithuanian citizens;
- 4) A lot of people, able to implement project activity; work in NGO sector (especially in the category of public institutions) for fund-raising.

Influence of exceptional factors, which influence NGO capacities in fund-raising, are not direct (mechanical), and often its results may be noticed only after some time. Therefore, analysis of such issue cannot be limited by situational analysis „here and now“. Therefore, reviews from analysis and publications about NGO opportunities in fund-raising are presented.

I.6.1. Analysis of scientific literature

The legal environment in terms of the existing studies and surveys shows that Lithuania has not favourable legal framework for NGOs and legal documents established sort of "power vertical", in which national and local government institutions employ (or not) NGOs to carry out their operational control,

without encouraging NGO initiatives. While public sector scientists-experts say, that NGOs can solve problems and provide better services, of better quality and lower cost than public institutions, Lithuanian legal framework determines that NGOs and the authorities act in segmented market of public services; and their provided services compete with each other quite rarely (Anuškevičius, 2006). Therefore, current legal environment is severely restricting NGOs to raise funds for their activities. In country's economic situation, the current studies and surveys indicate that in the period of 2000 - 2005 positive dynamics of the financial NGO sector was observed, and while many foreign funds significantly reduced its funding (under the Department of Statistics of the Republic of Lithuania, foreign aid for donation and support was 207 million LTL (~ 86.97 million CHR) in 2000 and 80.6 million LTL (~ 33.87 million CHR) in 2005), however, resulting loss was compensated from generated national sources (62 million LTL (26.05 million CHR) in 2001 and 217.6 million LTL (91.43 million CHR) in 2005 (Ilgius, 2007). Unfortunately, in 2008 and 2009, the economic decrease had a strong negative impact on such dynamics (growth of finances and increase of their national share in NGO sector), particularly through reductions in municipal budgets. Currently, the funding level of NGO sector in Lithuania is supported by some EU programs (such as the *Equal Programme* in Lithuania totally allocated 15.821 million EUR (~ 22.95 million CHR): 3.955 million. EUR (~ 5.74 million. CHR) from the national budget and 11.866 million EUR (~ 17.2 million. CHR) from the European Social Fund). Experts estimate that NGO sector in Lithuania is able to absorb these funds, especially after a certain lessons of EU Aid Management (Ilgius, 2007).

Even before the economic downturn in raising money from various private sources (business, residents), NGO sector in Lithuania was very stratified and used existing facilities very unevenly. Private business support was mainly attracted by NGOs working in the field of sports, not far behind them, but still quite a considerable part of his budget was received by cultural, health and social NGOs (Ilgius, 2007). During economic downturn situation, the decrease in support in such areas is expected, especially in those that are less attractive to public relations of business companies.

Support from businesses was received by every second NGO, sport (very numerous), and the environment (rather limited) non-governmental organizations share the largest part of its budget from the generated support from the business (NISC 2005). Business companies are largely supporting sports, culture, social exclusion and education, non-governmental organizations: e.g. socially vulnerable groups accounted

received about 33 %. In 2004 business support made 16 % of support for education and 13% for culture; 21 % in 2004 of corporate support has been allocated for sports (professional - 12 % and amateur - 9 %). Health care accounted for 5 % of assistance, civic action, disaster victims and church - 4 %, and environmental protection - 0.1 % in 2004 of the total business support for NGOs (BAPP, 2005). Most funds for charity and support allocate large (over 50 employees) firms (during the period of economic growth support in one form or another was provided by 2 from 3 of such countries); (BAPP, 2005). Mostly money for support and charity is provided by companies with high annual turnover (e.g. in 2004, every second company, which had a turnover of 500 thousand up to 3 million LTL (~ 210 thousand - 1.26 million CHR) provided their own means for support and charity, BAPP, 2005). The fact of weak capabilities among NGO sector in fund-raising is proved by the fact that every third business company, which provided support for NGOs carried out the charity - aid projects on their own initiative, i.e. themselves found the beneficiaries and not responded to (not) incoming requests for support from NGOs (BAPP, 2005). In other words, NGOs often act as a "mailbox", elementary recipients - senders, rather than organisations "attracting" funding to their activities, i.e. with their clear business strategy and tactics in operation with business companies (or government institutions, or people). The deviation makes part of NGO sector not as independent operating entity, but an institution serving business (even from the noblest goals).

Moreover, the most important problem faced by the companies providing support / charitable donations is generally referred to difficulties to take advantage of tax benefits and large administrative support costs (BAPP, 2005). Similar difficulties are felt by NGO sector, and this does not encourage the development of fund-raising from the business sector.

Lithuanian Department of Statistics shows that in 2000, the average amount of aid granted by companies was 29 600 LTL (~ 12436.9 CHR), in 2005 was nearly doubled and was 47,700 LTL (~ CHR 20042) (Ilgus, 2007).

Research shows that in the aggregate level in Lithuania, most of the NGO sector received support from sparse group of large businesses (Mazeikiu Nafta, Teo, Kauno Grudai, etc.). And their support equals to hundreds of thousands of Litas a year, while medium and small businesses are not sufficiently involved in philanthropy. It is also important to note that due to complex accounting and tax it is not clear what

percentage of donations and corporate funds of support for these activities is used directly (Vaidelytė, 2005).

As already mentioned above, another important source of revenue for the NGO sector, are means from abroad. While this support becomes less important, research shows that many NGOs operating in Lithuania receive financial support from abroad. A few years ago (2005), 4 % of NGOs in Lithuania were fully financed from foreign sources and their budgets were relatively large (the largest among the NGOs in Lithuania) from 10,000 to 100,000 LTL (~ 4201.7 to 42016.8 CHR). Most of the funds from abroad are attracted by every fifth NGOs working in the field of children and youth (NISC, 2005).

It should be emphasized that the 2007 was the start of decrease of foreign aid for NGO sector in Lithuania, this support formed only a quarter (27 %) of the NGO sector revenues (Ilgius, 2007). At this time, large foreign funds (CNF Dutch, Lithuanian Open Society Fund, the JTVP PAF MPP, BAPP, the Nordic Council of Ministers, Konrad Adenauer and others.) started to progressively reduce volume of their activities in the country. New funding initiatives of NGOs and support from foreign countries (first and foremost, the Norwegian Financial Mechanism from 2008) requires new concepts for the development of NGO sector.

From the country's population (employed), the NGO sector attracts substantial funding from 2003 according to the current law of 2 % of personal income tax transfer opportunities. Research shows that two-thirds of the NGOs in Lithuania use the benefit of this law; and the largest part is received by public institutions, particularly working in social, health and culture areas. Residents usually provide their 2 % of support for secondary schools and kindergartens (and other municipal bodies: clinics, art school, young naturalists stations, libraries), children orphanages, police, fire and rescue service, state drama theatres (State institutions), while real NGOs receive relatively small amount of 2 % transfers. Year by year the number of people, who are aware that every employed person may allocate 2 % of paid income tax to their selected organisation (in 2005 about this possibility knew every second adult resident of Lithuania; now that proportion increased to two-thirds). The proportion of Lithuanian population both, who are aware of this possibility, both using this possibility, is growing, especially due to possibilities of electronic declaration.

Statistics show that every year an increasing money supply is redistributed by the population with law opportunities of 2 %: in 2004 the total sum was 23.8 million LTL (10 mln. CHR), in 2005 - 35.9 million LTL (85.4 million CHR) and in 2006 - 39.4 million LTL (93.8 million CHR) (Ilgius, 2007). Studies have shown that while allocating 2 % of income tax, most people follow the principle of social proximity, rather than any abstract, but not societal ideals and values: in most cases they support organization with which the person is personally related (36 %t); (20 % support organizations of their friends, acquaintances, relatives and the like (19 %) to their own offices. Every third person, who allocates 2 % of income tax assistance, has suggestions on how to improve 2 % allocation of income tax law. The most often proposed improvement in the list of beneficiaries is to leave only non-governmental organizations (12 %), 7 % of respondents suggested include neighbourhoods into the list, 6 % - small business companies, 5 % proposed to maintain in the list as beneficiaries non-governmental organizations and religious communities (BAPP, 2006).

Experts notice that the Lithuanian residents are easily and successfully mobilized by support campaigns organized on TV, during which 1-2 million LTL is collected, but only rare social initiatives receive such massive attention of TV industry and audiences. Lithuanian population (apart from the participants in the rituals of the Catholic Church) personally sacrifice little and rarely: studies show that over the past year 12-15 % of Lithuanian adult population have sacrificed, and the average amount was about 30 LTL (12.6 CHR); (Matonytė, Zdanevičius, 2003; Ilgius, 2007). Many NGO leaders recognize that it is difficult to collect even the organizations membership fee (typically NGOs do not have membership fees, and where it is, with rare exceptions, the annual fee is 10-50 LTL (4.2 to 21 CHR). Finally, research shows that in Lithuania there is no favourable public opinion regarding co-participation of NGOs and co-financing of public services. Surveys of public attitudes show that the idea of philanthropy in the country is not widely spread. Therefore, much work should be done by the state and NGOs in changing public attitudes and expectations related to public services and their providers. According to the opinion of residents, the state should take complete initiative and responsibility for social welfare and health care, science, education, environment; suitable for co-financing and co-participation in both sectors, the public and NGOs consider the activities of art, sports and cultural heritage; and only from NGO and private sponsors' support and care (without state and local government support) should be engaged amateur arts, amateur sports, and religious communities (ALF, 2003, Vaidelytė, 2007).

In summary, according to the income portfolio, NGOs in Lithuania can boast of neither its size, structure nor diversity. The above mentioned four major factors influencing NGO fundraising (state legal framework, the country's economic situation, public opinion and behaviour in respect of civil society and NGO sector capacity to raise funds) are quite unfavourable.

I.6.2. Research analysis of NGO representatives

On the basis of qualitative research (focus group and series of semi-structured interviews) several problem circles can be distinguished, which essentially determine NGO opportunities to raise funds for joint activities. Focus group participants mostly emphasized the lack of money for NGO activities, which even worsened due to crisis conditions. They said: "The worst is that there is no money." In the past, and now – during crisis - according to focus group participants, "one of the oldest [NGOs in Lithuania] problems is simple, easy to use money." However, the essential problem of NGO fund-raising focus group considered current unfavourable economic situation, but over a longer period of time they indicated unsatisfactory legal framework in Lithuania for NGOs fundraising and unfavourable view of government institutions on the activities of non-governmental sector. It was noted that although formally "there are finances from the state, and they exist, but somehow non-governmental organizations do not take this money." Focus group members as a source of the problems consider not the lack of professional qualifications and skills of NGO activists, but a vicious attitude of the authorities in the financing of NGOs. Talking about financial support from Lithuanian government, it was determined that NGOs always receive it "with additional terms" (according to the interviewer, "with strings attached"), for specific performance requirement, or decision-making of the organization should be reduction, or change of NGO culture (from community based to controlled of bureaucratic hierarchy), etc. With regard to support of foreign funds and programs, this focus group said that a lot of money "is thrown to all sorts of things like training, training in how to train, transporting of foreign experts and so on. These findings again highlighted that Lithuanian NGOs lack competence, and the legal framework and social traditions established their non-autonomy to act. General neglectful attitude towards NGOs, focus group participants consider as an essential cause of weakness of the NGO sector in Lithuania. They stated that before the start of recession period, NGO sector fell into crisis, when in 2007 the grow of working persons, volunteers in NGO sector started to decrease, although at a time when economy flourished, and every year the budgets grew by two, three,

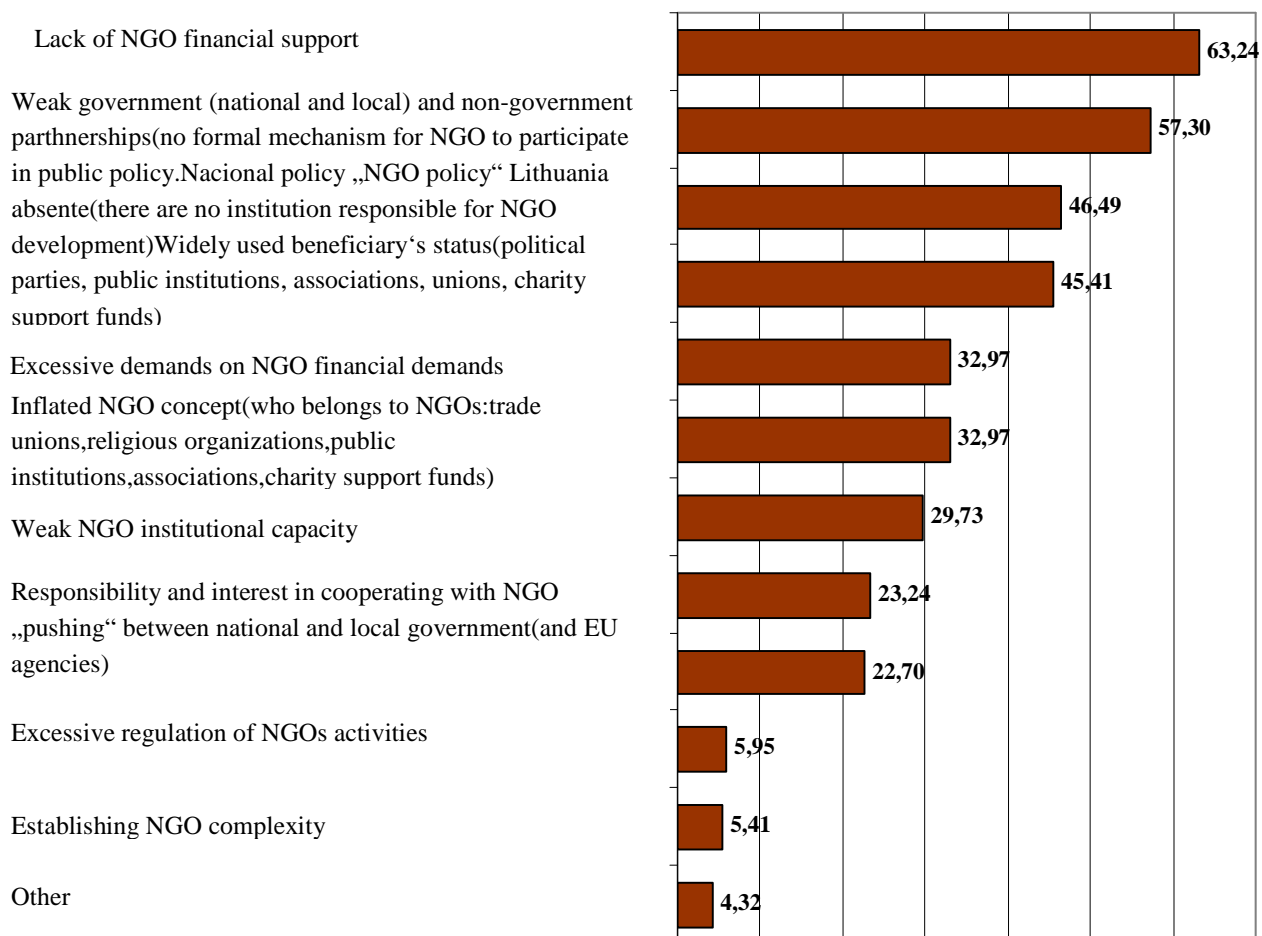
four milliards, but such proportion did not really grow in non-governmental organizations. Therefore, objectively speaking, focus group members stated that already in a number of years NGOs in Lithuania disappear and their influence is declining. Negative vicious circle is formed: disappearing of NGO sector, reduction, especially during the recession has dramatic negative impact on NGO expertise and ability to raise funds: there are people, who understand what NGOs are, and how to work with them, but when there is no money, these people are forced to start other activities (go into business or into government structures). Without assured flow of financial means to non-governmental organizations, competent people are lost there.

Another issue highlighted by the focus group members, speaking on NGOs opportunities to fund-raise is connected to legislative framework: the NGO sector in Lithuania lacks institutional strength. According to interlocutors, the Lithuanian government did not find opportunities, how to strengthen NGOs institutionally. As successful examples of strengthening the institutionalism, the interlocutors mentioned the case of the Czech Republic (part of the NGO sector has a right to distribute themselves two percent of the funds, which were not distribute by people). In current situation in Lithuania, according to focus group members, "NGOs eat their money", and because of their weakness perform little continuous useful activity. For example, it is known that only a small part of NGOs have their own premises, which could be eventually mortgaged for a bank while taking a loan to expand their activities. Focus group members considered, that primarily legal issues of NGOs have to be resolved: "NGOs do not have a sufficient role in public policy", if NGOs played in any public policies the first violin, NGOs themselves would become "a desirable groom" and it would be easier for them in raising funds (both from business, both from the public; however, they would received a number of state 'delegated' assignments). However, position of NGOs in Lithuania in public policy is limited, even in the social sphere; the positive role of NGOs is discussed by advanced scientists. NGOs in Lithuania with public procurement and public bodies are becoming a kind of sub-product of public institutions. "How non-governmental organizations could currently enter into any competition with the government for social services, or cultural or other services where there is such a conservative legal system; there is no way to publish invitations to tender, nor any required comparisons and there are no any calls for new initiatives". One interviewer gave an example: "We have homelessness problem, when people, who lose their homes begin to live in tents, it is necessary to built housing hostels. CARITAS organisation may do this, perhaps apply the premises, but there is no mechanism on how to sell something. There is no way to access the market of these services."

Focus group members indicate poor project management system as NGO funding problems, which is related to Lithuanian legal framework: this system for non-governmental sector is absolutely illogical; it does not promote efficient implementation of projects and achievement of quality, but is more focused on the participation of bureaucracy and paper work. It is bad that so few financing goes to such activities, which sometimes do not even have any added value. Interviewers highlight the broader problem of NGO bureaucracy: " complicated Structural and Norwegian Funds appeared, which probably provide more trouble than the result: you work for the paper, rather than for the actual product. Finally, focus group members emphasized the need for NGOs in Lithuania to open up spaces for long-term, to formulate public role of NGOs. Weak fund-raising opportunities and weak motivation of fund-raising representatives of NGO sector mostly associate with unfavourable legal situation (poor and uncertain role of NGOs in public policy), therefore, they recommended at the state level to review and assign a number of NGO "hunting areas", i.e. social activity areas and responsibility for them. "Provide more horizontality that non-governmental organizations could receive funding (it should be explained for the public and in political documents); and to think about mechanisms of formulation, o if these are the tasks in separate sectors, separate fields, and in what way non-governmental organizations could receive orders, or have the opportunity to carry out tasks in cooperation with relevant governmental authorities in certain policy areas, etc." On the other hand, in the opinion of the focus group members, in national level NGOs may group in certain areas of public policy. In the opinion of the focus group respondents, in the level of local self-government, cooperation with non-governmental organizations should be reviewed and cooperation mechanisms should be established, in particular, by strengthening communities that they should not lack behind from the processes at national level. In this regard, the focus group representatives suggested changing the principles of project assessment: if NGO project is co-financed from a municipality, additional score should be given for such an application. In this way it would be possible to overcome a vertical system, which is now operating in favour of the government, when municipalities have only to take into account the needs of society and may issue public tenders". In the opinion of the focus group members, on one hand, the public needs are better seen by NGOs; and, secondly, not the purchase price should be the sole and the most important criterion in an eventual public procurement tender. The "best" price for a purchased services does not necessarily reach the recipient and not necessarily the quality of such a service was good (perfectly satisfied the recipient). The members of the focus group strongly suggested to set up a fund of independent communities (or named otherwise), which could encourage better cooperation among non-governmental organizations and municipalities. Such a

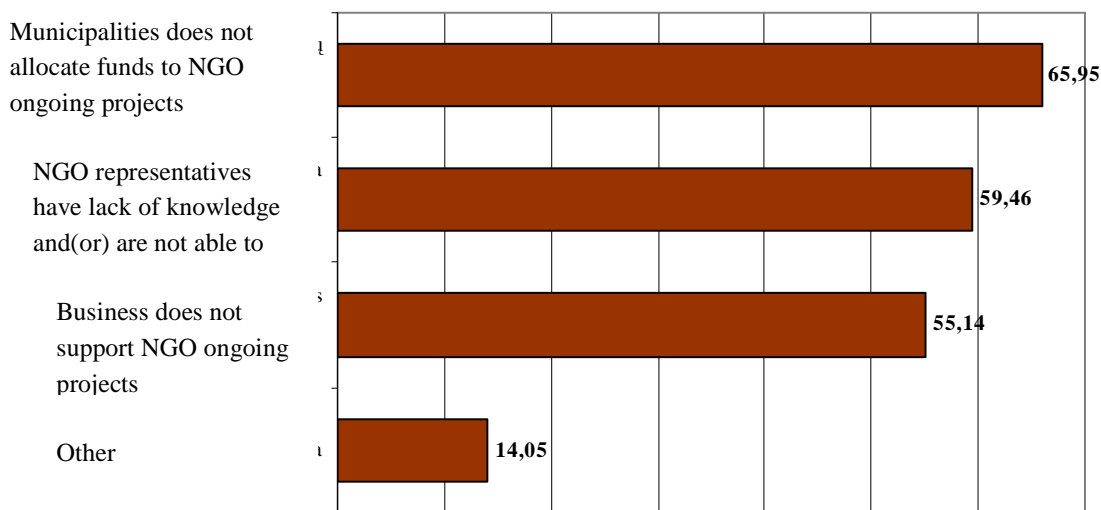
fund could have innovative scoring system of the provided applications, which could show that non-governmental organization provides an application, where a municipality makes a real contribution (and not just some paper signed by the Director of Administration), and additional score would be given for such applications. In this way a real inter-institutional cooperation would be encouraged. In summary, according to the opinion of the focus group members, the biggest barrier in fund-raising of NGOs in Lithuania is now an unfavourable legal framework for NGOs. The focus group members provided ways of improvement of the actual legal framework (especially in public procurement); and after their implementation, positive dynamics would be encouraged in the level of public opinion and in the area of competences of NGOs and human resources, which also significantly influence fund-raising of NGOs.

A quantitative study shows that the actual opportunities for NGOs to raise funds to co-finance projects are very critically assessed by the NGO leaders in Lithuania; and the fact that NGO sector chronically lacks money (Picture No. 16). The financial shortfall is considered the most important obstacle to the development of NGO activities. Two out of three respondents consider the lack of money in the NGO sector as a fundamental problem and fault in Lithuania. Funding problems are primarily associated closely with unfavourable legal situation to NGOs in Lithuania and the "thickness" of the government, which prevents the atmosphere of trust, cooperation and traditions among the leaders of national, municipal and NGO sector, representatives and enthusiasts. Although it sounds paradoxical and irrational, but every third respondent as a major hurdle in the development activities of NGOs through attraction of larger financial resources consider high bureaucracy and control of NGO activity (in particular and frequently financial). It is associated with national laws and administration of individual NGO projects (often funded by joint funds, with considerable foreign aid).



Picture No.16. How much, in your opinion, such problems are urgent for Lithuanian non-governmental sector?, %; **Source:** Quantitative NGO research, 2009-2010, Public institution „SEPC“

Stating the main problems of fund-raising (Picture No.17), an NGO leaders mainly focus on "bad conjunction", which exists in local government level: due to legal issues, municipalities are reluctant to entrust a lot of activities (and, therefore, money) for NGOs; due to economic crisis, there is a lack of finances; due to poor political and civil culture, NGO leaders and their activity projects are not considered as real projects. At a municipal level the main problem units are indicated by 2 out of 3 NGO leaders. Every second NGO leader in Lithuania recognizes the inability of NGO leaders to negotiate and influence the gap (and this ability is usually transferred to the relationships with local and national authorities, rather than the search of project financing in foreign funds).



Picture No.17. What problems are, in your opinion, currently encountered by NGOs in fund-raising for implemented projects?, %; **Source:** Quantitative NGO research, 2009-2010, Public institution „SEPC“

The investigation revealed that NGO leaders consider as a major problem that business is not engaged in public (community) activities. Specifically, NGO leaders note that business companies finance by the "most visible and best seen" activities (in the research review, we have seen these are sports, cultural events and TV campaigns), because according to interviewers, there are no required priorities for the areas of donation. The fact that the law on 2 % and its application includes gaps, too many NGO leaders take it as an important matter. Much greater problem (than divided 2 % allocation), related to the resources of NGOs, NGO leaders consider a neglectful "public attitude to volunteering", in other words, readiness of people to invest their time and energy in community activities. On the other hand, NGO leaders, again, emphasized that "too complex bureaucracy for applications and implementation of projects; unrealistic co-financing requirements"; "completely unrealistic restrictions on the administration and staff costs", "uneven competition for the budget-financed public institutions." Finally, NGOs leaders are sensitive about ethical issues related to funding: they say that in the absence of clear competitive markets, sometimes the money "shall not e allocated to NGOs, because they work too well", that "corruption thrives," and "allocation of resources is non-transparent and their using control is unclear“.

I.6.3. The main problems and needs

In summary, the quantitative analysis of NGO leaders revealed that the main problem of NGOs are fund-raising, and that the legal basis is retained in activity development; and the second most important factor negatively influencing the possibilities of NGO activities is unfavourable public opinion for NGOs and weak civil traditions: underdeveloped volunteering and charitable assistance.

NGO demands in this area are both internal and external. It is necessary to strengthen the capacity of NGOs to raise funds through staff training, cooperate with both types of donors (natural and legal persons), as well develop new assistance provision mechanisms, promote volunteering, philanthropy, social innovations, and the benefits, which will be provided to the third sector by the public.

II. CONCLUSIONS AND RECOMMENDATIONS

The recommendations on the use of support provided by the NGO fund are based on the assumption that support should be provided to the activities which will bring the biggest results and benefits in strengthening non-governmental organisations and civic society in Lithuania.

As a result of the problem of the NGO definition described in the first part of the survey (only according to the legal status), the allocation of support is directed at the areas in which activities are supported and additional requirements are established for applicants and target groups. In this way, the intention is to direct support at those organisations and their groups which actively advocate² the interests of their members and citizen groups, provide quality social services, have experience in operations and can contribute substantially to the strengthening of the NGO role in our society.

The conclusions and recommendations on the fields of financing, support measures, activities, eligible applicants and target groups have been divided according to three direct objectives of the NGO fund, i.e.:

² Definition of advocacy: „Advocacy is a process of carrying out activities and actions using all opportunities under democracy in order to create and establish laws and policies that form the basis for civil and equal society“ (Cohen, D.: Elements of Advocacy. Washington, Advocacy Institute, 1995).

- Strengthening of NGOs by developing their institutional capacities;
- Strengthening of co-operation between NGOs and local municipalities;
- Promotion of partnership between Lithuania and Switzerland in the NGO sector.

The EU policy on reduction of social exclusion or promotion of social inclusions is the core of modern social policy. Moreover, the year 2010 has been declared as the European Year for the Combating Poverty and Social Exclusion. The number of NGOs operating in the social field in Lithuania is probably the biggest as compared to the number of organisations operating in other fields. The activities of social NGOs involve all social groups, including children, the youth and senior people; they can identify the amount and type of the required services more quickly than budgetary service bodies; and with the help of volunteers, business enterprises and experts they can direct their services at the most distant parts of the country.

Cultural services are also important for the reduction of social exclusion and NGOs are capable of combining them with social and other services (e.g. education, health, non-formal training, etc.) and in this way satisfy the needs of various groups and individuals.

The issue of human rights and gender mainstreaming overlap with wider needs for strengthening democracy and civic society in Lithuania. On the one hand, due to civic passiveness dominating in society and political alienation, the participation of the population in decision-making processes remains relatively small. Non-formal civic education of the youth and adults remains to be one of the areas calling for attention. On the other hand, the possibility for the population to take part in decision-making processes has been restricted by insufficient openness of the government both with respect to the provision of information about its activities and drafted legislation as well as regarding the lack of an effective mechanism for consulting residents.

Environmental NGOs in Lithuania operate very widely and their impact is undoubtedly felt and seen by the state authorities and society. However, a successful work of NGOs in this area, particularly seeking to create favourable conditions for NGOs operating in the area to take part in the environmental public policy on the European level, also calls for institutional strengthening.

Regional and local organisations and non-formal communities still lack capacities and the necessary knowledge to play an active role in development of local economy and addressing social tasks. The most

common reason is that people living in small towns and villages are sceptical about their ability to influence local decision-making. Therefore, in the area of regional and local development, the most relevant issues include involvement of people into activities, promotion of their active participation in public life, adaptation of communities to demographical and sectoral changes, provision of social integration and other services in the community. This area is also very important because regional and community development encourages vertical, as well as horizontal, co-operation of all sectors and various institutions.

Strengthening of democracy and civic society remains to be a relevant issue also after 20 years of the country's independence because there is a lack of effective mechanisms for consulting citizens and NGOs.

II.1. STRENGTHENING OF NGOs BY BUILDING THEIR INSTITUTIONAL CAPACITIES

II.1.1. Conclusions

Data of the survey of the NGO sector show that in recent years NGOs have become weaker in a variety of sectors. In the institutional area, non-governmental organisations mostly highlight the problems which can be divided into three groups:

1. *Human resources*: the shortage of volunteers and professionals (more than one third of NGOs do not have any permanent staff); reduced organisational capacities, particularly in the areas of fund-raising, strategic planning, co-operation, development of partnerships and public relations; frequent change of leaders; the management bodies set up in the organisations in compliance with the articles of association rarely help the organisations, particularly with respect to fund-raising activities where their role should be extremely significant; lack of consistent training programmes for NGO experts and upgrading courses to develop human skills and organisational capacities; NGOs cannot afford to buy paid training services; NGOs have difficulties to attract volunteers both to perform activities and gain supporters;
2. *Financial resources*: the lack or shortage of financial resources; foreign foundations, which recently have provided huge support to NGO project activities in the country and partly for institutional strengthening, left the country and their funds were not replaced by either the resources raised from local foundations or the funds accessible by non-governmental organisations; the so-called "2% mechanism" have not had a significant impact on the improvement of the financial situation in the NGO sector because traditionally the lion's share of support goes to a small number of NGOs and the majority of NGOs do not

receive the funds provided by tax-payers because many residents prefer to provide their share of taxes to such non-profit organisations as schools, kindergartens, etc.;

3. *Technical basis*: poorer technical basis of NGOs: at present, less than one third of NGOs can afford to rent an office and only several of NGOs in Vilnius and very few community organisations in the regions have premises of their own; the equipment purchased by the foundations several years ago became outdated and, due to the lack of funds, organisations cannot afford to buy new equipment.

The NGOs which took part in the survey acknowledged that the sector also lacked good ideas and innovations which would increase trust in NGOs and high quality of their services in the eyes of society and potential buyers of services.

The Lithuanian NGO sector, which had been dependent on foreign financing for many years and which experienced a reduction of state financing sources to the minimum in the recent years, faces serious challenges in a search for financial resources for further development.

II.1.2. Recommendations on the implementation of the NGO fund

The overall **objective** of the Swiss **fund in the area of strengthening NGO institutional set-up** is to increase the critical mass of NGOs providing services, advocating and playing an active role in public policy which could take more responsibility in solving social problems and taking part in decision-making. At a time of crisis, which will last for the NGO sector much longer than for the general public, institutional support is essential due to the following important reasons: it would ensure continuity and effectiveness of NGO operations until they become stronger, i.e. develop a new activity strategy, find supporters and develop the provision of services.

The leadership and various capacities of NGO managers, employees and management bodies are critically important to NGOs both as organisations and as creators of positive impact on society. NGOs are also important as a training basis for teaching leaders for the other national and economic sectors. Although the private sector today can offer a lot to the NGO sector yet there is still a huge need among NGOs for the following capacities: organisational development, strategic planning, fund-raising, financial management, volunteer management, marketing, public relations and media relations, participation in public policy and work with the state authorities, communication and co-operation as well as related functions. Without constantly improving, NGOs cannot advocate the interests of all interest groups effectively, provide quality services and develop new ones for the members of their organisations and bigger community; and

finally, they cannot exercise any major influence on decision-making at the central and local government level.

The suggestion is to direct activities at the following fields of financing:

- Protection of public interest and creation of public benefit;
- Improvement of NGO activities and diversification of financial sources;
- Strengthening of democracy and civic society.

Eligible applicants should have experience of operating in the financed areas and should belong to one of the following groups:

- NGOs operating in the field of public policy development;
- NGO networks, coalitions and other umbrella organisations;
- NGOs advocating and defending public interest in a variety of sectors;
- NGOs supporting civic action and volunteer work;
- NGOs promoting social entrepreneurship.

Expected general outcome of this objective

- Increase in advocacy capacity of NGOs and its influence in the development of public policy
- Increase in public awareness and empathy towards new issues and social problems within the society
- Increase abundance of proposals different social discussions and alternative solutions
- Critical mass of sustainable and financially viable NGOs successfully implementing their missions on local, national and international levels
- Model of participatory democracy is well understood by society and citizens are getting engaged in new social activities and initiatives for public good
- Increase in trust of NGOs by the society

Measures and activities

Measure: Creation of a favourable environment for the NGO sector development

The survey showed that some of the problems faced by the NGO sector are related to legal and tax regulation, insufficient level of understanding by the general public, certain state authorities and the media about the mission of NGOs, the specifics of activities carried out by non-governmental organisations, poor traditions of philanthropy and the lack of consistent policy of NGO support.

The majority of NGOs are certain that their activities are important and therefore visible. However, they do not use available awareness-raising measures, for instance campaigns targeting a certain problem, at full length. The use of social advertising by NGOs is extremely scarce. Most of Lithuanian residents cannot name any NGOs operating in the country. They lack knowledge about the activities of NGOs, the difference between these organisations and business or state institutions, the achievements of their activities and the impact on decisions taken by the central and local self-government bodies as well as the public policy in general. Residents do not show any major trust in NGOs probably because they know little about them and also because NGOs inform the general public about themselves and what they do very rarely or inconsistently and poorly.

Seeking to make an impact in public policy, the network of NGOs and non-formal citizen groups speaking with one voice usually is more effective than statements, petitions, and declarations made by single organisations or traditional impact measures. Equally, the quality of services may be much better if state, business and non-governmental service providers co-operate in providing a well-coordinated and comprehensive package of services. It is particularly relevant for communities with rampant drug and alcohol abuse as well as other similar problems and where families simultaneously face multiple economic, health and social discrimination challenges.

Lithuanian networks, associations or various other “unions” of NGOs or organisations and non-formal groups acting in partnership often lack a proper functional network structure which would unite its members by the mission of this structure and the network objectives. Moreover, representatives of formal NGOs and structures of non-formal resident groups do not communicate with each other substantially and if they do so, it does not happen on a regular basis and often without having clear objectives. They do not share good practices or lessons learned, they do not develop common visions and objectives, logical cause-and-effect structures which would service as guidelines for a co-ordinated approach in seeking common objectives of the network or the "union". Finally, a common mission is not enough for a network or union to operate effectively. They also need other measures or mechanisms, e.g. a secretariat, a well-functioning email connection and on-line communication, regular meetings, assessments, etc.

A further development of the public policy NGO networks or maintenance of the current structures is complicated because of the inability of NGOs to maintain their offices and the lack of staff and financial resources. Due to the same reasons, Lithuanian NGOs are not sufficiently involved in the European NGO networks.

In pursuance of the aforementioned objective **eligible activities include the following** (the list is not exhaustive):

- Analysis of the NGO sector, market research, interviews, feasibility studies and collection of data;
- Awareness-raising campaigns and increasing knowledge about the NGO sector;
- Development and provision of services for the NGO sector;
- Development and provision of training and upgrading training programmes for the NGO sector;
- The use of information technologies in developing NGO databases and fund-raising measures (internet websites, etc.).
- Promotion of partnerships on national and international levels

Target groups

- NGOs defending public interest;
- Current and potential members, supporters and partners of NGOs;
- Public sector decision-makers.

Indirect beneficiaries

- Recipients of services and support of NGOs
- Public officials
- Businesses

Expected results

- There will be opportunities for monitoring and evaluation of development of civil society and NGO sector
- Decisions on civil society and NGO sector development strategies, public policy will be based on analysis and data;

- Increased opportunities of NGO sector to take part in the process of development of the civil society and public policy
- Society better informed on the benefits of NGOs activities and sector at large
- Increased identity of NGO sector
- Increased unity and solidarity within NGO sector

Measure: Human resource development

The economic and financial crisis of the recent years has had a negative impact on all aspects of the NGO organisational capacities. In general, the number of actively operating organisations decreased and those which are still operating was cut down to the minimum or dismissed their staff. A smaller scope of work makes it more difficult to attract volunteers. By the way, the problem of attracting volunteers arises due to a number of other reasons: our society does not consider a volunteer as an equal partner; organisations willing to accept volunteers are not willing to do so because employees do not have the necessary management capacities to train and engage volunteers, make them busy, supervise their work, encourage and motive them.

Financial problems and the ensuing shortcomings and problems mentioned before create an impediment for a consistent work of organisations, have a negative impact on the preservation of organisations, their fragile structures, the image in society and the opportunities to become more professional.

Under the measure, the following activities are recommended for support (the list is no exhaustive)

- Participation in local and international training, seminars, conferences and experience-sharing events;
- Implementation of programmes on training of trainers, lectors and NGO consultants;
- Development of formal and non formal training programmes and delivery of training;
- Building capacities for taking part in public policy on the national and the EU level and advocating NGO target groups;
- Using NGO training experience from Switzerland and other countries

Target groups

- Current and potential NGO employees, volunteers, supporters, members, stakeholders and other members of the management bodies.

Indirect beneficiaries

Recipients of services and support of NGOs

Expected results

- Critical mass of professional public policy focused NGOs will become active partners and advisors of the public sector
- NGOs will become more efficient and professional
- There will be more paid staff and decreased staff turnover amongst NGOs
- NGOs oriented training and consulting services will be created and consecutively implemented

Measure: Increasing financial independence of NGOs

Philanthropy in Lithuania is weak and NGO capacities to encourage people to donate are poor. Moreover, NGOs avoid or do not dare to take new means for searching funds that have been tested abroad, e.g. donation boxes, personal telephone contacts, sending personal letters, telephone campaigns, charity events, etc. NGOs lack knowledge and practical skills on how to make long-term relations with local business enterprises, how to present or “sell” their organisation or a project idea. Moreover, the NGO marketing capacities are weak: they are too sluggish and timid to create products and services which could be purchased not only by local self-government bodies but also natural persons. However, the recent generation of funds from services and products has been limited not only due to the shortcomings of NGO capacities but also as a result of insolvency of potential customers of NGO services.

Another important obstacle in selling NGO services is a preconceived idea by a huge majority of the public that non-governmental organisations should provide free services or should cover the expenses of services by involving volunteers or getting funds from supporters. Finally, the development of the service market has been obstructed by complicated accounting and the lack of flexibility of service selling and purchase procedures. Very few NGOs in Lithuania make investment or create business enterprises (e.g. "social enterprises") which could ensure a long-term source of funding for the organisations. Although the tradition of making in-kind contributions is improving, yet very few NGOs are capable of receiving free or the so-called *pro bono* professional services from experts living in the community as well as free products and things, e.g. furniture, technical equipment, etc.

Under the measure, the following activities are recommended for support (the list is no exhaustive):

- Development of fund-raising and service selling plans and strategies, implementation of fund-searching measures;
- Expansion of membership;
- Creation of new services, products and promotion of social entrepreneurship³;
- Development of means for sustainability of community and other foundations;
- Improvement of investment knowledge and capacities;
- Improvement of financial management of the organisation;
- Development of endowment or the system for collection of reserve funds;
- Increasing variety of marketing tools and improvement of their quality;
- Examination of Swiss and other foreign good practices in raising funds for the NGO sector and its practical application.
- Promotion of volunteering

Target groups

- Current and potential employees, volunteers and members of NGOs;
- Potential supporters of NGOs: natural and legal persons.

Indirect beneficiaries

Recipients of services and support of NGOs

Expected results

- Increased interest among citizens for the benefits of philanthropy
- Access to new independant sources of funding orr support for NGOs
- Critical mass of NGOs become self sufficient and sustainable
- Community and other foudnations are trsuted by society because of their effective programs that support NGOs

³ Social entrepreneurship – solving of social problems using business like principles and methods.

II.2. STRENGTHENING OF CO-OPERATION BETWEEN NGOS AND LOCAL MUNICIPALITIES

II.2.1. Conclusions

The data of the NGO sector survey shows that close and manifold co-operation between NGOs and local municipalities is an objective supported by the majority of NGO representatives and declared by municipalities although in reality such co-operation is patchy and NGOs do not get proper moral and financial support and treatment on equal footing. Measures supporting the growth of NGO services for municipalities can be divided into two parts: building of NGO capacities and application of exemptions for such procurement. The support fund cannot influence amendment of legislation and therefore most of attention is paid to building NGO capacities in providing services. The current legislative framework and the system of financing provision of social services do not grant additional privileges and guarantees to NGOs.

II.2.2. Recommendations on the implementation of the NGO fund

The objective of the NGO fund is strengthening of co-operation between NGOs and local self-government bodies, development of civic society and avoiding social exclusion by increasing the influence of citizens in state government and building their self-confidence in taking part in and having an influence over social and local communities and municipal government processes, development of direct involvement of citizens and forms of influence, promotion of interaction between community members and building the practice of advocacy decision-making.

Projects should be implemented in co-operation of different NGOs, to have the widest possible network of active organisations and citizens involved.

The suggestion is to direct activities at the following fields of financing:

- Protection of public interest and creation of public benefit;
- Improvement of NGO activities and diversification of financial sources;
- Strengthening of democracy and civic society.

Eligible applicants

- NGOs operating on the regional, municipal and community levels and having the experience of involving citizens into policy-building and advocating their interests;

- NGOs suggesting solutions to social problems and promoting social entrepreneurship;
- NGOs representing socially vulnerable citizen groups and having the experience of implementing public policy;
- NGOs monitoring implementation of local government public policy and decisions.

Measures and activities

Measure: Participation of local NGOs and citizens in the decision-making of local municipalities

Every municipality has its own established practice of co-operation with NGOs. The intensity of co-operation and its forms are very different. The role of NGOs can be strengthened by combining various related NGOs, involving citizens and the public into their activities and by increasing their professionalism and competences.

The participation of Lithuanian citizens in volunteer work and membership in non-governmental organisations is among the smallest in the European Union. The recommended activities are directed at raising public awareness and encouraging citizens to get involved in socially beneficial activities and addressing local self-government problems.

Under the measure, the following activities are recommended for support (the list is no exhaustive):

- Creations of NGO coalitions and partnerships on local level
- Promotion of successful examples of coalition building
- Setting new tools for a dialogue between local residents, elected officials and municipal officials and NGOs
- Creation and application of solution-based information technologies for awareness-raising and involvement of citizens
- Initiatives targeted at fostering cooperation among NGOs representing different social groups and municipalities
- Conducting research, studies, interviews, development of draft legislation and recommendations on their amendment;
- Preparation and promotions of methodologies and information materials
- Promotion of civic activism and democratic values among children and youth

- Promotion of volunteering
- Training on public policy building and advocacy

Target groups

- Staff, members of management bodies, volunteers and supporters of NGOs operating in the field of public policy and advocacy on local level;
- Employees, members of management bodies and volunteers of non-governmental organisations providing services;
- Local communities;

Indirect beneficiaries

- Non-formal citizen groups;
- Municipal public officials
- Socially excluded groups
- Citizens without prior experience in civic life

Expected results

- Increased capacity of NGOs to represent the interests of the local community and solve problems
- Increased transparency of decision making at the municipal level
- Increased civic participation in the activities of NGOs on local and regional levels
- Increased trust to NGOs and their proposals from the municipal side
- Citizens and communities actively participate in the municipal decision making process
- New ways of social organising and cross sectoral cooperation are being developed and used

II.3.PROMOTION OF LITHUANIAN-SWISS PARTNERSHIP IN THE NGO SECTOR

II.3.1.Conclusions

A very small share of NGOs in Lithuania co-operate with Swiss NGOs although there is a huge potential for such international co-operation. The areas in which Lithuanian NGOs are willing to co-operate with Swiss NGOs include the following: first, in implementing the activities which are currently implemented by Lithuanian NGOs (different NGOs are interested to co-operate in different fields); second, seeking co-

operation in building NGO institutional capacities; and third, promotion of NGO entrepreneurship in Lithuania.

Each of the aforementioned areas can be subdivided into smaller areas. The first area of co-operation can be divided into the following areas of activities (according to the activities pursued by NGOs): gender mainstreaming; reduction of poverty and social exclusion; environmental protection; promotion of youth employment; sustainable regional development; strengthening of democracy and civic society; culture; science and education; human rights; health; healthy lifestyle; sports; community training; consumer education and protection; crime prevention; violence prevention; prevention of harmful habits; increasing traffic safety, etc. The second possible field of co-operation between Lithuanian and Swiss NGOs, i.e. building of NGO institutional capacities, can be divided into the following fields: volunteer work; development of volunteer and unpaid donorship; involvement and sustaining of professional staff; development of fund-raising, management and lobbying skills. The third area of possible co-operation between Lithuanian and Swiss NGOs is promotion of NGO entrepreneurship in Lithuania. This area can be attributed to building of NGO institutional capacities, yet NGO representatives and researchers singled it out because of its significant influence over the entire NGO sector and the problems faced by it. This area of co-operation can be subdivided into the following categories; development of social services; development of services provided by NGOs; local and international co-operation; promotion of creation of NGO networks and coalitions with governmental organisations and their co-operation on the European level; strengthening of co-operation between social, business partners and the academia with non-governmental organisations; sustainable development of the NGO sector; partnership and co-operation with local self-government; development of NGO services (economic activities).

II.3.2.Recommendations on the implementation of the NGO fund

It is recommended to use dissemination of good practices and experience to Lithuanian NGOs as a basis for Swiss and Lithuanian NGO co-operation. Learning about Swiss experience would include the aforementioned fields.

We suggest that a separate measure should not be created, but applicants should be given an opportunity to implement joint projects with partners from Switzerland, raise their qualifications and learn from Swiss NGO experience.

II.4.THE ROLE AND INFLUENCE OF NGOS IN ADDRESSING HORIZONTAL ISSUES

II.4.1.Conclusions

The strategy and action programmes on the use of the EU structural assistance in 2007-2013 of the Republic of Lithuania define horizontal priorities as follows: sustainable development is understood as coordination of the aims of economy, social development and environmental protection, taking notice of their multiple interdependence and the expected outcomes of the implementation; gender mainstreaming and non-discrimination in ensuring equal opportunities for women and men and elimination of any discrimination on the basis of ethnic or racial dependence, age, disability, sexual orientation, religion or belief; information society is a factor of economic growth and development of employment that includes creation of new information technology services and functions, supply of their users and increase of competences; regional development is reduction of social and economic differences between different regions in the country and within regions.

II.4.2.Recommendations

We recommend shortening the number of horizontal priorities to the aforementioned three (reduction of social exclusion, development of equal opportunities for women and men and environmental initiatives), based on the survey of NGO institutional capacities performed during the study. The survey showed that the institutional capacities of the NGO sector are mostly limited due to a weak legal empowerment of NGOs in the current Lithuanian public policy. It also showed that in the aforementioned horizontal fields, the input and potential of Lithuanian NGOs is huge and therefore the concentration of supported activities in the fields of identified horizontal priorities could result in effective activities both in the short- and medium-term period (by 2014).

With respect to all three horizontal priorities, it is recommended to promote the advocacy activities of NGOs, directed at the optimisation of the current legal framework and public policy by increasing appreciation of civic initiatives and increasing of civic consciousness.

1.1. Specifically, the recommended purpose of reducing social exclusion should be promotion of de-governmentalisation policy of social services by reviewing the regulations on public procurement and the actual social practice (taking a more favourable approach towards NGOs, including and particularly towards partnerships).

1.2. In a non-discrimination policy, to seek that appropriate NGOs could perform an advocacy function not only upon the invitation of state authorities but also upon their own initiatives in public policy projects playing a full-fledged role in the entire cycle of the activity (from making decisions until their implementation and assessment).

1.3. Seeking the objective of sustainable development, continuing with the awareness-raising work, social campaigns and ecological education and training undertaken by environmental NGOs both in the governmental sector and among wider public.

2. In pursuing social exclusion and non-discrimination policy activities, promotion of closer co-operation among NGOs operating in the field (supporting joint activities of NGOs operating in coalitions, networks and umbrella groups).

2.1. The NGO coalition activities in the area of reducing social exclusion would guarantee a better access to services for various vulnerable groups, seeking a more effective use of resources and increasing civic initiative.

2.2. In the area of non-discrimination (particularly with respect to gender mainstreaming), the recommendation is to seek involvement of various political and cultural NGOs into public policy decision-making and implementation through the development of co-operation of various organisations and promotion of synergy NGO initiatives as well as the number of supporters. This would contribute to the reduction of stigmatisation of “victims” on the public opinion level and their rejection.

3. In the areas of social exclusion, non-discrimination policy and environmental protection, it is recommended to further develop partnership between the state authorities and municipal bodies with NGOs, particularly by promoting and supporting project activities initiated by **NGOs** which would be pursued in co-operation with self-government bodies in individual regions of the country (i.e. focusing not only on national projects and those implemented in bigger towns).

3.1. In the area of reduction of social exclusion, non-discrimination policy and environmental initiatives, support of sharing good practices of joint work (between state bodies and NGOs) with local communities and other regions of the country (advocacy NGOs and municipalities).

3.2. In the area of reduction of social exclusion, non-discrimination policy and environmental initiatives, support of training (direct and distant) about the principles and experience of inter-sectoral co-operation to

encourage development of joint civic activities of NGOs, national authorities, self-government bodies and political parties.

We suggest that an individual measure should not be developed and that the identified three horizontal priorities should be included into additional assessment criteria during the selection of applications.

II.5. SETTING UP A STEERING COMMITTEE FOR THE NGO FUND

We recommend that the Steering Committee should be set up on the basis of similar principles which are used by the Ministry of Social Security and Labour in developing a project for the Government, *On the Regulations of the Commission for the Co-ordination of Matters of Non-Governmental Organisations*.

Bearing in mind that the aforementioned principles on the establishment of the Commission approved in February this year by the working group set up in the middle of 2009 for drafting the NGO development concept paper upon the initiative of the Government and the Government plans to set up such Commission by implementing a measure of the Concept Paper on Development of Non-Governmental Organisations approved by Resolution No. 85 of the Government of the Republic of Lithuania on 20 January 2010 (Official Gazette, 2010, No. 12-566), Annex 1, we recommend that the Steering Committee required for the implementation of the Swiss NGO fund should be set up on the basis of the following principles:

- Seeking an effective work of the Committee, it shall comprise up to 12-15 members;
- One third of the Committee should include representatives of the ministries and other central government bodies who deal significantly with non-governmental organisations or focus on the creation of a favourable environment for the NGO sector and the issues related to civic society development;
- Bearing in mind that all local self-government administrations have concrete tasks of developing civic societies in the territory of their municipalities, strengthening of NGOs and the mechanism of procuring services from NGOs as well as taking into account that the majority of municipalities plan and allocate their funds to NGOs, take part in formal and non-formal commissions of municipal administrations and NGO partnership development or other similar structures, appoint several Committee members from local self-government bodies (municipal units dealing with NGOs or otherwise identified, yet having concrete functions of NGO development);

- The remaining membership positions in the Committee should be given to the NGO sector representatives which could be suggested by the National NGO Coalition or other organisations representing the NGO sector;
- The proposed representatives of the NGO sector should have at least three years of experience of working in the NGO sector.

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