

ASSESSMENT OF THE EFFECTIVENESS OF THE  
BALTIC AMERICAN PARTNERSHIP FUND AND BALTIC AMERICAN PARTNERSHIP PROGRAMS  
AND OF THE STATE OF CIVIL SOCIETY IN ESTONIA, LATVIA AND LITHUANIA

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## I. EXECUTIVE SUMMARY

This assessment was commissioned by the board of directors of the Baltic American Partnership Fund (BAPF) and the three Baltic American Partnership Programs (BAPPs) as part of a “lessons learned” review of 8 years of grantmaking in support of civil society in the Baltic states. The heart of the assessment was 39 interviews conducted over the course of several weeks in the region by a team of interviewers. The interviews sought to establish the degree to which informed observers judged the BAPF/BAPP goals to have been met, the degree to which BAPF/BAPP activities were effective in support of these goals, and the state of the third sector at present.

The vast majority of interviewees praised the work of the local BAPPs; the few who did not were generally merely unfamiliar with its specific activities; there were no substantive criticisms of the organizations. In each country, the BAPP has been a central partner – as funder, convener, and intellectual contributor – to almost all the major accomplishments of the NGO sector over the past 8 or so years. Interviewees judged that most of the program’s goals had been met:

1. The legal and regulatory environment is much more favorable toward civil society in all three countries and BAPP leadership and funding was instrumental in making it so. Some work remains to be done, particularly in Latvia and Lithuania, to make the regulatory framework clearer, and in all three countries the tax code could be made more favorable toward local philanthropy;
2. NGOs are significantly better led and managed and the sector’s capacity for professional work is significantly higher than it was 7-8 years ago. Interviewees were aware of training, seminars and multi-year capacity-building grants that allowed leading NGOs to develop. The BAPPs everywhere, but perhaps most notably in Lithuania, have also worked effectively to raise skill levels at smaller community-level NGOs outside the capital cities;
3. There are numerous examples of NGOs engaging in effective advocacy. The BAPPs, especially in Estonia and Latvia, have been instrumental in bringing the most important NGO actors together in broad coalitions, working with government and parliament to create frameworks for national cooperation. BAPP-funded NGOs have also shown themselves effective in advocating for the interest of vulnerable populations, environmental protection and political transparency. NGO advocacy in this last area has led to sustained attacks on the sector – a mark of its importance in national political life and one which the sector has weathered;
4. Though the general level of citizen<sup>2</sup> engagement in the Baltic states is still not high – at least in the eyes of interviewees and some outside observers – there have been a number of examples of successful civic mobilization, and matters have generally improved. Interviewees cannot often credit BAPP directly with specific achievements in this area, in large part because it worked through other NGOs, though in Lithuania the BAPP is credited with directly funding community-level initiatives which brought local governments, NGOs and local residents together, when they otherwise would not have coalesced;
5. The funding environment for NGOs is still unstable and the further retrenchment of foreign donors will almost certainly leave advocacy NGOs, in particular, vulnerable. Though BAPP assistance has helped a number of NGOs develop the capacity to qualify for EU funding, many

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<sup>2</sup> In using the term “citizen” we are including all inhabitants of these countries – the entire “general populace”. We are not distinguishing between individuals who have been granted citizenship and those who, for whatever reason, have not been or not yet been.

people expect a significant consolidation in the sector, as weaker NGOs close or merge. This is particularly true in Latvia and Lithuania, where private sector funding is not expected to play a significant role for sometime to come, and especially true in Lithuania, where mechanisms for government support to the sector are not as well developed. All the BAPPs are focusing on questions of sustainable funding, and are encouraged to focus even more creatively on the challenge of sustainability for advocacy organizations, in their final year(s).

For many interviewees, particularly those familiar with the working of other donors, the BAPPs' great value came because they acted as and were considered truly indigenous institutions, not branches of a foreign donor. BAPP's local Program Directors and LEC members engaged as peers with leaders of other important civil society institutions in the country. They developed priorities and strategies in intensive consultations with the sector – the BAPP's broad agenda was essentially the sector's and BAPP funding was essentially entirely demand-driven rather than funder driven. BAPF's New York office and board played an entirely appropriate role, providing oversight of donor funds and broad strategic direction – again in consultation with local stakeholders and outside experts, and with broad room for country-specific modification. The BAPF-BAPP arrangement should serve as a model for any donor interested in working effectively in similar circumstances.

This assessment also makes the following recommendations:

In the remaining years of BAPF/BAPP activity,

1. Concentrate primarily on improving prospects for financial sustainability of the NGO sector; focus the main part of financial and staff resources specifically on this goal;
2. Within the overall challenge of financial sustainability, focus in particular on assisting advocacy NGOs address questions of long term viability; and,
3. In all three countries, but particularly in Latvia and Lithuania, focus on strengthening the NGOs which provide critical coordinating and capacity-building expertise to the sector.

## II. ASSESSMENT OF THE EFFECTIVENESS OF BAPF/BAPP

### A) OVERALL BAPF/BAPP GOALS AND OPERATIONS

The Baltic American Partnership Fund's founders and board defined "three long-term objectives for the BAPF: 1) a clear supportive legal and regulatory environment for civil society, 2) the institutional development of nongovernmental organizations (NGOs), and 3) financial sustainability of the NGO sector"<sup>3</sup>. These have remained objectives over the life of the institution to date. It is the opinion of the assessors, based on consistent responses from critical observers of civil society in each country, that all but the goal of financial sustainability have been largely achieved and that BAPF and the BAPPs played a central role in these achievements. The BAPPs are widely credited for convening and funding the NGO coalitions which both pressured and worked with government authorities to improve the legal and regulatory environment for NGOs, and all three Baltic nations now rank in the top tier of Central European countries on USAID NGO Sustainability Index in this respect<sup>4</sup>. The BAPPs are also directly credited as the main supporter – financially and otherwise – of concerted efforts to improve the professionalism and effectiveness of NGOs, both by supporting NGO centers and networks and by providing multi-year capacity building grants to a number of important NGOs. Again, USAID's Sustainability Index ranks all three countries in the top tier<sup>5</sup>.

Financial viability of the NGO sector remains a concern and in all three countries a significant number of interviewees foresaw a painful consolidation of the 3<sup>rd</sup> sector over the next several years; this was particularly true in Latvia and Lithuania. However, given that the three countries sit at (or in Latvia's case, near) the top of USAID's ranking for overall sustainability, this consolidation may not be any worse in the Baltic states than elsewhere across the region – the sector may simply be due for consolidation as we approach the 20<sup>th</sup> anniversary of the great changes of 1989-1990.

No interviewee blamed BAPP or its strategy for the financial vulnerability of the sector; in virtually all cases interviewees blamed this on the slow pace of economic development in each country and non-existent traditions of local or corporate philanthropy. Differences between the three countries emerged most clearly here, with Estonia interviewees putting more faith in indigenous private and corporate philanthropy developing more strongly in the near future, and Latvians and Lithuanians interviewees putting greater hopes in government mechanisms and partnerships (at the national, regional and local levels) both for leveraging EU funds and for contracting NGOs to provide direct services. A number of interviewees highlighted that advocacy organizations (or advocacy-oriented activities) were most likely to suffer even if local and EU funding sources grew, since such funds were less likely to go to unpopular causes.

BAPF has made the issue of financial sustainability a first-priority matter in recent years. It was highlighted as the area of most concern as far back as 2004, and was the focus for the most recent strategy retreat in September 2005, where program officers and LEC members looked at a variety of

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<sup>3</sup> The language comes directly from USAID's initial grant agreement with BAPF (*Attachment 2: Program Description, Cooperative Agreement Between BAPF and USAID*, August 6, 1998), repeated in BAPF's Annual Reports from inception.

<sup>4</sup> The 2005 NGO Sustainability Index for Central and Eastern Europe and Eurasia, 9<sup>th</sup> Ed. United States Agency for International Development Bureau for Europe and Eurasia, Office of Democracy, Governance and Social Transition, May 2006. Available at [www.usaid.gov/locations/europe\\_eurasia/dem\\_gov/ngoindex/2005/index.htm](http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2005/index.htm).

<sup>5</sup> It is perhaps worth noting that ranking in this tier – which USAID terms "Consolidation" – is not tied to EU accession. The Czech Republic, for example, falls outside of this tier on for "Organizational Capacity" and "Legal Environment".

strategic approaches<sup>6</sup>, and each of the BAPPs has addressed the need for local philanthropy in their 2005-2007 Strategy Summaries<sup>7</sup>. However, interviewers came away concerned that the BAPPs, perhaps excepting BAPP-Latvia, may not have devoted sufficient effort to rethinking their actual strategies or their goals when it comes to their current grantmaking. Given the degree of concern expressed, it was surprising that interviewees from the sector could not cite more examples of activities or initiatives which BAPP was either funding or leading to improve financial sustainability. The assessors and a number of interviewees felt that *improving prospects for financial sustainability should be BAPF and the BAPPs' clear overarching goal for the remaining years of funding, and that the BAPPs' resources and the creativity of its program staff and LEC members should clearly be targeting this goal.*

From at least 2001, BAPF's board and the BAPP Local Expert Committees agreed to focus concurrently on promoting a) "...increased involvement of individuals and nonprofit organizations in decision-making at local and national levels", and b) "...increasing the ability of NGOs to engage in advocacy on a range of issues"<sup>8</sup>. Interviewees generally agreed that individuals were more involved than previously, and that there were many instances of nonprofits engaging with authorities on specific policy matters. However, many interviewees felt these were societies in which a vast majority of the population generally did not consider that they could influence public decision-making and did not see NGOs as clearly useful in this regard<sup>9</sup>.

It is substantially more difficult to judge the degree of the BAPPs' successes in meeting this goal or the effectiveness of their strategies. As noted, despite improvements interviewees were generally not sanguine about the level of civic involvement. One lesson might be to frame more pragmatic goals in an area as complex as this one, in order to measure achievement and effectiveness more robustly<sup>10</sup>. Another would be to focus more resources and attention on it, precisely because it is harder to achieve. In 2004 the three BAPPs spent far more on "Institutional Development of NGOs" than on "Civic Engagement"<sup>11</sup>, and within Civic Engagement, only Lithuania's BAPP clearly highlights grants for "Citizen-Initiated Efforts". Even in Lithuania only some 11% of its budget was directed specifically to these projects and most of this appeared to be for general capacity building rather than funding specific citizen-driven attempts to influence actual public decisions<sup>12</sup>. More money focused toward this goal over the past 5-6 years might have resulted in more success stories in all three countries, or clearer lessons of what worked and what didn't. Given the legacy of 50+ years of Communist Party-led "civic engagement", fostering genuine and even moderately widespread participation by the public and civil

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<sup>6</sup> See *Report from the 2005 BAPF Strategy Retreat, Lithuania, September 17-19, 2005*, internal BAPF document.

<sup>7</sup> These summaries are currently available on the BAPF website at [www.bapf.org/main\\_bg.html](http://www.bapf.org/main_bg.html).

<sup>8</sup> This is the wording we agreed to use in interview questions related broadly to enhancing civic engagement. The goal relates directly to USAID's interest in the original grant agreement that "...NGOs demonstrate effective public policy advocacy" (Attachment 2: Program Description, page 3.). But see Edward Lucas's article, below, for a fuller definition.

<sup>9</sup> Lauras Bielnis (see note 4, above) thinks that a majority of citizens do not really think NGOs can help when they have complaints about the actions of authorities, merely that NGOs provide a venue where frustrations can be aired. When citizens do have hopes for action from NGOs, it is generally for "...something surprising rather than something lawful..."

<sup>10</sup> One possibility would be to articulate goals along the lines of: "... there will be clear and well publicized examples every year of citizens and nonprofits mobilizing to influence public decision-making at the local, regional and/or national level".

<sup>11</sup> In each country, between 40-46% of the 2004 budget was focused on Institutional Development, versus only 16% (Estonia) to 29% (Lithuania) on Civic Engagement... grouped with Cross-Sector Cooperation. BAPF 2004 Annual Report.

<sup>12</sup> This assessor noted only one or two of 20 grants summarized under Lithuania's "Grants to Citizen-Initiated Efforts" were for the kind of targeted action that characterize actual citizen activism. In Estonia and Latvia interviewees were even less likely than in Lithuania to site specific examples of BAPP activities in this area.

society actors in decision-making at local and national levels is a goal that is going to require much more time than BAPP has remaining

More optimistically, many interviewees could cite examples of situations in which NGOs had engaged in successful advocacy. Admittedly, a number of these were situations in which NGOs successfully lobbied for legislation or rulings which improved prospects for the NGO sector, but a number of other examples were cited involving environmental protection, ethnic minority issues, protection of children, and improvement of conditions for the disabled. As noted above, however, concern was expressed by a number of interviewees that institutions advocating for the rights and interests of “unpopular” minorities – notably sexual minorities – and those advocating for more nuanced approaches to pervasive discrimination – promoting gender equality rather than protecting vulnerable women, for example – were likely to face very difficult challenges as foreign funding decreases still further. *Within the overall challenge of financial sustainability, assisting advocacy NGOs in particular in coming to terms with questions of long term viability may in fact be the highest priority.*

Despite the investment by foreign donors, public awareness of NGOs and of the role (or potential role) of civil society may still be weak. Most interviewees thought that the “man in the street” had little understanding of the concept of “civil society” or the role of NGOs. However, they may be too pessimistic. USAID’s Sustainability Index ranks all three countries in the top tier on the dimension of (favorable) “Public Image”, meaning that the sector generally enjoys positive press coverage and a positive image among public and business figures, and that NGOs generally publicize their activities actively and transparently. In both Latvia and Lithuania NGOs have come under attack recently by powerful political interests and this has almost certainly muddied the image of the nonprofits, particularly those associated with the Soros foundations, themselves under fierce attack. However, in both countries the sector appears to have emerged essentially unscathed and perhaps stronger<sup>13</sup>.

A large majority of interviewees familiar with BAPF and the local BAPPs were positively impressed by the institution’s overall operations<sup>14</sup>. This largely mirrored the findings of a previous assessment conducted by McCormick and Kevin Brownawell of USAID through a series of interviews in 2004<sup>15</sup>. In many cases, the BAPPs were specifically praised for working as partners rather than merely (external) funders of civil society grantees. The BAPPs’ local Program Directors were uniformly praised, in country, for their professionalism, engagement, and willingness to share leadership appropriately with other NGO leaders. This assessor believes this highlights an important particular dimension of BAPF/BAPPs’ success and an important general lesson for funding civil society development and similar work. Ronald Heifetz, founder of the Center for Public Leadership at Harvard’s Kennedy School of Government, has argued persuasively that complex social challenges (such as building a culture of civic engagement) are not solved by technical solutions (such as funding

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<sup>13</sup> Interestingly, social scientists in Latvia and Lithuania often thought the attacks had weakened the sector, while private sector interviewees generally believed the sector had suffered no real damage to its credibility and might even be stronger as a result.

<sup>14</sup> But we must note that the majority of interviewees were selected by the local interviewer (Lulle, Poskute, and Salupere) with the assent of BAPP staff and that most received either a phone call or e-mail from the local BAPP office seeking their agreement for the interview.

<sup>15</sup> See again Brownawell et al, “Lessons Learned for Design of USAID-Funded Endowment”, USAID, May 2004.

specific program outputs or outcomes) but require “adaptive work” – adaptive meaning that solutions must often be invented by the stakeholders in the context of local conditions, rather than imported<sup>16</sup>.

Adaptive work requires that funders partner with other leading institutions in a long-term process of mutual learning and exploration. One can argue persuasively that BAPF and the BAPPs have done just this; BAPP staff, and often Local Expert Committee members as well, have acted as and been seen as partners rather than funders. It was noted that they had partnered with others to explore the sector’s needs and determine where BAPP’s funds could be best used, rather than arriving with a strategy to which grantees would adapt. BAPP staff also had a “civil society” seat in high level discussions with state representatives. In the eyes of many interviewers, the BAPPs credibility with the government came not because they had large sums of money, or the Soros/USAID affiliation, or large numbers of staff or supporters, but because of their ability to convene other civil society actors in coalitions and provide the resources which allowed these coalitions to be taken seriously.

In a provocative 1999 analysis<sup>17</sup> Michael Porter, professor of business strategy at Harvard Business School, and Mark Kramer, founder of The Center for Effective Philanthropy, claimed that too few foundations provide clear social value, in large part because their grants are unfocused, covering far too many fields, and short term. They argued that a foundation’s real source of value lay in targeting a specific field, improving the performance of key grantees, and working diligently to increase the general state of knowledge and practice, so that benefits would continue to accrue over time. BAPF’s success would appear to confirm the validity of a number of their observations: it has had a clear and specific focus and dedicated 10-year funding; it has worked very closely with a limited number of grantees, even as it provided smaller grants to many others; it has worked to increase analytical and managerial capacity in the field. Even where differences are evident, these reinforce Porter and Kramer’s observations: one of the successes associated with BAPP Estonia is the Network of Estonian Nonprofit Organizations (NENO) – the institution most likely to continue capacity building and knowledge synthesizing for the sector after BAPP departs. The lack of an equivalent institution in Latvia or Lithuania has been noted as a weakness<sup>18</sup> *and the BAPP are advised to focus in their final year(s) on strengthening the critical coordinating and capacity-building institutions in all countries.*

The structure<sup>19</sup> of BAPF – BAPP relations and the role which the BAPF board of directors chose to play is also important, and this was noted by representatives of the US Embassy and other interviewees in 2004. A persistent failing of foreign assistance programs has come from not fully utilizing local perspective and talent. Too little a share of funding has gone to developing local capacity – in comparison to the share devoted to bringing in outside expertise – and far too few resources have been provided for local actors to use once capacity has been developed. In contrast BAPF’s board has kept the US office small and transferred primary responsibility for strategy development and grant approval to Local Expert Committees in each country. The U.S. board and staff have played a valued role as a convener of strategy dialogues, a reviewer of broad strategies, programs and accomplishments, and a

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<sup>16</sup> See Ronald Heifetz, “Adaptive Work.” Bentley, Tom and James Wilsdon, eds. *The Adaptive State*. London: Demos, 2003, pp. 68-78, and Ronald A. Heifetz, John V. Kania, & Mark R. Kramer, “Leading Boldly”, *Stanford Social Innovations Review*, Winter 2004

<sup>17</sup> Michael E. Porter and Mark R. Kramer, “Philanthropy’s New Agenda: Creating Value”, *Harvard Business Review*, Nov.-Dec. 1999.

<sup>18</sup> And many in Latvia hope that the Civic Alliance, created with strong BAPP-Latvia support, will become an equivalent institution.

<sup>19</sup> See Appendix c. “Structure of BAPF/BAPP”.

resource with significant experience outside of the region<sup>20</sup>. USAID agreed that BAPF provided a model for how a limited endowment could be invested and spent effectively over a defined period, with a strategic focus covering a logical region and with ample flexibility to adapt a coherent general strategy to local conditions.

If there was any general criticism of the BAPF/BAPP model it was limited to the apparent low degree of actual interaction between the BAPPs in each country. A very limited amount of total funding was spent on cross-border projects, regional institutions, or regional capacity building. BAPP staff, if anyone, have been most quick to stress the differences in conditions between each country as a reason for not cooperating more. However, several interviewees –from the state, private sector and NGOs – commented on the fact that, as three small countries new to the EU, closer cooperation on many levels, including between civil society actors, could only help in leveraging resources and pushing needed reforms. If BAPF and the BAPP accept that their clearest remaining challenges lie in the areas of financial sustainability and the sustainability of advocacy NGOs in particular, *it may be worth spending some time looking at the potential benefits of a regional approach in conjunction with national efforts in the remaining years.*

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<sup>20</sup> The Polish American Freedom Foundation, established and funded by the board of the Polish American Enterprise Fund, has followed a similar strategy. Though a US-registered foundation it has allowed its local President and staff, local board members and local advisors to play the primary role in determining strategy and grants.

## B) BAPP ESTONIA<sup>21</sup>

Estonia ranks at or near the top of USAID's Sustainability Index and has since at least 2000. Estonian interviewees were in general broadly pleased with the nature of political and economic developments over the past several years and confident of the country's future. A number of interviewees noted that Estonian elites in all sectors, including civil society, look to Northern Europe (from Scandinavia through Germany and Holland to Ireland) for models and partners and have increasingly fewer contacts and interests with their former eastern block neighbors<sup>22</sup>. At least one interviewee, working in the Ministry of Interior, believed that Estonia's formal 3<sup>rd</sup> sector was already stronger than Sweden's or Finland's – that the sector was more professional, more aggressive and less indebted to the state.

Virtually all interviewees familiar with the sector saw BAPP in a positive light and its accomplishments as solid. It was noted often that Estonia is a small country and that the key players in the 3<sup>rd</sup> sector know each other well<sup>23</sup>; BAPP, its Program Director (and the Executive Director of the Soros foundation with whom she works closely) were all considered among these key players. The sector itself appears to do a good job of advocacy at the national level, as well as in various EU and international structures, and BAPP funding made much of this possible<sup>24</sup>. A number of interviewees noted that BAPP-Estonia came quickly to be viewed as a “local” institution, whereas most other funders remained outsiders. The Local Expert Committee members were generally considered well-informed and committed to strengthening the sector, and essentially neutral even if the BAPP had to come down on one side of an issue rather than the other.

Estonia is probably the Central European country with the best legal environment for NGOs and the best long term prospects for NGO-public sector cooperation<sup>25</sup>; BAPP's consistent support for the Network of Estonian Nonprofit Organizations (NENO) and the Estonian Civil Society Development Concept (EKAK) were considered instrumental in this regard. In the eyes of one interviewee, “BAPP support is what allowed the 3<sup>rd</sup> sector to make EKAK work – without BAPP's support [for NENO and others], the public sector would probably not have agreed to a number of important aspects, or it would have delayed implementing them”.

NGOs are generally considered well-managed, though a number of people expressed concern that the sector was losing its first wave of talented managers, to retirement and burnout, and that competition from a thriving private sector would limit the pool of replacements. At the same time, many

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<sup>21</sup> This section builds upon the internal report prepared by Rauno Salupere. McCormick remains responsible for opinions expressed and errors herein. 10 interviews were conducted, nine in country and one in the United States.

<sup>22</sup> This was one example of where a “Baltic” grouping was seen as particularly unhelpful. Except for the matter of a sizeable Russian minority, many Estonian interviewees felt little connection to Latvia, and even less to Lithuania.

<sup>23</sup> And at least one nonprofit manager interviewed was concerned about the degree to which the same institutions and individuals received support from BAPP year after year. A lesson for future funders, this individual thought, was to take care not to become the “essential partner” whom other NGOs could not afford to ignore – this was not healthy for the sector. At the same time, the interviewee recognized that, despite funding the same major organizations repeatedly, BAPP support had been spread widely enough to enable a number of smaller institutions to get off the ground.

<sup>24</sup> BAPP Estonia focused more than its sister organizations on “networking”, in the context of capacity building. One interviewee noted particularly strongly that, to be taken seriously internally, Estonian NGOs needed the credibility of being linked to some larger international structures – otherwise they were “small players in a small country on the edge of Europe...”

<sup>25</sup> Though one interviewee described the sector as “...a cacophony of voices...”, this is the nature of the sector even where it is mature, and Estonian NGOs have shown themselves particularly able to come together on matters of overarching interest (witness the Civil Society Development Concept).

interviewees thought the sector would be consolidating in any case and that there would be fewer NGOs in need of managers.

Though interviewees working in NGOs in Estonia were as unhappy as their colleagues in Latvia and Lithuania about the decline in foreign funding, in general Estonians were more confident that funding would be found – from the state, the EU, some pan-European donors, and the rise of local philanthropy<sup>26</sup>. The sector was still expected to shrink, but there was little doubt that civil society would remain viable.

BAPP-Estonia's focus has been on strengthening public sector funding for NGOs, since staff and local experts were reasonably confident that private sector funding would emerge in due course without a great deal of BAPP prodding<sup>27</sup>. BAPP's 2005-2007 strategy prioritized developing "...clear and transparent funding principles for government support...". Most interviewees considered this focus appropriate<sup>28</sup>. Estonia has seen the start-up of the Estonian Charities Foundation, whose focus includes corporate "venture" philanthropy; BAPP-Estonia has not seen a need to duplicate its activities. It may emerge as a de-facto successor institution to BAPP – the institution which comes to be seen as a central funding partner to the sector.

BAPP's strategy also called for "...a potential multi-year policy project to analyze all current funding schemes and practices..." No one mentioned such a project in answer to our questions about BAPP's activities toward the goal of increasing financial viability, which would tend to indicate that it was not a particularly noteworthy initiative just yet. Given that funding for advocacy institutions appears to be the most problematic area, BAPP-Estonia is advised to focus this project particularly closely on "schemes and practices" which can support advocacy institutions.

Though interviewees in Estonia were generally confident in the country's future, two well-informed and well-connected private sector interviewees independently expressed serious concerns about public complacency in the face of a growing entrenchment of political and economic interests. They were concerned that relative prosperity was dulling citizens' interest in completing the process of transition. A public sector interviewee expressed a related concern that the sector could become "corporative" – captured by special interests as individual leading NGOs became closely associated with business or political interests, given the small size of the country and the frequency with which elites from any sector met. Again, this would highlight for us the importance of BAPP Estonia focusing on strengthening prospects for independent advocacy organizations in its final year of activity.

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<sup>26</sup> This is in marked contrast to the situation in Latvia and Lithuania, where interviewees were much more skeptical about both the amount of money that would flow and the degree to which the source of funds would make them acceptable to reputable civil society actors.

<sup>27</sup> Personal communication from staff.

<sup>28</sup> Though one prominent civil society leader noted that the private sector grew much more slowly than anticipated, until quite recently, and as a consequence private sector giving grew much more slowly too.

### c) BAPP Latvia<sup>29</sup>

When BAPP-Latvia started work in 1998, USAID's Sustainability Index rated conditions for NGOs there significantly worse than in Central European neighbors – on par perhaps with Albania. Conditions changed remarkably from 2000 onwards and BAPP-Latvia is credited with playing a sustained positive role in these developments. Latvia is small, and the civil society elite is concentrated in Riga, which makes coalition-building pragmatically easier, but BAPP was in any case seen as an instrumental partner in almost all the major developments in the sector.

The legal and regulatory environment became much clearer in 2005, in large part as a result of sustained effort by the BAPP-funded Riga NGO Center followed by the work of the Civic Alliance. The Alliance itself emerged when BAPP and other NGO leaders recognized that the center, which had taken the lead on a number of issues, was no longer serving the needs of the sector and acted to create a replacement. BAPP's support as a funding partner in making this decision was crucial, and the sector is viewed as stronger as a result of the change. BAPP played a critical role in pushing the government to adopt the National Program for Strengthening Civil Society and for working with other NGO leaders in shaping the program to meet the sectors needs. BAPP has also been an instrumental player in sector discussions with the Parliamentarians and Ministries.

Latvia has a number of strong NGOs, many of which have benefited from capacity-building grants from BAPP, including notably the EU internships. A number of interviewees expressed concern that maintaining the high level of NGO management might be difficult as the first generation of civil society activists retires or leaves for jobs in the private or public sector. Competition from these sectors, the expectation of higher salaries, and competition from opportunities abroad may lessen the number and quality of applicants. However, the NGO sector in many developed democracies has adapted to similar challenges, and there is no reason to believe the situation in Latvia will be catastrophic.

Latvia has seen a number of cases recently where NGOs and ad-hoc citizens groups have lobbied successfully on matters of public interest<sup>30</sup>. Latvia has also recently seen a determined attack on the NGO sector (and the Soros foundation in particular) from political/economic interests angered by attention to political party financing and monitoring of economic transparency. Though the attacks have been virulent, there is a great deal of confidence among civil society actors and civil servants that the sector will emerge essentially unscathed and perhaps even stronger. BAPP itself "... managed to maintain a good reputation, clear principles at all times..."<sup>31</sup> Despite general confidence in the formal 3<sup>rd</sup> sector – in NGOs – many interviewees lamented the fact that a majority of Latvian citizens still do not believe they have either the power or the right to influence the state: "... they are scared to express their thoughts to the director of a local school or hospital... they are scared to raise their voices against the master". A number of interviewees recommended that BAPP concentrate more in its final years on promoting and showcasing civic participation.

As in Estonia, and particularly in Lithuania, there is concern over where funding will come from once foreign donors retrench further. Few Latvian interviewees expect a relatively transparent private

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<sup>29</sup> This section builds upon the internal report prepared by Aija Lulle. McCormick remains responsible for opinions expressed and errors herein. 15 interviews were conducted in Latvia.

<sup>30</sup> Many interviewees mentioned citizen activism opposing development of protected coastal areas near Jurmala.

<sup>31</sup> This in the eyes of an interviewee working with one of the newspapers leading these attacks.

sector to provide significant funding, though several interviewees expressed cautious hope that 1) local small businesses would start partnering more with local NGOs, especially outside of Riga, perhaps assisted by community foundations; and 2) that small business development in general might be an area where business or economic development-oriented NGOs could get funding. A number of interviewees were concerned that political forces would start creating or manipulating NGOs for political ends and that this would harm the credibility of the sector. BAPP-Latvia should consider what institution is going to monitor the transparency and accountability of the sector itself over the long term, as more NGOs are required to consider compromises as they seek funding.

A number of interviewees do place hope in EU funding and many believe BAPP played a major role in laying the groundwork for NGOs to access this funding. State institutions like the Social Integration Fund provide a venue for public co-funding projects and/or assistance with cost sharing and the major NGOs are generally well managed and capable of developing good proposals and strategies<sup>32</sup>. However, one knowledgeable observer with NGO, private sector and UNDP experience believed that neither the government nor even the major NGOs understood just how complicated the EU grant requirements were going to be, and that consequently the sector was significantly less prepared than many hoped<sup>33</sup>. Given the hope many place in EU funding, BAPP may wish to address the degree of preparedness in the near future.

BAPP-Latvia plans for its final years, as outlined in the Summary of 2005-2007 Strategy, clearly focus on financial sustainability and the interests of advocacy institutions. This is clearly appropriate in light of the concerns expressed by interviewees. Staff and LEC members are very interested in developing corporate philanthropy, in particular by championing the idea of “venture philanthropy”<sup>34</sup>. This will be a challenge, since working with the priorities and demands of corporations and local business persons will likely be very different from the challenges of working with international foundations and development agencies. However, the staff have worked recently with the Charities Aid Foundation, Moscow, which has had a great deal of experience, in perhaps more difficult circumstances, promoting local philanthropy. This assessor has been particularly impressed by the ability of the Latvian BAPP to articulate both the challenges ahead and possible strategies for meeting these.

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<sup>32</sup> Through and by general capacity building

<sup>33</sup> In fact, though very supportive of BAPP-Latvia, she feared that it, the Soros foundation and other foreign donors had “spoiled” NGOs by providing funding on favorable terms, whereas EU funding was going to come only after negotiating vexatious bureaucratic requirements.

<sup>34</sup> Personal communications.

d) BAPP Lithuania<sup>35</sup>

Lithuanian civil society, at least that segment measured by the viability of the NGO sector, is perhaps the least strong of the three Baltic states. This was noted in USAID's Sustainability Index<sup>36</sup>, briefly discussed by several interviewees in Estonia and Latvia, and reinforced by a number of interviewees in Lithuania. If the sector appears to be weaker than it is to the north, this may be due to the fact that no strong coordinating bodies have emerged and no overarching agreements with the government, comparable to Estonia's Civil Society Development Concept (EKAK) and Latvia's National Program and Memorandum of Cooperation (both targeting the NGO sector) have yet been reached. It is not entirely clear why the sector has not come together in stronger alliances, given the obvious successes in Estonia and Latvia, though one must note that Lithuania is both bigger and more geographically and ethnically diverse than its Baltic neighbors, and this means there are more stakeholders, they are more heterogeneous and more spread out, and so perhaps less easily assembled in coalitions<sup>37</sup>. However, the value of strong coordinating bodies remains, and BAPP is advised to consider what can be accomplished in this regard in the final years.

The Lithuanian 3<sup>rd</sup> sector has focused to a greater degree than its neighbors on developing regional coordinating (regional information centers) and funding capacities (community foundations). BAPP-Lithuania has accepted that this is how the sector<sup>38</sup> is developing and has targeted its activities accordingly. Interviewees particularly noted the support it has provided smaller, community-level, NGOs by funding training and other capacity-building activities and by directly funding and organizing events which strengthened NGO relations with local government officials and potential constituents. They also noted BAPP's support for community foundations, on which a great deal of hope – perhaps wishfully – is placed as a long term sustainable funding mechanism.

Interviewees who were familiar with BAPP-Lithuania's activities<sup>39</sup> without exception praised its role across the board and noted that significant progress has been made toward most of BAPP goals. However, in contrast to interviewees in Estonia and Latvia<sup>40</sup>, they often faulted NGOs and NGO leaders – other than BAPP – for responding less creatively to challenges and possibilities than they could have. BAPP's support for strengthening the legal environment<sup>41</sup> was noted, and the legal environment is much more favorable than before; however, it is not yet entirely logical or transparent

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<sup>35</sup> This section builds upon the internal report prepared by Dr. Virginija Poskute. McCormick remains responsible for opinions expressed and errors herein. 15 interviews were conducted in Lithuania.

<sup>36</sup> Though we should note that it ranks on par with the Czech Republic and Hungary, and well ahead of Slovenia, another EU member state.

<sup>37</sup> Also, unlike in Latvia and Estonia, it is not clear that a strong, formal, government – third sector partnership mechanism will emerge at the national level. This may not be a bad thing over the long term, at least from an American perspective. There is a strong argument that civil society works best as an *independent* force, not overly dependent on state support. In the case of Lithuania, it may also be that the strongest links are forged at the regional and village level, and this may be more appropriate to the country's development than strong links in Vilnius between the central government and a few NGO leaders.

<sup>38</sup> And not only the sector. The Lithuanian government and EU have cooperated on the regionally-focused "Leaders +" program and the resulting "Local Action Groups". This appears to have led to a great deal of uncoordinated work at the regional level, and it is not clear that regional civil society is stronger as a result.

<sup>39</sup> Some interviewees expressed little direct knowledge of what BAPP did or had accomplished, except to note that they had heard of it.

<sup>40</sup> To be fair, BAPP-Lithuania's Program Director was particularly helpful in finding interviewees who brought a knowledgeable but *critical* perspective to the interviews.

<sup>41</sup> In the form of seminars and training for NGO leaders and funding for the NGO Information and Support Center

in the eyes of a number of interviewees and it is not clear what coalition is taking the lead in improving the environment further. So too, the passage of the “2% law” was a critical milestone, and BAPP’s role was noted, but few NGOs have yet found a way to make this a significant source of support, and one private sector interviewee faulted their creativity and initiative in this regard. NGOs are better managed, though their private sector counterparts still find them weak in long-range strategy planning and creative public relations. There are very good examples of NGOs and citizens engaging in advocacy in some areas (notably children’s issues, and regional issues) but not in others (notably election finance transparency, and, for example, the interests of the sector itself).

The country has recently seen an intense politically motivated attack on the Soros foundation and NGOs with which it has partnered: as a result, public suspicion of the sector appears to have increased. While it is unlikely that Lithuania will follow, say, Russia’s example of sustained state and political attacks on the sector, it should serve as a wake up call to NGO leaders, including BAPP’s, to do intensive work educating the public and winning over their support.

Outside supporters of the sector also need to accept that a significant consolidation may take place over the next few years, as weaker NGOs close and stronger ones in favored fields benefit from access to EU funds. As in Estonia and Latvia, advocacy NGOs may have a particularly difficult challenge finding funds – one interviewee noted that this would be especially true for those advocacy NGOs whose foreign funding to date had allowed them to operate as “professional” NGOs<sup>42</sup> rather than ones driven primarily by passionate volunteers. BAPP may wish to convene a working group to look very rigorously at the future of these NGOs.

In sum, using USAID’s Sustainability Index it becomes clear that the NGO sector in Lithuania is perhaps more accurately in a “Late Transition” phase, rather than fully in the “Consolidation” phase. A strong case can be made for continuing to work on broad civil society sectoral development in Lithuania over at least the next three to four years – particularly in developing stronger networks and working coalitions and improving the fundraising and entrepreneurial skills of NGO leaders. Since BAPP-Lithuania has only one or two years of funding left, it might wish to focus particularly strongly on these two goals.

BAPP-Lithuania’s 2005-2007 strategy highlights support for the Vilnius NGO Information and Support Center. BAPP may wish to work with other important sector actors in ensuring that this center is positioned to play a credible nation-wide long-term coordinating and supporting role. If it is not clear that it can, the establishment of such an institution may be an important priority. The strategy highlights institutional development; it may be worth focusing funds on strengthening whatever institution(s) will do this over the long term rather than making too many final grants to NGOs for current needs. Lastly, the strategy highlights the development of indigenous philanthropy. Given the time remaining, BAPP may wish to focus *primarily* on *one* of its strategies (community philanthropy or corporate philanthropy or the establishment of a new “intermediate institution” or further promotion of the 2% tax...) rather than equally on all.

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<sup>42</sup> with relatively secure salaries and reasonably well-equipped offices...

### III. BAPF/BAPP LEGACY: WHAT NEXT?

The Baltic American Partnership Program is approaching the end of its ten-year funding mandate and preparing for an orderly winding-up of activities; final funding commitments will be made in 2007, and final monitoring of activities and financial reporting will occur in 2008. An elegant end to the work of the Fund and Programs is important, in order for grantees themselves to wind-up any programs which are BAPP-dependent and seek other funding for on-going needs and to allow for a final accounting of funds and final assessment of effectiveness. *If* one or more successor institutions are to arise, to continue pieces of the work the BAPF and BAPPs have undertaken, a smooth transition would certainly assist these potential collaborators to pick up where the BAPPs have left off.

As noted in this assessment, the major goals BAPF/BAPP set out to accomplish have largely been achieved, though concerted efforts in the following areas might still yield important dividends:

- 1) addressing financial sustainability, particular for advocacy organizations. This is important in all countries and should be a major element in the BAPPs final year's strategy. This will almost certainly involve supporting the emergence of local and corporate philanthropy and strengthening community foundations, where these exist. It may also involve helping advocacy institutions plan for and develop skills appropriate to a more difficult funding environment;
- 2) deepening NGO coordination mechanisms. BAPP-Latvia may wish to focus on insuring that the Civic Alliance consolidates itself as a likely long-term player in Latvia; BAPP-Lithuania may wish to seriously address what many believe is a fundamental weakness in the sector: the absence of an effective 3<sup>rd</sup> sector coordinating body;
- 3) ensuring that on-going capacity-building mechanisms exist. Given competition from the private sector and the expectations of heightened professionalism, each country needs at least one effective venue for the on-going development of good nonprofit managers (training, consultation...) and a source for important reference materials (manuals, draft legal documents, databases, case studies...).

Were a successor institution to emerge – and it is not impossible that funding to assist this could be found – it would very likely have different long term goals. Clearly it might wish to continue working on the three areas just discussed. More importantly over the long term, it might itself fund advocacy work in important areas. *The Economist's* Edward Lucas, in his analysis below, supports the idea of "...funding institutions that help make civil society more effective...". He also argues that successor donors could focus on "...deepening and enriching the political culture by funding think tanks." This assessor would agree, and would add that NGOs which monitor transparency and corruption, the state of the media and media coverage, human rights and the rights of the most vulnerable will struggle mightily without outside support, until enough reasonably honest wealth has been accumulated locally to provide indigenous support.

#### IV. CIVIL SOCIETY IN THE BALTICS STATE: AN ASSESSMENT

Edward Lucas, Central and Eastern European correspondent, *The Economist*

Characterising civil society<sup>43</sup> in post-communist countries is not a job for the careless or the cautious, and the Baltic states present particular challenges because of their size and their history.

For a start, civil society did not arise phoenix-like in 1989. Dissident groups, although almost wiped out in the Baltic states during the Andropov repression of the mid-1980s, maintained a tenuous existence on the ground, and through their individual members' presence inside the Soviet penal system. Towards the end of the Soviet era, the dissident groups gained greater strength, as did new protest groupings dealing with environmental issues. Umbrella organisations such as Lithuania's Sajūdis for a time included even non-political groups.

In Lithuania particularly, and to a lesser extent in Latvia and Estonia, the church maintained an independent space for intellectual and cultural freedom and for social organisation. Although subject to intense persecution at times, the church still represents the strongest strand in civil society with continuity back to the period of interwar independence.

The second and more controversial strand of this type is the organisations that were legally permitted, and even encouraged, by the Soviet regime. It

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<sup>43</sup> I would adopt the broadest definition of voluntary organisations formal and informal. This, from the LSE centre for the study of civic society, is quite helpful.

*“Civil society refers to the arena of uncoerced collective action around shared interests, purposes and values. In theory, its institutional forms are distinct from those of the state, family and market, though in practice, the boundaries between state, civil society, family and market are often complex, blurred and negotiated. Civil society commonly embraces a diversity of spaces, actors and institutional forms, varying in their degree of formality, autonomy and power. Civil societies are often populated by organisations such as registered charities, development non-governmental organisations, community groups, women's organisations, faith-based organisations, professional associations, trade unions, self-help groups, social movements, business associations, coalitions and advocacy groups”*

would be a mistake to dismiss these out-of-hand as “part of the occupation”. In theory, they were under the tight control of the Communist Party, and they were certainly not independent in a formal sense, or often in any practical one. But on the margins, they sometimes provided a surprising amount of freedom of action and discussion. Groups for fans of astronomy and philately, choirs and orchestras, sport clubs and dance groups would sometimes enjoy brief (or even occasionally extended) periods of non-interference. The authorities' appetite for control usually exceeded its ability to enforce it. Scholars of the Soviet society sometimes refer to this as the “Grey zone”.

After the regaining of independence in 1991, much of the old Soviet “civil society” shrivelled and died. Some of it, such as the trade unions, took on new independent life and on occasion made a serious impact on public life. The dissident groups had largely transformed themselves into political parties. So did their allies in the cultural heritage and environmental protection movements. Deprived of the over-arching goal of regaining independence, umbrella organisations became more focussed on exercising political power.

Some new non-party political organisations arose, chiefly to defend the rights of Polish-speakers (in Lithuania) and Russian-speaking non-citizens (in Latvian and Estonian). The church looked forward—mistakenly—to an era of renewed influence and authority. But that left a large gap, not yet filled: Western-style civil society has taken a long time to develop.

The author lived in the Baltic states in the period 1990-94, for most of that period as the managing editor of the *Baltic Independent*, an English-language weekly. The staff of this paper were mostly young would-be journalists straight out of journalism school in Britain and America. They had all been trained to seek comment and analysis from NGOs, and found it baffling that none existed.

For example, on a story about veterinary medicines that had been illegally imported and sold as human pharmaceuticals, a reporter was unable to find any

watchdog group representing patients, and no medical organisation was willing to comment. “That’s for the ministry to say”, one of the doctors involved stated.

Similarly, although consumer rights were regularly abused by bad products and service, failure to honour guarantees, etc, there were no consumer organisations to campaign on this issue. Students did not protest about bad teaching.

That’s changed. Civil society has now developed in a largely recognisable modern western pattern—at least among the speakers of the indigenous languages of the Baltic states. In both advocacy and social work, groups dealing with social and economic issues such as HIV/AIDS, disability, gender, age and so forth now cover broadly the same spectrum of activity and interest as in advanced industrialised countries, although often with sharply more limited resources. The landscape is similar, but the topsoil is much shallower.

Shortage of money is one of the salient differences, common to most post-communist countries. Business funding for civil-society activities is extremely limited, although high-income donors, particularly in Estonia, are beginning to make significant charitable contributions. For the most part, low incomes among the population and the lack of a tradition of organised giving to voluntary organisations mean that fundraising is much harder and less fruitful than in comparable western countries.

A second and related distinguishing feature is a disproportionate dependence on money from foreign sources, particularly foundations and the European Union. This has to some extent created the phenomenon of “Grantsuckers”—articulate individuals whose expertise lies more in gaining grants than spending them fruitfully.

A third difference is the stunted growth of civic society among the Russo phone population. Few members of this population group join mainstream civic organisations, while few parallel groups have developed either.

Some have attributed this to the predominance of “national” concerns (restoration of the

predominance of the indigenous languages and cultures). This, it is argued, turned civil society into a form of national self-expression in which minority groups were necessarily marginalised. I see strong arguments against this view. The main reasons for apathy and alienation in the non-citizen population may be demographic structure, level of education and “Soviet” mentality of the kind explored by Richard Rose among others.

From the glory days of the initial phase of civil society growth in the Baltic states two very successful projects stand out. One was in book publishing. The small size of the publishing market in all three Baltic states means that publishing foreign books in translation is relatively more expensive than in larger countries. The subsidies to publishers offered by the Soros foundations in all three countries created a high-quality academic and non-fiction publishing industry almost overnight. Publishers such as Baltos Lankos in Lithuania rapidly published a canon of standard western texts “from Plato to Proust”, which had either been previously untranslated, or in editions not suitable for modern use. This had big external effects on the education system, by providing affordable textbooks.

This had very little distorting effect. The commercial publishing houses were focusing on translation of foreign popular fiction, which continued to sell well. Foreign-language competencies increased sharply. The project has an exceptionally long half-life: once Plato (or Proust) has been translated well into, say, Lithuanian, the benefits can be enjoyed by many generations of students and scholars.

The second highly successful project was in giving small grants to scholars to travel to foreign academic conferences. These grants were not big enough to encourage significant corruption or to distort existing patterns of activity. At a time when academic salaries were exceptionally low, they encouraged able scholars to stay in intellectual life, and they provided a rapid and intense exposure to the currents of outside academic thought from which the Baltic states had largely been cut off during the occupation era.

A third example was the provision of computers and internet facilities, at a time when computers were relatively very expensive: average after-tax salaries for academics in 1994 were around \$100 a month, which was also the cost of maintaining a private internet account (charged at 30 US cents per kilobyte sent and received!).

The provision of free computers and internet access did not noticeably distort the private market, and greatly helped the creation of open and modern societies among people whose incomes, because of the economic rigours of the transition from the planned economy, were rarely commensurate with their intellectual potential and capabilities

It is unlikely that such opportunities with such clear gains and low risks will present themselves again.

### **The future**

Over the coming years, the withdrawal of the Soros foundation from much of its grant-giving in the Baltic states will give even greater importance to public funding. Some of this comes from the national governments, which are showing a growing willingness to recognise and cooperate with civil society groups. Estonia's "Compact" agreement (EKAK) adopted by the Riigikogu (Estonian parliament) on 12 December, 2002, is the prime example of this. In some cases, non-governmental organisations are being used as partners in the provision of public services.

The other main source of money is the EU. However, this raises big problems. The EU's grant application and monitoring processes are slow and cumbersome. This favours big NGOs over small ones, and bureaucratically competent ones over those that are merely visionary and effective.

As Susan Stewart points out in a forthcoming book<sup>44</sup>

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<sup>44</sup> to be published in a volume edited by Jan van Deth (University of Mannheim) and William Maloney (University of Newcastle upon Tyne)

It thus seems highly probable that the EU-civil society direct link will remain limited primarily to a few powerful NGOs which correspond to the priorities set by the EU structural funds. Most local and the majority of national NGOs will stay more closely connected to domestic networks, be they governmental, corporate or community in nature. The hierarchy created by the EU will have consequences for the internal functioning of the civil society sphere as well, since a few privileged NGOs have benefited disproportionately from accession.

Efforts to encourage NGOs to broaden their sources of funds, and to cooperate more effectively, such as Artur Taevere's organisation in Estonia ([www.heategu.ee](http://www.heategu.ee)) are therefore highly welcome.

### **The task of civil society**

Rapid economic growth in the in the Baltic states sometimes disguises the fact that politics is still immature, particularly in representing public wishes coherently. The biggest problem of all three countries is making public administration clean, efficient and responsive. Public services of all kinds still lag the richer countries of Europe. In this, civil society has a crucial, but so far unfulfilled role.

To illustrate the problem, consider the five main means by which state power is brought under democratic control. First, there are the political parties. Ideally, these are mass organisations which are responsive both to their membership, and to the views of the electorate. This creates two feedback mechanisms against inefficiency or maladministration. Politicians and party members alike want the electorate to see them as competent and far-sighted leaders.

Yet the political parties in all three Baltic states are small, weak and fragmented. Narrow economic interests, rather than broad political ones, are often their foundation. In extreme cases, they are the personal fiefs of powerful tycoons, such as Viktoras Uspaskich, the former leader of the Lithuanian Labour Party. It is ironic that funding political parties is the only form of donation to civil society

that businesses in the Baltic states have adopted with any enthusiasm.

The second means is the courts. There has clearly been a great improvement in expertise, speed and transparency since the collapse of communism, but there is still a long way to go. In theory, membership of the European Union creates an extra-national route for redress. However in practice, the legal system is still too expensive and inaccessible for most private citizens. **Improving public access to the legal system is one big remaining priority for outside civil society donors.**

The third means of control is the media. For all the improvements of recent years, the print and electronic media is still handicapped by the small size of the market. In the whole post-communist region, only Poland's market size allows for big editorial budgets. In the Baltic states few if any media outlets have the money for investigative reporting, foreign coverage, or specialist correspondents. Big advertisers often exercise a disproportionate influence on editorial policy. Many graduates see journalism as a route into the more lucrative and influential world of PR.

It is hard to see what outside donors can do to remedy this. Subsidising not-for-profit media outlets is unfair on the privately owned ones. The only substantial activity with ability to absorb donor money in a non-distorting way is media training. One possibility would be to encourage the growth of well-funded think-tanks, whose newsletters and journals would provide a niche for high-quality journalism and those who want to engage in it.

Fourth is external pressure. The prime example of this was during the process of accession to the European Union. But it continues through the requirement for public officials to meet counterparts and Commission officials. This creates a kind of scrutiny, and potential for embarrassment about bad performance, which is hard to substitute from elsewhere.

A fifth, indirect control on executive power comes from civil society, chiefly groups specifically aiming to fight corruption, promote human rights and improve governance, such as Civitas in

Lithuania. But to gain purchase on the political system, these need to be able to use one of the preceding four: the courts, media, external institutions or political actors.

In short, the main outstanding task facing civil society—the promotion of good government—is the one which is being least successfully pursued and in which it will be hardest for outsiders to help.

### **Donors' priorities**

In my view, the time is now ripe for a rather tougher funding environment for civil society groups in the Baltic states and in most of the post-communist region. Although there is a danger that good ideas will not be implemented, the danger of crowding out is even greater. With average incomes nearing \$1,000 a month, there is now scope for businesses, households and individuals to make voluntary contributions to the organisations that interest them. The idea that "Soros will pay" or that the "EU will pay" militate against the growth of private generosity.

Experience in the post-communist world generally suggests that private fund-raising brings very patchy results: children's charities find it very easy; those dealing with unfashionable causes such as mental illness or addiction find it almost impossible. But it is better to have patchy success than none at all.

Donors seeking to do good in the region should probably concentrate their efforts on the following.

1) Deepening and enriching the political culture by funding think tanks. These could be wholly independent, or attached to universities. The Carnegie Centre in Moscow is a stellar example of how outside funding can maintain an open-minded, pluralistic and practical approach to policy and government in a generally hostile environment.

2) Funding organisations that help make civil society more effective—for example by training fundraisers, or helping NGOS use the legal system. The aim should be to amplify and magnify local efforts, but not to crowd them out.

