



## ANNUAL REPORT

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## **1. SUMMARY**

**MOZAIK COMMUNITY DEVELOPMENT FOUNDATION** provides financial and advisory support to citizens' actions of common interest in communities of Bosnia and Herzegovina (BiH). Established in 2002, the Foundation aims to strengthen **social cohesion** within communities by empowering people to initiate common actions, mobilize local resources, influence local governments and conduct joint actions to address local issues. By building cohesive communities, Mozaik also builds trust and confidence, and supports reconciliation and nation-building processes in BiH.

In the 2009, Mozaik has supported **90** community initiatives, with the total value amounting to **€ 377.267,33**, out of which, **46%** was raised from **local resources** (public institutions, businesses, NGOs and individual's contributions). In addition, **2.067 volunteers** were registered during the implementation of supported initiatives, providing **40.425 hours of voluntary work**. This data suggests that Mozaik is still **national leader in local resource mobilization**.

Although 2009 is marked as a year of recession, Mozaik's total budget increased for **xxx%**! We have register two separated for-profit entities and become modern social enterprise. Our structure has changed to reflect our development and our Rules and Procedures are improved with support of International Finance Corporation. We have started the process to gain ISSO 2001 standards for NGOs. Four programs for social and economic development of rural communities are more and more recognized at local, national and regional level.

## 2. STRATEGIC STATEMENTS

### 2.1. VISION

Active communities – initiators of social and economic development

### 2.2. MISSION

Mozaik is a Bosnian and Herzegovinian foundation, which through financial and advisory support encourages people to organize and advance their own communities.

### 2.3. GOAL

Improve the social cohesion<sup>1</sup> and support the development of active and strong communities that recognize their own resources, take initiatives and together with the government and the business sector work on their own social and economic development.

## 3. MOZAIK'S GRANT-MAKING PROGRAMS

Mozaik has developed and implemented variety of programs in order to address specific needs of communities and facilitate social and/or economic development. Programs are developed based on either their potential for economic development or potential to address the needs of the most vulnerable groups, with clear focus on social cohesion in both cases (For Active Communities; Cultural Heritage/Tourism; Inclusion/Social Justice; Youth). Every program is based on principles of CDD methodology. In 2008, the following projects were implemented within defined programs:

### 3.1. FOR ACTIVE COMMUNITIES

Project Title	CoDe R
Supported by:	EU (CARDS 2006)
Total budget:	€159.924
Duration:	October 2007 – April 2009

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<sup>1</sup> There is no globally accepted definition of "Social cohesion". We have therefore developed one based on extant definitions which best defines what we are working to achieve:

"Social cohesion" is a state of harmonious and productive social relations where community members, irrespective of differences in social and economic status, share common values and goals, have a sense of mutual commitment and belonging to the community, a sense of solidarity, responsibility and mutual recognition, and participate in activities for the common good."

The goal of the project is to contribute to the development of a dialogue, mutual respect and capacity for organized and efficient work of the members of three multiethnic returnee communities in BiH, which is aimed at tangible improvement in their quality of life.

Total amount for supported community actions was €49.044, out of which communities supported €34.379. 152 volunteers provided over 3.000 hours of voluntary work and in all three communities this was the first time that returnees and domicile population worked on something together. They have built community centre, brought water to elementary school and community house, built eight buss stations and removed illegal landfills.

Six trainings were held, providing technical support and capacity building for 63 members of selected communities.

It was planned to raise additional 14.765 through campaign at local and national level. Although campaign was held on both levels, the one on national level did not obtain desired outcomes – just eight companies replied after sending 150 individualized letters offering cooperation on this issue. That is one of the most valuable lessons learned in this year.

The project is in its final phase – the addendum with EU was signed for no-cost extension of 30 days. In 2009, final promotional activities will take place, documentary will be filmed and strategic plan for all three communities will be developed.

Project Title	<b>Civil Advocacy Partnership Program</b>
Supported by:	<b>USAID</b>
Total budget:	<b>\$604.048</b>
Duration:	<b>December 2005 – August 2008</b>

The project was aimed at empowering 35 rural communities through the support of participatory community actions. Empowerment of the communities was aimed at capacity development and participatory planning and decision-making in local communities.

During 2008, in the final phase of the project, 18 community actions were supported by amount of €114.729. Community contribution was €61.144 and over 600 volunteers provided 10.916 hours of work.

Evaluation report, done at the end of project implementation, showed that local initiatives initiated and implemented by members of the community significantly resulted with great impact on:

- increasing the confidence of the community members by giving them the chance to participate in planning and development of their own communities
- increasing the trust between NGOs and community
- influencing over the local government officials to address community needs and to look for solutions together with community members
- recovering the trust in joint actions and joint work for common good
- initiating local philanthropy in the communities.

### 3.2.CULTURAL HERITAGE

<b>Project Title</b>	<b>Bosnian Kingdom Trail</b>
<b>Supported by:</b>	EU (EURED), municipalities, tourist institutions and ministries
<b>Total budget:</b>	€555.446
<b>Duration:</b>	October 2007 – April 2010

As expected, during 2008 BKT has reached the phase that can be interpreted as one of the most complex non-profit projects in implementation in BiH. The project aims to further develop and increase the attractiveness of 10 communities thematically linked through medieval Bosnian Kingdom and create and promote one well branded tourist product in the niche of cultural tourism. Ten communities, linked with this common heritage are included in the project and the tourist offer: Travnik, Visoko, Kakanj-Kraljeva Sutjeska, Donji Vakuf-Prusac, Zenica-Vranduk, Vareš, Tešanj, Maglaj, Jajce.

The project consists of three phases, whereby in 2008 the first reached its planned end. Activities from phase two, such as training of tourist workers already commenced. The phases are as following

1. Community actions for improving attractiveness of heritage sites
2. Upgrading and enriching tourist offer
3. Creation, distribution and promotion common tourist product

The value of community actions in 2008 reached €120.145, out of which community contributed with over 50% (€62.065). Out of total budget of € 555.446, EU will in total provide €300.000, while the remaining €255.446 are being raised through local resource mobilization. Only in 2008, Mozaik has raised over €120.000 from 10 municipalities, Ministry of Culture and tourist institutions. Over 100 volunteers provided for 2.086 volunteer hours.

In 2008, Mozaik has organized 16 trainings with 192 participants, including internationally recognized training for Tourist Info Point employees and Tourist Guides. The last involved 30 young people who will be hired by respected municipalities on honorary or full time basis.

Two important promotional events have been held within this project:

- Opening Ceremony for the project, held in National Theatre, with auditorium of 300, and over 30 media.
- Award Ceremony for the best primary school work on medieval Bosnia, held on castle Vranduk with 200 present people and 15 media.

Those two ceremonies, held at the preparatory phase of the project (February and May), assured visibility of project as well as Mozaik and made local resource mobilization easier at later stage

### 3.3. YOUTH

Project Title	<b>YouthBank</b>
Supported by:	<b>Irish Aid, CFNI, Municipalities</b>
Total budget:	<b>€260.750</b>
Duration:	<b>February 2008 – February 2010</b>

In February 2008, Mozaik in partnership with Community Foundation for Northern Ireland (CFNI) have started two-year innovative small grant-making program run by youth people for youth people. For this program, we have hired the best youth worker in the country, and since he is from Banja Luka, we have opened a field office in that town, what goes in line with our objective to strengthen position at national level.

Project goal is to increase the participation of youth in local development processes of BiH's rural communities. Municipalities where we have established YouthBanks are Kljuc, Modrica, Mrkonjic Grad, Sekovici and Tesanj (two in the Federation of BiH and 3 in Republika Srpska).

In every municipality, YouthBank has a Board comprised of 5-10 members, young people age of 15-30 years, who are selected through a transparent selection process. Once these young leaders completed mandatory trainings, they were given an opportunity to allocate financial funds to address needs identified by youth themselves. YouthBank provides practical opportunities to youth to enhance their democratic and leadership skills as well as to address some of the social needs immediately.

Since February, 24 youth actions were supported with total value of €38.896, and community contribution of €9.344. As in other of Mozaik's projects, over 4.000 of voluntary hours (with 321 volunteers) were registered.

Three trainings were held, developing capacities of 94 young people. Nine promotional events at national and local level provided needed visibility to YouthBanks and Mozaik.

Thinking about sustainability and learning from previous experience, Mozaik has signed a partnership agreement with all five municipalities, where Municipalities agreed to contribute €10.000 each (during 2009) for additional funding of youth projects, while Mozaik will provide additional technical assistance and sharing best practice with other YouthBanks.

### **3.4.INCLUSION/SOCIAL JUSTICE**

<b>Project Title</b>	<b>Integration of Disabled People into Communities</b>
<b>Supported by:</b>	<b>ADA and Light for the World Mozaik</b>
<b>Total budget:</b>	<b>€103.940</b>
<b>Duration:</b>	<b>April 2005 – October 2008</b>

Project objectives were:

- Integration of people with disabilities into everyday life of communities through local resources mobilization
- Raising awareness about integration of people with disabilities
- Building capacities of people with disabilities and their organizations in developing relations with the wider community to reduce and prevent discrimination and marginalization.

In 2008, through 24 supported activities, people with disabilities and their organizations successfully mobilized various stakeholders to work together on projects that were beneficial to whole community. Actions were supported

with €47.689, where community contribution was €14.880. For these actions 486 volunteers worked for over 8.000 hours.

During 22 workshops, 145 persons were trained on local resource mobilization, advocacy, project planning, strategy development and work with volunteers. Two promotions were held in this year: project promotion and final result presentation.

In 2005 Mozaik has started to implement this project in order to develop its own strong and sustainable program on inclusion and social justice. After three years of implementation and significant investment in this program, Mozaik reached the point of 100% financing secured from sources other than Mott Grant. The Program has now a new name (more in line with our newest branding strategy): Project +.

Project Title	<b>Project +</b>
Supported by:	<b>ADA and Light for the World</b>
Total budget:	<b>€196.914</b>
Duration:	<b>November 2008 – December 2010</b>

The Project + will be focused on improving access to education for every child in 10 selected communities by addressing and solving physical and psychological barriers to successful inclusion.

Following our previous experience, we have developed the project to provide continuous two-year support for communities, delivered through few grants and intensive tailor-made advisory support.

Project will be based on CDD approach, and the basic chosen approach for this project is Robert Putnam's theory on stipulating and supporting active citizenship through a layering strategy:

- Stimulating and supporting active citizenship (building access ramps to schools)
- Building community capacity, strengthening resident voice (supporting activity chosen by community members on removal of other psychological and physical barriers)

- Supporting citizen-centred change (support for advocacy actions).

Technical support will be provided through three trainings (LRM<sup>2</sup>, Project planning and Social Justice) and 6 advisory visits with topics flexible to community needs.

In 2008, preparatory activities were done: development of application materials, design of media campaign, project promotion, and establishment of advisory group.

#### **4. CSR AND PHILANTHROPY**

Launched in 2007, Mozaik CSR promotion project continues gaining importance during 2008. Although it still requires a lot of investments, human and financial, we are aware of its importance on LRM as well as on Mozaik's image, and we are determined to put additional efforts.

In 2008, several activities were undertaken:

- Winner from CSR Annual Award DOBRO8 was taken to Foundation FC Barcelona for a study visit. Promotional movie has been filmed on this visit and broadcasted on national TV<sup>3</sup>. This gave additional support to Mozaik's positioning as CSR promoter in the country. CSR Annual Award DOBRO9 was promoted. This time, over 90 companies were nominated. Great success having in mind that during previous year 18 nominees took part in the selection process. Finalists are chosen and Ceremony will be held in March 2009. Although we have tried to fundraise for the initiative, it is difficult since business sector is in conflict of interest, and there is not enough interest in national and international sources. However, we are negotiating with IFC<sup>4</sup> to co-finance DOBRO10 and they have shown initial interest.
- In September 2008 Mozaik organized Second Balkan Workshop "Building Foundations for Sustainability" in partnership with Resource Alliance and regional partners (Bcif, Cira, FDY). The Workshop consisted of one-day training on EC Log-frame development and three-day Fundraising Conference. All 55 participants from the region evaluated the workshop as excellent one.
- Beside this, in July 2008, Mozaik organized a workshop on Funky Business presented by Professor Dr. Kjell A. Nordstrom in Sarajevo.

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<sup>2</sup> Local Resources Mobilisation

<sup>3</sup> Watch video on YouTube: <http://www.youtube.com/watch?v=fp-BsE4IxXo>

<sup>4</sup> Internation Finance Corporation, Member of World Bank

In the future, the plan is to outsource DOBRO Award to Mašta, one of two Mozaik's for-profits to be formed.

## **5. MOZAIK'S DEVELOPMENT**

During the 2008, Mozaik intensively prepared for significant organizational changes and expansion into for-profit. A social enterprise model<sup>5</sup> will be formed, aiming to both providing financial sustainability of Mozaik Foundation and contributing more significantly to social and economic development in the country and region.

### **5.1. BOARD**

Since 2006 the Board structure is purposely changing in order to better address specific needs of Mozaik's development and keep organizational culture at the same time. In 2008, we have finally composed the Board that is able to follow and meet Mozaik's needs and further development. Today, we have Board of 6 members, 4 women and 2 men with average age of 35. Members come from business sector, NGOs, and academic community, with strong expertise in:

- Corporate management and Banking
- NGO leadership and development
- Small and medium enterprises
- Agriculture
- Architecture

In 2008, Board had 2 meetings, in May and October, beside numerous individual meetings between director/executive director and board members. Minutes from Board meetings are actively contributing to programs through participation in selection committees, as well as to organizational development through regular consultations of specific issues related to structure, law, enterprises, branding, etc.

Minutes from Board meetings are prepared by the staff. Decisions are signed by the board president, Amir Termiz. Last board meeting was held on October, 30<sup>th</sup> 2008, where committee for registration of separate for-profit units was elected, minor changes in Statute were approved and important decisions about branding and communications were made.

### **5.2. STAFF**

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<sup>5</sup> Social Enterprise Model that Mozaik is developing is unique in the region and combines elements of different non-profit, for-profit and other social enterprise models known in the world.

Since 2006, Mozaik's full-time staff is increased from 8 to 13, following the needs of programs and envisioned future development. Within newly created structure, our current Executive Director will assume duties of Director and will be in charge of business start-up and creation of synergies between the foundation and businesses. The new Executive Director, Vesna Bajsanski-Agic, Board member from May 2004 to March 2008, took over duties of Mozaik Foundation on August 1<sup>st</sup> 2008.

In addition to full-time staff, we have one volunteer with expertise in communication, and 10-member network of community facilitators, experts in CDD that are regularly engaged for advisory support to grantees communities.

On the last strategic planning, held in November 2008, we have succeeded to clearly define programs Mozaik will work on. As we are developing focused programs (tourism, agriculture, inclusion, etc.) we have establish good cooperation with national experts in these fields, in order to ensure expertise that we lack within the office. For the program focused on youth, we succeeded to hire the best youth worker in the country to lead the program.

Three staff members (program manager, program assistant and administrative assistant) are pregnant and were expected to take maternity leave during 2009. However, two of them had to start sick leave even in 2008 (September and December), why we have to make structural and financial adaptation within Mozaik. We found a replacement for one of our Program Manager, with significant experience in branding and marketing. She will start in January 2009, with two important duties: leading Project + and visually designing Mozaik branding strategy.

### 5.3. SOCIAL ENTERPRISE

During the 2007 and 2008, variety of possibilities emerged during our thinking phase of establishing the very first social enterprise in BiH. After numerous consultations with experts, including those of IFC and members from our Board, it has been decided to register two separate business units in 2009: Mašta Agency (with Ethno House as separate unit) and EkoMozaik.

- Mašta<sup>6</sup> Agency – this enterprise will strongly relay on potentials and skills Mozaik's staff has already developed. It will work on two areas: support

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<sup>6</sup> Mašta stands for Imagination in local language

to Mozaik (overtaking CSR initiative and providing PR services to all Mozaik's programs) and special event management.

- Ethno-House (working title): In 2008, Mozaik purchased premises for "BH Etno House", thanks to donation from Charities Advisory Trust from UK. This is the first capital asset in the ownership of Mozaik. The house is located in the old part of Sarajevo, and is under state protection for its historical value. The objective is to develop a tourist attraction and a national restaurant comprised of history, culture and traditions of all nations living in BiH. In addition, the house will provide market place for variety of home-made products from local communities across BiH, what should ensure further contribution to economic development of rural communities we already supported. We are developing fundraising plan to raise additional funds for reconstruction and adaptation (around €200.000). Further activities pending on available funds.
- EkoMozaik – As an additional incentive to economic development, Mozaik has developed agricultural program, focused on production of organic honey and offered it to Czech Ministry of Agriculture for funding. In November 2008, the contract with Czech partner is signed and three-year project has started. At the beginning of 2009, separated business until enterprise will be registered, for producing certified organic honey and other related and/or organic products. This enterprise will employ 50 beekeepers in the next three years. Whole start-up production will be placed in Sekovici (RS) and Zivinice (FBiH). Director of EkoMozaik is about to be hired from Sekovici.

#### 5.4. ADDITIONAL PLANS FOR FUTURE DEVELOPMENT

Beside above mentioned programs, Mozaik is developing projects that can be applied using CDD methodology and support any of defined objectives. Some are already at planning/negotiation phase:

- Regional project on culture development in rural communities (with Macedonia, Serbia and Kosovo, proposal submitted to ProHelvetia)
- Small-grants for rural communities in BiH (OSI and World Bank)
- Municipality based CSR award and upgrading YouthBank concept (with Pontis, Slovakia)
- Cooperation on organizing all activities for CSR (award, workshops) with regional and international partners
- EU regional programs on agriculture and tourism
- EIDHR initiative

In order to acquire additional skills and knowledge on corporate management and social enterprise, we have started negotiation with International Finance Corporation, in order to receive in-house consulting and tailor-made training. Mozaik will finance 50% of all costs, and, if IFC estimate the process as successful one, Mozaik will have access to IFC grants and/or low-interest loans for social enterprise. In addition, it is agreed that IFC will finance 50% of all costs of CSR award for next year, if corporate management become one of criteria for award.

## **6. 2008 ACHIEVEMENTS**

- Developed and clearly defined programs that strengthen Mozaik's positioning in social and economic development sector. In addition, programs are clearly supportive of our mission, with ability to cover variety of projects.
- Bosnian Kingdom Trail, YouthBank, Dobro (CSR Award) and Slagalica (Fundraising Workshop) have developed strong and recognizable brands.
- Experience and expertise gained through the programs (CDD, tourism, youth, CSR) open variety of possibilities for regional cooperation and partnerships, especially with Bcif (Serbia), Cira (Macedonia), fAkt (Montenegro), FDI (Kosovo), Slagalica and National Endowment for CS (Croatia)
- Clear focus on sustainability of programs resulted in improved partnership with government at local level (out of 15 municipalities involved in BKT and YB, as long-term programs, 14 provided financial support and promised future commitment from municipality budget)
- The Board structure is able to address the needs of current developmental phase. Board members are active, enthusiastic and willing to contribute to Mozaik's further development.
- Human resources (internal and external) are at high level: we all share the same vision, have capacities and enthusiasm to work toward it and are opened for further professional development.
- Acquired house increases Mozaik's assets for 130.000 EURO and field office is opened and registered in Banja Luka.
- Mozaik is ready for entering new exciting stage: establishing social enterprise. We have in-house human resources, as well as few identified individuals who will be invited to join the enterprise, according to its development.

## 7. LESSONS LEARNED

- Programs should be promoted as individual brands, with recognizable image and separated channels of communication with the public.
- Strategic partnerships with few (or even one) business could be more productive way to mobilize resources on national level than approaching hundred of businesses.
- Strong promotion should be done at the beginning of project implementation, if funds are to be raised at national level. The balance in promotional activities that will assure that business know who we are and what the project is about and level of promotion business will get afterwards.
- The "cause" has to be carefully selected for fundraising at national level. Social cohesion in returnee communities could be interesting, but not in the election year, when most votes are gained on nationalistic rhetoric.
- When approaching to business sector, individual contacts is the most productive way (even to arrange a meeting)
- During 2008, we were testing different forms of PR, and gained important experience - all very valuable for Mozaik and Mašta Agency.
- Employment process needs to be transparent and challenging in order to find appropriate person to fit in 13-member team.
- Although general context in BiH is not encouraging for NGOs work and development, Mozaik has succeeded to grow in relevance, staff, programs, budget and assets. However, we are still dependant on international donations, and knowing that number of donors is radically decreasing, we are trying to ensure other sources of funding in order to keep independency in decision-making process.
- Variety of funds from EU is and will be available for national and regional programs. Mozaik has an interest in attracting these funds for tourism, agriculture, youth, democratization, and strengthening capacities of NGOs. We have developed good cooperation with Delegation of EC in BiH, after successfully implementing all three awarded programs funded by the Commission. However, we are aware of threat to have to high share of EU funds in our portfolio and lose flexibility and mission driven activities, what are the most important values in Mozaik.