



ANNUAL REPORT

January 1st – December 31st 2012



Sarajevo, 2013

Dear reader,

Mozaik Foundation is a social enterprise that provides financial and advisory support to citizens' actions of common interest in communities of Bosnia and Herzegovina (BiH). Established in 2002, we aim to strengthen social cohesion within communities by empowering people to initiate common actions, mobilize local resources and conduct joint actions to address local issues.

Speaking in numbers, in the 2012, Mozaik Foundation has supported **326 community initiatives**, reaching the total value of **€1.126.220** out of which **48%** was raised from **local sources**. During the implementation of community initiatives **5.718 volunteers** were registered providing **105.199 hours of voluntary work**. In addition to these numbers, **€238.289** was granted to our social businesses to support rural agricultural development, reconciliation and CSR promotion. Our annual budget for 2012 grew to **€1.520.697** (increase of 27% compared to €1.190.599 in 2011).

We have developed and published standards of **Community Driven Development (CDD) methodology**, won two EU grants and have been invited by the World Bank and UniCredit Foundation to administer their first small-grants program in BiH.

Our two social businesses are on the right path to return its first profits to our non-profit programs. In addition, they created over **20 sustainable jobs**. We have developed strategy to build an endowment and will start its implementation in 2013.

Our vision about impact and financial sustainability is slowly becoming a reality! Hope you will enjoy reading our annual report.

Kind regards,


Zoran Puljić
Director

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1. STRATEGIC STATEMENTS

VISION: Active communities – initiators of social and economic development.

MISION: Mozaik Foundation is a Bosnian and Herzegovinian social enterprise, which through financial and advisory support encourages people to organize and advance their own communities.

GOAL: Improve the social cohesion, 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.

2. 2010-2014 OBJECTIVES AND ACHIEVED PROGRESS IN 2012

OBJECTIVE 1 – TO PROVIDE SUPPORT TO TARGET COMMUNITIES BASED ON COMMUNITY DRIVEN DEVELOPMENT (CDD) METHODOLOGY

Progress:

- Mozaik increased the number of grants from 226 in 2011, to 326 in 2012.
- 48 projects were supported by the World Bank and UniCredit Foundation.
- 1.375 individuals and 368 companies supported implemented actions.
- 26 municipalities and one ministry, supported actions with over €140.000.
- 5.718 volunteers were registered providing 105.199 hours of voluntary work.

OBJECTIVE 2 - PROVIDE CONTINUOUS QUALITY IMPROVEMENT TO CDD METHODOLOGY

Progress:

- Developed and published standards for CDD methodology.
- Started the project to support capacity building of our CDD network.

OBJECTIVE 3 - CREATE STIMULATING ENVIRONMENT FOR CORPORATE SOCIAL RESPONSIBILITY

Progress:

- Increased number of companies supporting local actions, initiated through Mozaik's programs.
- Supporting our two social businesses and positioning Foundation Mozaik as recognized and successful social enterprise at the regional and global level.

OBJECTIVE 4 - STRENGTHEN MOZAIK'S POSITION AT NATIONAL AND REGIONAL LEVEL

Results:

- Raised support from local resources.
- Started EU funded regional project "SIGN for Sustainability".
- Mozaik hosted Grantmakers East Forum in Sarajevo.

OBJECTIVE 5 – ACHIEVE SUSTAINABILITY

Results:

- Additional investments in both of our social businesses.
- Developed the strategy to build an endowment and signed the contract with the Mott Foundation to support our initial efforts in building endowment.
- Developing strategy for 2014-2020.

3. OUTCOMES 2012

Mozaik was focused on three main areas:

- Strengthening impact on the community development (methodology improvement, quality standards, national and regional outreach, local philanthropy).
- Self-sustainability (social enterprise, endowment, income-generating activities and staff development).
- Defining impact and new 7-year strategy.

Main outcomes for the 2012 were:

- Developed quality standards for CDD methodology.
- YouthBank program become the biggest youth program in the region.
- Five centers for children with disability transformed to inclusive community centers.
- Five centers started market-driven income-generating activities to help their sustainability efforts.
- Our bottom-up advocacy actions resulted in change of policy at municipal and entity level on women participation in the election processes.
- SIGN Network won an EU funded project in Brussels
- Grantmakers East Forum, gathering 150 donors, hosted by Mozaik and MaŠta Agency.

4. PROGRAMS AND ACTIVITIES

YOUTH BANK

Youth Bank is the program that Mozaik Foundation is especially proud of. Youth Bank encompasses community development, participatory approach, local resource mobilization and activism, while having bottom-up impact on policies. This program provides youth, with real opportunities for building their social and entrepreneurial skills.



Youth Bank program started in 2008 in five municipalities, and today it is active in 32 municipalities of BiH.

In 2012, Youth Bank program supported 259 initiatives in total value of €465.850. Mozaik contributed €193.939, from USAID and municipalities, and 58% of total value was raised through local resource mobilization from 1.009 individuals, 232 businesses, 148 governments and 64 NGOs.

CULTURAL HERITAGE AND TOURISM

The program grew from the Living Heritage initiative (2002) with clear focus on economic development of BiH. Within this program, Mozaik aims to use its entrepreneurial spirit and create innovative and sustainable opportunities for cultural tourism development. During 2012, Mozaik implemented the EU supported project “Sarajevo – a Cultural Crossroads”.



We were focusing our efforts on building the capacity of cultural institutions in the areas of management, leadership, project development and fundraising.

Three initiatives were supported in total amount of €27.000, where €4.000 was raised locally. We are proud that Town of Sarajevo is cofounding the project with €40.000.

PROGRAM PLUS - SOCIAL JUSTICE AND INCLUSION

This program aims to support inclusion of all community members, regardless of their (dis)abilities. Project supports NGOs, public service providers, and other community members to mobilize own resources and remove physical and psychological barriers in order to achieve more justice in the communities of BiH. Since 2008 the program is fully supported by the **Austrian Development Agency and Medicor**, through our partner **Light for the World (Austria)**. Total value of this project is over **€215.000** for 30 months.



Within this program, five centers started inclusive activities that gathered community members. They also established new **income-generating activities** that have impact on their financial sustainability. Two centres started a business for **sugar packing**, one of them started **van rental**, one centre established a **printing boutique** and one started **production of industrial and office staples**. Four centres already earned some income!

In 2012 we supported **10 initiatives** in total value of **€115.889**. Mozaik contribution was **€57.264** and **51%** of total value was raised through local resource mobilization from individuals (**43**), businesses (**42**), public institutions (**22**) and NGOs (**18**).

FOR ACTIVE COMMUNITIES

Through this Program, communities receive small grants to support activities of common interest that actively involve citizens in its planning and implementation. In 2012, Mozaik continued with an implementation of the project “Equality in Rural Communities”, funded by the EU,



Canadian Fund for Local Initiatives (CFLI) and municipalities Cazin and Šekovići. Project strategy was focused on Local Community Councils (LCCs) as an important instrument for building community cohesiveness. Six

community actions were finalized and total value raised in this year was **€52.171**, where over **€32.000** was raised **locally**, through the mobilization of local resources (**62%**).

Both municipalities adopted decisions to increase number of women on elections for LCCs. Election Commission in Republika Srpska also adopted two articles that require higher involvement of women and youth in the election process.

GRANT ADMINISTRATION

Mozaik's efforts and expertise in effective grant-making were recognized by the **UniCredit Foundation** and the **World Bank**. We administer their grants for BiH. With Mozaik, UniCredit Foundation developed two calls – Social Entrepreneurship (up to €20.000 per grant) and Social Inclusion (up to €10.000 per grant). Through this call, Mozaik has been administrating 11 grants (5 SE and 6 SI) with the amount of €130.000. World Bank invited Mozaik to develop the criteria for the Active Youth Program, and through two calls we are supporting **37 youth projects** with the amount of **€175.000**. Youth NGOs will contribute over €70.000 to the implementation of these projects.

5 MOZAIK'S SOCIAL BUSINESSES

EKO MOZAIK

EkoMozaik is social business, which primary goal is to generate sustainable jobs by using competitive advantages of rural areas in BiH. EkoMozaik generates income and directs all of its profits through Mozaik Foundation to developmental projects in BiH.



There were a lot of challenges in 2012, but also numerous objectives were achieved. EkoMozaik is partner in USAID funded project "Empowering Women through Farming in BiH". In the period when 75% of greenhouses in BiH were destroyed due to severe weather conditions, EkoMozaik kept its **5017m² greenhouse** operational. Summer and autumn production of flowers and vegetables was quite successful, and we were prepared for winter.

Throughout the past year EkoMozaik, employed **4** new workers, so we are currently the staff of **22** full-time employees, while the number of **seasonal workers** increased from 100 to **162**. EkoMozaik is now at the best position so far, and we plan to expand production and employ more people.

MAŠTA AGENCY FOR PROMOTION OF SOCIAL RESPONSIBILITY

The year 2012 was a struggle for success for the MaŠta Agency. They entered the market with intentions to position themselves in the field of promotion of Corporate Social Responsibility (CSR) and to achieve overall success as a marketing Agency. In that hectic period, MaŠta Agency did its best to offer and complete its activities by organizing events, conferences and workshops, as well as trainings for corporations, branding and visual communications, PR and media relations, and promoting CSR.



Working hard in the field of promotion finally brought them success in the second half of the year. If we put last year in numbers, MaŠta Agency organized **10 events**, **4 conferences**, created **more than 500 pages** of visual communication materials, and achieved more than **600 media releases, interviews**, and appearances.

MaSta Agency employs two persons and had five full-time volunteers. Each of them went through training for visual communications, organizing of events, and media relations. They worked over **900 volunteer hours** in 2012. In the 2013, MaŠta Agency will continue to bring success, as well as focus on its main impact – to give all of its profit back to the community.

6 MOZAIK'S DEVELOPMENT

STRATEGIC MAINSTREAMS

In October 2012, Mozaik entered into intensive **strategic planning process** that will result in the new strategic plan for the period 2014-2020. We want to use our competitive advantages: entrepreneurial spirit, grant-making through CDD methodology, great national, regional and international networks, excellent human resources and good image with all stakeholders – and focus only on the things that matter to the impact we want to achieve (trust and/or new sustainable jobs).

HUMAN RESOURCES

We believe that human resources are the most important one that Mozaik has, so we invest a lot of time and efforts to find best persons and then to design the best jobs for them. After several years of this approach, we have recognized the trend that we attract young excellent volunteers who become our staff after few months of volunteering. As opposite, we are still facing the similar issue as other employers in BiH – lack of dedicated and self-motivated persons for senior positions. It was not easy but currently we are more than satisfied with team members – Mozaik has 22 full-time employees and three full-time volunteers.

NETWORKS

Year of 2012 was marked by successful participation in different networks: GEF (Grant makers East Forum) was hosted in Sarajevo by Foundation Mozaik and MaŠta Agency; Sarajevo is expected to host AGA (Annual General Assembly) 2014; two projects for networks strengthening have been developed and are fully in line with our strategy (CDD at the national and SIGN at the regional level). Both projects will be supported by the EU.

In the next two years, we will also support establishment of four Centers for Community Development in our four member's organizations that will apply Mozaik's methodology and increase our outreach. The regional **SIGN network** developed a joint project proposal to work on philanthropy, CSR promotion, community and civil society development. The project is led by BCIF while CIRA, fAct, VIA and Mozaik are the partners. Croatian National Foundation is the associate and we have just started negotiations with FIQ to join us as the only indigenous grantmaker in Kosovo.

7 LESSONS LEARNED

- Communication! Before starting our endowment building campaign we must insure that our impact and our communication strategy are clear.
- All staff members took part in a retreat. This type of activity proved to be well accepted and needs to be organized regularly to enable our staff to grow and be proud of themselves and Mozaik.
- Impact. Impact. Impact. Although everyone will say that Mozaik grew into top three CSOs (Civil Society Organizations) in the country, and our projects' results are above expected, we want our impact to be clearer, understandable and recognized.
- Process management remains weak point of our work – a lot of time is being used on things that are neither important nor urgent.
- We need to transfer responsibilities to our grantees, empowering them, while keeping fin/admin costs lower and closer to sustainability, through digitalization. Challenging, but we will find ways to do it!

8 FINANCIAL STATEMENTS

REVENUE AND EXPENSES

STATEMENT OF REVENUES AND EXPENSES 2012

(in EUR)

SUPPORT AND REVENUE	
National, entity and local governments	143.704
International donors	1.381.659
Income-generating activities	25.730
Other revenue, interest and miscellaneous income	6.139
Total Support and Revenue	1.557.232
EXPENSES	
Grants	765.815
Overhead (Administrative expenses)	
Staff (gross)	
Directors, Administration, Finance	43.766
Running cost	
Office Rental, Utilities, Insurance, Office running costs	30.307
Other	
Internal capacity building, Conferences, Board of Directors meetings, Vehicle (Insurance and Registration) and Audit	125.086
Total Overhead Cost	199.159
Direct Cost	
Project staff (gross)	
Program Managers, Capacity Building and Monitoring Manager, Project Managers, Communication Manager, Project and Program Assistants	269.035
Project Supporting Services	
CDD capacity building, Publications, Promotions, Meetings of Advisors Groups, Communications, Office Supplies, Regional Meetings, Workshops, Vehicle (Fuel and Maintenance), Local Travel, etc.	281.226
Total Direct Cost	550.261
Sundry	
Bank fees, Unexpected cost	5.462
Total Expenses	1.520.697
Changes in Net Assets	36.535

INCOME

Income (in EUR):	2012
Charles Stewart Mott Foundation USA	159.403
USAID BiH	729.649
European Union	50.308
Balkan Trust for Democracy	3.759
Light for the World & Austrian Development Cooperation	90.000
World Bank	175.000
UniCredit Foundation	130.000
Swiss Cultural Program	4.886
Canadian Fund for Local Initiatives	22.589
UNDP	9.234
Municipalities	128.365
Ministry of Environment and Tourism FBiH	15.339
Hastor Foundation	4.960
OSCE	2.499
HOG School Malme	462
Income generating activities	25.730
Other income	3.483
Total donations received	1.555.666

STATEMENTS OF FINANCIAL POSITION

BALANCE SHEET AS DECEMBER 31, 2012 (in EUR)

I ASSETS	
Fixed Assets	784.654
House	136.870
Furniture and Equipment	18.268
Vehicle	48.255
Tractor and agriculture mashines	108.764
Greenhouse	319.400
Heating sistem	59.044
Software	94.053
Current Assets	268.843
Money and money equivalents	53.561
Other current assets/ Prepaid expenses	215.282
Total assets	1.053.497
II LIABILITIES	
Short-term liabilities	260.617
Accounts payable	110.703
Accrual income from donations for projects expenses	149.914
Long-term liabilities	633.581
Accrual income from donations for projects/ Fixes assets	633.581
Capital	159.299
Capital	127.277
Retained surplus of income over expenditures/ Net Assets	32.022
Total liabilities	1.053.497