Abstract: The importance of the non-governmental organization (NGO) in implementing specific activities and priorities of European policies increases continuously because of the new environment requirements. Through a qualitative research, our study aims to highlight the catalysts and the main constraints in operationalizing the European policies involving the civil sector. Our approach is integrative and nonetheless sequential and it is based on a multi-player model with the identification of the role and types of actions specific to each party involved. A temporal comparative analysis is also made by highlighting the evolution in time of the strategic pillars, the constraints and problems specific to the NGOs. The conclusions of our study are going towards pro-active measures: a fair placement considering the role of NGOs within implementing European policies considering the fact that they can offer consistent support and can undertake innovative actions that generate benefits for the society, community and the organization itself.

Keywords: EU funding policies for NGOs; NGO’s development; NGO’s funding constrains; case study

INTRODUCTION

Although non-governmental organizations (NGOs) don’t benefit from an agreed legal definition at European Union (UE) level, they surly benefit from considerable amounts of EU funding, thus, involving them in many aspects of the EU policies. Whilst NGOs play a prominent role in the new EU funding cycle (2014-2020), with more funding schemes considering them as eligible candidates, the relationship between the European Commission and NGOs, wasn’t always there and was built in time with great efforts from both parties.

Even so, the cooperation between Romanian Governmental Institutions and Romanian NGO sector is still a matter of concern. Although the NGO’s positive trends are spectacular considering the way they managed to change over the past
10 years, trying to adapt to the social-political environment, there is still work to be done.

The paper focuses on the EU – NGO collaboration for implementing the EU policies at a strategic, tactical and operational level by analysing the EU funding framework and also the way in which Romanian Government Institutions (i.e. Management Agencies, Implementation Organism) succeeded to manage the European funds for NGOs. Because the NGO sector covers a wide range of domains, we approached the matter from an integrative and also sequential perspective, by taking into consideration the on-going stages of the project, the catalysts and their constraints. We also develope a vertical integration view, by analyzing in tandem the strategic, tactical and operational factors. However in the end we offered some small insights on the matter from a social NGO point of view. Finally we draw up the conclusion that Romanian civil society has so much more to offer, but also so much more to prove in front of the Government Institutions in order to gain an important place at the “strategic policy making table”.

1. THE EU – NGO COOPERATION FRAMEWORK

The most important document (and the only one, to some extent) that reflects the relationship between the European Commission (the Commission or EC) and NGOs and its overall position and objectives of their cooperation is a discussion paper that was presented by President Prodi and Vice-President Kinnock, at the beginning of the year 2000. In this paper, they address key issues regarding: methods to improve the dialogue between the Commission and NGOs, highlighting the main problems; techniques to best organize EU funding for NGO-managed activities; and, “suggests ways of providing a more coherent Commission-wide framework for co-operation that has hitherto been organized on a sector-by-sector basis” (EC, 2000, p. 3). Within this paper we noticed what motivates the Commission to cooperate with NGOs (and the other way around), thus summarizing: a) the collaboration fosters democracy, civil dialogue and civil society and creates the necessary circumstances for the views of specific groups of citizens and causes to be heard and represented at the European level; b) the proactive dialogue with and consultation of NGOs’ sector specific experts help the Commission in the policy shaping process; c) moreover, by funding the activities of NGOs that are in line with community policy (within or outside the European Union), the Commission has alongside an important partner in implementing the EU policies and actions; d) the NGO’s and their networks of contacts create a powerful channel of spreading the information regarding the benefits of EU policies and the process of EU integration, especially to non-member countries. Currently, NGOs are seen by the Commission and other European Institutions as stakeholders with an increasing importance not only in the ‘policy shaping stage’ (via inter-institutional and timely dialogue, consultations and discussions) but also in ‘project management activities’ (in the preparation, implementation, monitoring and evaluation of funding programmes) on regional and local level.
A drawback that was identified when analyzing the strengths and weaknesses of NGOs’ partnership with European Institutions was the “lack of sufficient information for NGOs in particular on funding and financial procedures” (EC, 2000, p. 6). A possible cause of this drawback could be due to the fact that ‘NGO’ is not an official legal and harmonized term at EU level, although the Commission uses a set of specific characteristics to identify such organizations. There are in the European Union different frameworks for NGO cooperation, depending on each Directorate General (DG). Introducing a definition of the term ‘NGO’ that could be unanimously accepted at EU level among the above mentioned institutions could solve such a problem and provide a transparent measurement of EU financing for NGOs. According to European Parliament (EP), the Commission is already working on such a task and makes great efforts to identify NGOs in its internal financial information system, so that EU funding differentiates between organizations with NGO status and those without (EP, 2014a).

Given that the relationship between NGOs and European Institutions are organized by policy areas (mainly ‘external relations for development cooperation, human rights, democracy programmes, and, in particular, humanitarian aid’ (EC, 2000, p. 2) and social, education and environment policy), important differences can appear, from one sector to the other, regarding information asymmetry and funding availability. Such is the case of financial market regulation, where there is a weak civil society organization and NGOs lack expertise, as oppose to other sectors as environment or public health, where NGOs have developed a strong counter-expertise and intense lobbying activity. Asymmetries like this can ‘poses a danger to democracy’ (EP, 2010a, p.24). In the new financial cycle (2014-2020), among all European Structural and Investment Funds, the European Social Fund offers the most attractive funding opportunities for NGOs (EP, 2014b), paying attention especially to the fight against poverty and exclusion, and anti-discrimination measures.

Regarding the funding opportunities of NGOs from different European Institutions, some criticisms have been raised (Boin and Marchesetti, 2010). One of these refers to the independence of NGOs receiving EU funding (i.e., its’ ability to establish independent policy decisions or positions). We shall address this issue in the following lines.

An NGO uses funds from different sources that can be classified into two big categories according to the level of the restriction applied to those financial resources and their level of continuity (see the figure below).

Therefore, four big sources of funding can be distinguished: a) general fundraising (funds that are available for a short period of time and are of unrestricted nature, such as: fundraising events, grants, general donations and others); b) core funding (financial resources that are used for the NGO’s core operations and can be relied upon on the long term, such as: membership fees, regular sponsorships and others); c) project funding (incomes that are relatively restricted and available on a short period, of 1 to 3 years, posing difficulties in assuring project continuity); d) programme funding (incomes that presume some
restrictions and are available for a longer period of time, 3 to 5 years and longer, and originate from strong working partnerships that have been established in time). As oppose to internal or self-financing, which is in general unrestricted but quite limited (demanding a lot of time, effort and special skills), external financing (such as EU funding) is, in general, rather restricted.

![Figure 1 - NGO funding typology](image)

Source: authors’ elaboration after Mango (2013)

In their relationships with European bodies, NGOs can benefit from external financing in the form of project funding and/or programme funding (EP, 2010a, p. 36), or action grants and operational grants (EP, 2014b, p.5 or EC, 2012, p.10). In the Commissions’ view, project funding or action grants cover relatively short-term financial resources that are provided to an NGO to implement a specific set of activities. These activities can have a European dimension (with the purpose of creating ‘European added value’) or a national/ regional/ local coverage. Operating grants provide funding for the regular activities of NGOs that are in line (according to their scope and objectives) with the general European interest and EU policy. On the other hand, EU programme funding covers a smaller number of NGOs but for longer periods of time and for larger amounts of financial resources. A comprehensive analysis of the benefits and challenges of the two different approaches to NGO funding (project vs. programme funding) can be found in EP (2010). Nonetheless, some voices have expressed significant doubts regarding the transparency, efficiency and effectiveness of the EU funding process for NGOs. Another aspect worth mentioning is the fact that, a typical NGO that performs its activities at EU level receives, more or less, half of its income from the EU budget (ECAS, 2004, p.2).
Within this context lays the question of independency of an NGO when dealing with EU funding. Is EU funding (at a certain level) creating a layer of smog that undermines the capability of NGOs to develop independent policy positions? Are NGOs capable to confront their ‘benefactor’ in order to maintain their point of view or are inclined to align themselves with EU policy positions? Such a dependency or lack of independency would not be favored by the Commission which advocates for participatory democracy. Possible solutions to this problem could be the adoption of funding barriers or thresholds (that could restrict EU funding under a certain volume) and/or development of a financing strategy based on diversification of the funding resources.

Being involved in various areas covered by EU policies and on a not-for-profit basis, NGOs have become ‘a natural target group’ eligible for a vast part of EU funding instruments. Or, putting it in other words, “it is difficult to find an EU programme which would not, in one way or another, include a funding opportunity for NGOs” (EC, 2012, p. 10).

In terms of the volume of EU funding for NGOs, the Commission has estimated that it alone had allocated over 1 billion EUR a year in 2000 (around 1% of the total EU budget), among which 400 million EUR in the area of humanitarian aid in 2000 (EC, 2000, p. 2). The volume of EU funding for NGOs continued to rise, reaching: 1.92 billion EUR in 2004, 2.20 billion EUR in 2005, 2.51 billion EUR in 2006 and again in 2007, 2.78 billion EUR in 2008 and 3.17 billion EUR in 2009. From the approximately 6 billion EUR in 2008 and 2009, almost half of it (2.5 billion EUR) came from four important Directorate General (Europe Aid co-operation Office, EC Humanitarian Aid Office – ECHO, ECDG Environment Aid Office – ENV and ECDG Education and Culture – EAC), covering some 2.2 thousand grants in 2008 and 2.8 thousand grants in 2009 to NGOs (EP, 2010b, p. 6).

After 2010, the EU funding for NGOs maintained its increasing trend: 3.51 billion EUR in 2010, 3.75 billion EUR in 2011, 3.96 billion EUR in 2012 and 4.49 billion EUR in 2013 (covering this year more than 2000 NGOs). Unfortunately, given the absence of a unanimously recognized legal term of the NGO, there is no detailed readily available financial data on NGO funding (EC data does not differentiate by type of beneficiary).

2. TRENDS IN THE DEVELOPMENT OF NGOs

The organizations pertaining to the third sector of the economy, that of the civil society, can be assigned to various categories if we consider their aims (satisfying the individual needs, the mutual interest or in general) and their domains of interest (human rights, culture, education, local development, social services, religion). The most encountered actors in this sector are the associations and the foundations. These two organizational structures possess cumulatively the characteristics of a privately, voluntary and autonomous body while the services provided can be offered privately as well as publicly. The number of such organizations has steadily increased in Romania after the 1990’s, counting now up to 80,000 (according to data available on http://www.just.ro). Nevertheless, no
more than 40% are still active (Constantinescu, 2012). Amongst the factors which cause the inactivity or reduced involvement of NGOs we could include the lack of credibility on the technical capacity of their intervention (caused by low expertise, limited staff number) and their financial inability to support their initiatives and, in particular, to ensure the continuity of their services. There are also cases where such organizations are criticized for establishing aims or activities which are not in line with the local, regional or national priorities. Moreover, these factors could also explain (or at least partially justify) the low percentage of employees who choose to redirect their 2% of the tax on income in favor of an NGO; for example, in 2012 only about 23% of the employees have opted for such a redirection (Press Release ANAF, 2013).

Willing to adapt to the complexity of our society, the NGOs, organizations which belong to the third sector, have "borrowed" specific mechanisms from other areas (public and private), thus evolving into hybrid entities that lay on the border of the three sectors. The catalysts of such transformations include: the need of the nonprofit sector to find alternative sustainable funding sources, the increased interest of companies to involve in the sphere of social responsibility and a tendency of the public sector to be more efficient (Mair and Martí, 2006).

Therefore, where the non-profit meets the public sector, there activates the NGOs of public utility. Their services and activities are recognized and certified by the public system. An organization is considered by the government to be an NGO of public utility if several conditions are met, regarding their activities and resources. Such an attribute is given for an undetermined period of time. Nonetheless, there is the possibility to withdraw the above mentioned right if the organizations doesn’t fulfil the conditions stipulated by the law. In Romania, within the 2000-2009 period, a number of 105 organizations have been recognized as NGOs of public utility (2010 Romania Report, Nonguvernmental sector – profile, trend, challenges, n.d.). This number is very small if compared to the total number of registered NGOs.

At the intersection where the civil society meets the business sector we can find that non-profit organizations which perform economic activities. From an organizational point of view, we are witnessing a change and even a reversal of the typical roles of the two sectors involved: one the one hand there are foundations and associations that are created by private companies to better provide activities of social nature, while on the other hand, there are social enterprises (i.e., the protected units) created by NGOs.

There is also common ground in the public - private - non-profit relationship, which falls within the multi-stakeholders model (Ridley-Duff and Sean Bull, 2008, p.3) and exploits their particular strengths. From an organizational point of view, one can find here complex entities based on extensive partnerships - business incubators, clusters, regional and local initiative groups.

Organizations which lay at the border of two or more sectors share not only their benefits but implicitly also their disadvantages. Amongst the main difficulties which the hybrid structures have to face are of managerial nature (Trivedi and Stokols 2011, p. 21-25) and deal with the required expertise of entrepreneurs and
workers from NGOs; they must have knowledge and expertise both from the social area of intervention as well as from the economic domain in order to assure the development of the organization. Giving up the comfort zone of a narrow specialization brings forward the need of an increased and diversified portfolio of competences of the staff involved, an increase of the complexity of the organization and higher operating risks.

Placing organizations in various categories and sectors has relevance both at a conceptual level but, more particularly, at a practical level. The operational advantages resulting from the specific legislation, additional funding opportunities and from the increased visibility of the company motivate the involvement of NGOs in activities that arise at the border of two or more sectors (mentioned above) and in expanded partnerships (as network). Although there are great difficulties in establishing a unanimously recognized typology, given the different views and legislation, the importance of the analysis is seen especially when we consider the role and the results that such NGOs have on the development of our society and the community, on the sector as a whole and of each organization separately.

The most significant results of the activities performed by the NGOs are:
- various services tailored to the needs of the society and of the communities;
- increase in the quality of life of specific groups of beneficiaries;
- more involvement of the civil society in solving social problems;
- higher financial and operational autonomy;
- greater opportunities for innovative actions;
- direct involvement in the process referring to the legislative framework and development strategies.

At an international level it is well recognized the decisive role played by associations of NGOs in the development of the domains referring to corporate governance and social responsibility, in shaping environmental and social policies. Important initiatives, such as multi-annual programs, were endorsed in tourism, economic development and social protection.

3. METHODOLOGY

In order to make some insights into the way that Romanian NGO’s manage the whole process of attracting and using European funds we conducted a qualitative research based on the case study method, in one of the first NGOs created in Romania. We’ve analysed the situation from two branches, Bucharest, which was the first location were the NGO appeared (in 1992), and Iasi where the organization just turned 19 years.

The case study is mainly exploratory and descriptive and less explanatory. Its purpose is to answer to questions like: "What have been done for attracting EU funds?", “What difficulties were encountered and how they were over passed”. The information described below resulted from documentary work made on annual reports of the NGO and from two semi-structured interview guidelines with two project managers of the organizations. The interview guidelines consisted in 12
questions regarding the projects written and funded from European funds, the difficulties in attracting these funds and the future plans for the new financial cycle (2014-2020).

4. A ROMANIAN NGO CASE STUDY

4.1. Brief description of the NGO

The organization chosen for this paper is a nongovernmental, non-profit, humanitarian organization with 22 years experience in Bucharest and 19 years experience in Iasi in educating the general public on health issues and in providing primary social, medical and psychological assistance to vulnerable groups.

The branch in Bucharest is the most developed one and offers permanent services for a whole variety of public (from people living with AIDS, ethnic groups, injected drug users, and other vulnerable groups to public institution employees and other NGO’s members). Their services include advocacy, prevention and harm reduction, social assistance for vulnerable groups, testing and counselling, research. During the last 10 years the branch played an important role in advocating for vulnerable groups which were not on the public institution priority list. At the present moment, most of their funding is from international partnerships and from European projects. Compared with the expertise and experience that the organization is having, the European funds attracted during 2007 – 2013 period are rather insignificant. In the following lines we will look into details in order to understand the reasons.

Out of the total number of nine branches, Iasi was the third city were the NGO developed (starting the year 1995). The main activities are: health educational services, awareness campaigns, and integrated services for HIV prevention and other sexually transmitted infections among young people and vulnerable groups. Most of their funding is from projects that are initiated by the core branch, in Bucharest and from donors. The branch is rather small, with no employees at the time being, but with over 20 volunteers involved in the organization’s activities. The challenge they confront with is the fluctuation of the core personnel that make the organizational development and learning process rather sinuous.

4.2. The NGO’s view on EU funds

The interviews conducted illustrated the existence of a wide variety of difficulties encountered during the projects implementation, most of them coming from the nature of NGO’s activity – working with vulnerable groups that “have the law unto themselves” or have very low education level and no access even to primary social services.

The Bucharest branch had financial support from European funds for 3 projects that ended in 2013 and now they are implementing one as partners, although during 2007-2013 financial cycle they applied with over 50 projects, from
which more than 20 were sent during the last year. Their basic opinion is that because of the Management Agencies (MA) guidelines and reporting requirements (i.e. data registration procedure, beneficiary information - that should be confidential when working with these kind of beneficiaries) the funds address only to some people from these vulnerable groups, but not to the mass. Even though the law from social assistance field offers a framework in reporting the special cases (i.e. for injected drug users, sexual workers), the MA did not take these into consideration and had the same general requirement for all types of project beneficiary. On top of that the description of the indicators was made public only after the project was funded and for some of them there is still lack of consensus. In other words the most important difficulty goes even from the start, from the way in which the funding framework is designed for Romania, without having a realistic approach of the situation (i.e. the existent social services, law in the field, labour market).

Another implementing difficulty encountered was the large amount of documents that needed to be done when reporting the activity and also the “overnight” changes on the way things should be reported, things that take lot of time and are not justified, especially when the financial and technical support is limited in this kind of projects. The lack of correspondence between Implementation Organism (IO) and MA monitoring procedure was also an issue talked during the interview, winkling out the fact that even though an addendum to the financing contract was made, one of the Control Organism did not recognise it and declared that expense ineligible.

In the end, the person interviewed said that they are not too optimistic about the next financial cycle 2014-2020 because even though the civil society came with different proposals during the consultation period they feel that they were not taken into consideration. For the next round, the main focus for vulnerable groups is Roma people, but again the set of indicators is still not well defined and many persons won’t be included in this category only because they don’t consider themselves being part of it.

Regarding the NGO’s branch from Iasi, considering the fact that the its activity has been done through volunteer work for the last 3 years and that management positions are always field with young and less experimented managerial skills persons, the projects address only to the local community and have small budgets. Considering the European Union funding opportunities, the organization addressed only to Youth in Action Programme and received nearly 30 000 euro through 4 youth projects. The main actions were in terms of prevention AIDS among the young people, through actions like: informal educational sessions, awareness campaign; informing the community about the free testing and counselling services; fighting against HIV discrimination. They applied with 6 projects out of which 4 were funded and one project was considered to be good practice in the field. For this reason we can say that the Iasi branch have the necessary expertise to write and implement small projects, addressed to youth. The reason why they didn’t write more projects comes from the low administrative
capacity: they work exclusively with volunteers; the management team is the one who writes the projects and the one who also implement it.

Considering EU operational programmes, the NGO’s vice president says that they didn’t apply for one because they don’t have enough money for co-funding: “Even though the percent seems to be rather small (only 2%), for us a sum of 10,000 euro is significant and almost impossible to cover.” Also, for the first 2 years of 2007-2013 financing cycle they were overwhelmed by the amount and rather unclear information. After words they found out about the refund delays and they concluded that don’t have the necessary cash flow for implementing projects without interruption.

Anyway, the team from Iasi was part of the Bucharest team for implementing one project discussed above. The three employees involved in implementing the projects confronted with some difficulties in doing the reporting papers, because there were many “overnight” changes and they had to get in touch with beneficiaries in a very short period of time.

Regarding the new financial cycle, the branch is interested to closely follow up the new guidelines in order to be more prepared for the future call launches. Their strategy includes also becoming project partner for other branches or NGOs and being more active in collecting the 2% co-funds through fundraising events. In order to rely on European funds requirements, they will also need to easily change their focus (prevention through information and education) and to become more experienced in social and work integration, in advocacy issues and policy changes.

CONCLUSIONS

The European Commission is one of the greatest ‘benefactors’ and providers of EU funding for NGOs acting in the EU and outside. If we would refer to the proportion of these sums in the financial needs of an entire NGO sector or even in the EU budget, probably it would seem very little, but the overall funds surely remain significant (among the funds provided by other national governments, regional and local authorities and quasi-governmental organizations) not only from a financial point of view, but also from a larger perspective, i.e. transforming NGOs in promoters of change within European policies.

NGOs can play very important roles in our society by performing complementary actions of other sectors, through customization and satisfaction enhancement of certain needs. The strengths that the sector holds are its dynamism, its emphasized motivation and availability and its flexibility and autonomy.

Nevertheless, there are a number of factors which raise barriers in the activities performed by NGOs. Amongst them the most common and important ones are: difficulties in assuring the co-funding percent; refund reporting procedure and lack of consistence in MA requirements, guidelines and monitoring activities. They can have great effects on the financial and operational capacity of the organization. Given the context and as reaction to the above mentioned barriers, various associations, federations, resource centers and coalitions have appeared with the purpose to meet the needs of the society.
As in other sectors, the NGOs also are subject to the ongoing shifts and changes in attitudes and patterns of interaction with stakeholders, in order to increase their performance. As a response, an NGO could choose the integration of its activities and approaches but also could opt for their specialization (a separation in the areas of intervention, but considering the cooperation in joint projects).

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