

Review of Donor Support for the NGO Sector in Romania

Commissioned by the Romanian Donors' Forum
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This report presents the views and perceptions of donors active in Romania in support of the NGO sector, which we hope we have been able to reflect accurately.

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Executive Summary



This review was commissioned by the Romanian Donors' Forum in order to provide donors active in Romania with an opportunity to share experiences of the past, and to improve their knowledge about future activities in Romania with respect to NGO support.

The objectives of this review were to estimate the size and composition of the donor community active in Romania, analyze giving strategies over the last ten years, identify future strategies for support, and propose a mechanism for regularly updating key information about donor activities related to civil society development in Romania.

The review is based on qualitative information collected through interviews with 32 active donors and quantitative information from 23 of these donors.

The review looks at individual donors and their interaction with their environment, donor colleagues, intermediary support organizations, grant recipients and government. The review looks at the synergic effect that donors have on the development of NGOs, as well as on society at large.

A rich donor community – with a wide variety of donors covering a whole range of issues and types of support, who collaborate and coordinate their efforts – can best respond to the development needs of the NGO sector and to the needs of society at large. Donors have an interest in transferring resources – mainly, but not only, financial – so that: key needs and interests of beneficiary communities are met and significant improvements occur in the life of those communities; organizations with the capacity to address those needs are developed and strengthened.

Review findings show that the current political situation is perceived as stable, and important steps towards decentralization have been observed. However, centralization, bureaucracy, corruption and lack of transparency are still areas of concern. Whilst the legislation for NGOs is generally adequate, following some recent improvements, the current fiscal legislation is still perceived as challenging due to instability, lack of clarity and variations in its application. The economic environment is generally perceived as weak in relation to indigenous sources of funding for NGOs, which, in turn, emphasizes the importance of the role donors play.

The review explores relationships between NGOs and government and the impact of the EU accession process as well as the perceived influence of social and cultural factors. The European accession process has been an important influence on donor strategies and priorities, reflected in an increased concentration of support towards certain fields/issues, which are high on the agenda for European integration.

While there is an increased willingness among the public to get involved in community life and self-help initiatives, donors still identify a general lack of trust as the main challenge in the cultural and social environment. This lack of trust seems to be reflected in the relationship between government and NGOs and the limited successes of donor programs to encourage NGO cooperation and integrated approaches.

The review highlights a series of key needs to be addressed in the future: active identification of key issues and needs in Romanian society to ensure that a diversity of issues receive support; increased focus on the sustainability of NGOs and diversification of funding sources, providing support for increased links between NGOs and their communities, cross sectoral cooperation and local philanthropy development.

Review findings suggest that the Romanian NGO sector has developed quickly over the last ten years. However, donors perceive stagnation in the sectors' development at present. While human resources are identified as the main assets of NGOs, donors argue that NGOs need support to cover needs such as: professional competence and training, attracting new people, maintaining skilled staff.

The review recommends the following for further development of the NGOs: support for training of NGO staff in areas such as communication, advocacy, leadership, organizational development, project management, identification of needs, impact evaluation, outreach and fundraising efforts of NGOs, exchange and cooperation between NGOs. Apart from training, direct support will be necessary for the development of these same areas, i.e. organizational development, outreach and fundraising, NGO cooperation.

Review findings suggest that about half the donors funding NGOs in Romania are public foundations or development agencies, generating a complex re-granting chain of relationships between donors. Recently the number of Romanian donor organizations has increased, but the vast majority of support comes from external sources and is distributed either directly, or through Romanian donor partners. The size of support for NGOs varies, but only a small number of donors can provide annual support of more than US\$500,000.

While many donors provide non-financial support in the form of technical assistance, training and networking support, a small number of donors regularly provide financial support for organizational development. Also, in most cases, only a small percentage of funding covers core costs of the organizations, while the largest proportion supports specific projects, making it difficult for NGOs to maintain a permanent office and core staff. Many donors consider that there are insufficient funds targeted at covering organizations' core costs and for their organizational development.

The review recommends that donors currently active in Romania in support of NGOs consider the following actions: encourage new donors with an interest in civil society development to extend their operations to Romania; build the capacity of Romanian grant making organizations and support their efforts for diversification of funding for continued support; support the development of capacities in targeted organizations through core funding,

financial and non-financial support for organizational development; build capacities of smaller, local NGOs, especially in regions receiving less funding.

Review findings point out that only a small number of donors focus their grant making programs on NGO development, while many other donors provide support to NGOs covering a certain issue. Of the latter ones, many prefer to fund well-established NGOs, while others provide funds for the development of NGOs active in that field.

Review findings point out that donors' strategy formulation and decision making with regard to priorities take into account a number of factors: information about context and needs, donor mission and priorities, internal processes and factors in the country of origin. Donors seem to favor 3-5 year strategies, but changes in the factors noted above as well as the results of evaluation processes might lead to strategy changes. For about half the donors, strategic decisions are influenced both by in-country factors and external factors. For 25% of donors the biggest influence on the final decision comes from outside Romania.

The method most often used by donors in gathering information to develop strategy, is through discussions. Use of more formalized procedures – e.g. needs assessments, community analysis, focus groups, and formal workshops – is reported by a relatively limited number of donor respondents. However, very few donors report having clear mechanisms to incorporate results of such consultations into the strategies formulated.

The review shows that donors are concerned with evaluating impact and in finding ways to assess both their own and grantee programs. Such assessment is based on various perspectives – of beneficiaries, of grant recipients, other donors, public authorities etc. However, donors mention a series of resource and methodological challenges, for which solutions have not been found. These include the length of time necessary to achieve impact in certain areas, the difficulty to measure any single contribution to impact achieved, the cost involved in measuring impact and with the ratio of this to the amount of money distributed through grants.

The review highlights the need to increase the responsiveness of donor strategies through greater involvement of grant recipients in agenda setting and promotion of bottom up approaches. Other recommendations include: increase the use of formalized methods for assessing needs that ensure information is being gathered from a range of beneficiaries and all important stakeholders; create/extend mechanisms for including feed back from beneficiaries in decision making processes.

Key factors for effectiveness of support noted by donors include the maintenance of a relatively constant level of support and relatively constant priorities that can ensure long-term results. While a growing number of donors and increased diversity within the donor community have contributed to relatively constant, indeed slightly increasing, amount of funds available, many donors are concerned with what they see as frequent changes in donor priorities.

Review findings show that past assistance strategies have been subject to a constant search for the most effective approaches for addressing civil society and other key issues in Romania. This has resulted in an evolution of support strategies from more reactive to more proactive strategies and from almost total reliance on an NGO development model to increased attention for complementary community development.

Three phases in support for NGOs were identified – a phase of emergency and wide spread support at the beginning of 1990s, followed by a consolidation phase with support for the development of organizations and human resources until 1997. The third phase is considered to have gaps in the funding of the NGO sector and an increased orientation toward priority issues.

Regional distribution of grants reveals that grant recipients are concentrated in Bucharest, Transylvania and Banat. However, while this indicates that NGOs in these regions have increased control on resources, it does not provide information about where the end beneficiaries of support are situated.

An important trend is the increase in the average size of grants and dramatic decrease in the number of grants awarded yearly. In addition, the imbalance in the regional distribution of grants (as above) is less severe in recent years. The fields of support in which a large number of donors were active (such as civic and human rights, social services) tended to have constant or increasing support in recent years. However, fields in which fewer donors were active (such as environment, culture, education) tended to have a more variable support.

The review recommends that strategies and programs are designed to ensure a better balance between project support and organizational support; seed grants and consolidation funds; pilot initiatives and long term programs; regional and field distribution. Differentiated support strategies are also required for NGOs based on their type: by role, field of activity, size etc.

Almost all donors indicate that they have no exit plans for the next three years. However, some donors are likely to go through an internal transformation process, which might alter the balance between operational and grant making programs. The amount of future support to NGOs is likely to increase, at least over the next two years. Generally, the trends indicate that larger but less grants will be available, and more support will be targeted to particular issues - child welfare, minorities, community and social development. Less funding will be available for NGO development per se, unless new donors enter the market or existing donors develop new strategies.

The need for core support, organizational development support, for long term support, support for new initiatives and for small, local organizations seems to be recognized by donors – but these needs continue to be insufficiently covered. There are opportunities for new donors to become involved in funding the Romanian NGO sector: a more stable working environment, core capacities developed, opportunities for new initiatives as well as the above mentioned needs which are not fully covered.

Many donors agree that donor cooperation needs to be improved. Many also pointed out examples of issue-based donor coordination as well as specific program partnerships that can serve as a ground for extending future cooperation. However, barriers for wider cooperation were also identified: low level of information about other donors, lack of flexibility of donor strategies, limited internal policies and practices that could promote closer donor cooperation. Sometimes this is seen reliant on personal commitment, which can change as staff change.

The review highlights the need for improved dissemination of donor strategies - including strategy changes - both to beneficiaries and other donors; increased use of success stories and documentation of lessons learned; increased commitment of resources, especially of staff time, for communication with other donors.

The Romanian Donors' Forum has been an important step in cooperation between donors active in civil society development and has contributed to an increase in information sharing between member donors.

The review findings suggest that there is a need for the Romanian Donors' Forum to continue to play a role in promoting informal communication between donors, but also address other concerns of the Romanian donors through: sharing and developing good practices; developing common and/or complementary strategies for better balance of support and increased impact through pooling resources; establishing principles for grant making. Some donors also see other possible roles for the Forum: advocate for the development of the NGO sector, maintain communication with media, public authorities and businesses, and attract corporate donors.

The Romanian Donors' Forum should facilitate a common understanding between members of its role, objectives and priorities and of the best structure for its operations in order to respond to the diversity of needs highlighted through this review. The Forum should also increase communication of its objectives and priorities to donors who are not currently members and to other stakeholders.

1. Introduction



This review was commissioned by the Romanian Donors' Forum in order to provide an opportunity for the donor community in Romania to share experiences of the past ten years and to improve the knowledge about future donor activities in Romania with respect to NGO support.

1.1 ABOUT THE REVIEW

This section looks briefly at the scope and objectives of the review, the structure and possible audiences for this report.

a. Objectives

- o To estimate the size and composition of the donor community active in Romania
- o To analyse donors' giving strategies over the last ten years and how and why these have changed
- o To identify future strategies for support within the Romanian donor community
- o To propose a mechanism for regularly updating key information about donor activities related to civil society development in Romania

b. Structure of the Review

The review is structured into eight chapters.

- o The introductory chapter outlines the scope and objectives of the review, methodology and the conceptual framework.
- o Chapter Two looks at donors' perceptions of their own operational environment and that of Romanian NGOs. It also looks at the importance of this environment and how it influences strategies and practices.
- o Chapter Three aims to identify key roles, characteristics and needs of the Romanian NGO sector, as perceived by donors.
- o Chapter Four provides background information on donors active in Romania by number, size, fields and focus of donor support. It also looks at other types of support provided by donors, as well as their application and selection practices.
- o Chapter Five explores the strategy development process, responsiveness of donor strategies and evaluation practices.

- o Chapter Six describes the most important characteristics of past donor support and looks at donors' perceptions of phases, estimates the figures of past support for NGOs and reflects on donors' experiences.
- o Chapter Seven explores the information that is already available about future support, trends in future support and opportunities for new donors.
- o Chapter Eight explores in more detail donor cooperation and information sharing – both looking at the past, and highlighting key opportunities for the future – as well as the possible role that the Romanian Donors' Forum can play.

c. Possible Audiences of the Review

The main audience of the review consists of donors active or with an interest in the development of the civil society in Romania and particularly of the NGO sector, but we hope the review can be useful for other audiences too.

- o The review aims to help donors learn more about themselves in relation to their operating environment and to other donors active in Romania, to better understand the needs of Romanian NGOs and to share relevant practices. It also aims to assist donors in understanding the needs of the Romanian donor community and its potential for development, through increasing cooperation and attracting new donors.
- o NGOs might also find this report useful in order to increase their understanding about the diversity of donors and donor assistance efforts directed to the development of the NGO sector – past and present – and especially about donors' plans for the future.
- o Hopefully, this report will also be of interest to government institutions, local and international businesses and the media in their current and future plans to join efforts with the existing donor community for the purpose of strengthening civil society and democracy in Romania.

d. The Review Team

The review team included Catalin Gheorghe, Dana Pirtoc and Cristian Lazar and was led by Alina Porumb. All members of the review team have at least five years' relevant work experience in the non-governmental sector, much of which was gained in donor agencies or NGO development programs. The team leader and other members have carried out field research, program and impact evaluations, and needs assessments for a number of donor agencies.

The Romanian team was supported by Vera Dakova from Bulgaria. Vera is an experienced international consultant, and has recently carried out similar research in Bulgaria, as well as a review of the Romanian NGO sector.

1.2 METHODOLOGY

For the purposes of this review, we have focused on donor agencies that regularly fund NGOs, and have defined a donor as “an organization which has clearly defined criteria for funding projects limited by time and objectives, implemented by non-governmental and/or non-profit organizations.”

The term NGO (non-governmental organization) defines a non-profit organization formally registered on the base of law 21/1924 of associations and foundations or on the base of the governmental ordinance 26/2000 of associations and foundations.

The term CBO (community based organization) is used to describe a group of citizens active at community level, which is either not registered formally, or is registered under the law 129/1998 of the Romanian Social Development Fund.

The review focuses on key existing grant-makers in Romania, with the Romanian Donors' Forum members as primary targets, but it looks beyond this to include donors which are active in Romania but which are less well known. The review process covered a five-month period (May-September 2001) and had several stages:

An initial listing of 62 donor agencies based on recommendations from Romanian Donors' Forum members and knowledge of the review team, followed by a review of relevant documents and publications, including websites, annual reports, strategy papers, studies and reports about their previous support to Romania.

The initial list was narrowed down to 44 donors, taking into consideration the available information about the existence of open grant-making programs for which Romanian NGOs had the opportunity to apply. All of these donors were informed about the review's goals and objectives and information was requested at least twice, by phone or email.

Quantitative and qualitative information was obtained from 32 donors through:

- o Face-to-face interviews, based on a guide, with 42 representatives of donor agencies, and short interviews by phone or email with other six donor representatives
- o Questionnaires and grant lists from 23 donors were collected and used for the quantitative part of the review.
- o 23 donors provided key information about their past, present and future support which is presented in the Donor Profile section of the review
- o A presentation of preliminary findings and discussion of the draft report with a reference group of ten donors

Content analysis was used to process the qualitative data. The findings and recommendations are based on an analysis of interviews, questionnaires and documentary data.

The following chart¹ presents the number of donors interviewed from each category and the methods used to collect quantitative and qualitative information:

Category of interviewees	Number of Organizations Interviewed	Number of Interviewees	Questionnaires or Grant Lists
Multilateral Donors	3	7	2
Bilateral Donors	6	11	3
Public Foundations	6	7	4
Development Agencies	12	17	9
Private Donors	5	6	5
Total	32	48	23

For the purpose of this review we have used the following classification of donors:

- o Multilateral Donors – organizations or programs that use governmental funds from more than one country;
- o Bilateral Donors – organizations or programs that use exclusively governmental funds from one country;
- o Private Foundations – organizations where the largest proportion of funds comes from one or very few private sources;²
- o Public Foundations – organizations that have a diverse funding base – with a large proportion of public funds and a main focus on grant-making activities;³
- o Development Agencies (for this review) – organizations with operational programs in specific areas/fields, which also have grant-making programs in their field of interest.⁴

Note: Although quantitative information was obtained from only half of the donors, who have open grant-making programs accessible for Romanian NGOs, we were successful in including donors with an active presence in Romania, which run regular programs and offer significant support to Romanian NGOs. While the missing information would complete the picture provided by the review, the main conclusions would not, however, be significantly altered.

1 A full list of donors included in the review is presented in Appendix One. The distribution of donors by type was based on the definitions used in this review and their criteria. We realize there are several definitions, especially of “public foundation” and “development agency,” and that a number of donors might include themselves in different categories based on other definitions of these terms.

2 By the definition of the American Council on Foundations, private foundations are non-profit organizations, which make grants, primarily to other non-profit organizations. These foundations are usually established by a principle fund or endowment that is organized to maintain aid organizations, which serve the public good.

3 By the definition of the American Council on Foundations, public foundations focus primarily on grant making (with at least half of the operational budget dedicated to grant-making) although they may provide direct services too.

4 In this review, development agencies are considered those organizations that attract money from a variety of sources for their specific programmatic area. They have a greater focus on operational programs compared to public foundations, and might not have a permanent grant-making program.

1.3 LIMITATIONS AND CHALLENGES

It is important to point out at the beginning some expectations that might rightfully arise but which, for various reasons, could not be met by this review – either because these were not linked directly to the objectives of the review or because they could not be researched properly with the existing resources and within the given time frame.

a. Limitations

- o This review was not planned with a scientific purpose, but as a tool to inform donors active in support for Romanian NGOs and donors' future actions.
- o The review focuses on public or independent grant-makers with open grants programs accessible to Romanian NGOs. Due to time constraints and methodological reasons, **a series of funding sources for Romanian NGOs were not included:**
 - o Funding that comes directly from the Romanian government (national or local authorities);⁵
 - o Funding that comes from non-profit organizations – international, national or local – as donations or under sub-contracts;
 - o Funding that comes from donors included in the review, but through other means other than grants (e.g. partnership agreements, sub-contracts);
 - o Funding that comes from individual and business donations.
- o For similar reasons – time and methodology – the review focused on NGOs as main grant recipients. Funding for other beneficiaries – such as public institutions, public authorities or businesses – was included only if it was provided under common programs and in open competition with the NGOs.
- o The review, through its objectives, aimed to cover a broad area and provide an overview of donor activities in Romania, in support for the NGO sector. More time and additional resources might have provided a more in-depth analysis. We hope that our work will encourage further dialogue on some of the topics covered.
- o The review **presents the perceptions of donors** about themselves, about their working environment and NGOs. It does not collect the views and perceptions of other actors. Comparison of these views is only made if present in other relevant studies.⁶

⁵ This also includes the funding provided by the Romanian Social Development Fund, a public foundation initially set up under a World Bank loan agreement with the Romanian Government.

⁶ There is limited literature available on NGO-related donor activities in Romania and the Romanian NGO sector. However, the following studies and reports have provided extremely useful insights and data for comparison: Thomas Carothers – Democracy Assistance: The Case of Romania (1996), Vera Dakova & al, The Review of the Romanian NGO Sector: Strengthening Donor Strategies (2000), US Agency for International Development – Lessons in Implementation: The NGO Story (1999) for the qualitative part,

b. Challenges

The main challenge for this review was the short time frame for the overall collection of data and completion of the review, compared with the review objectives and availability of information.

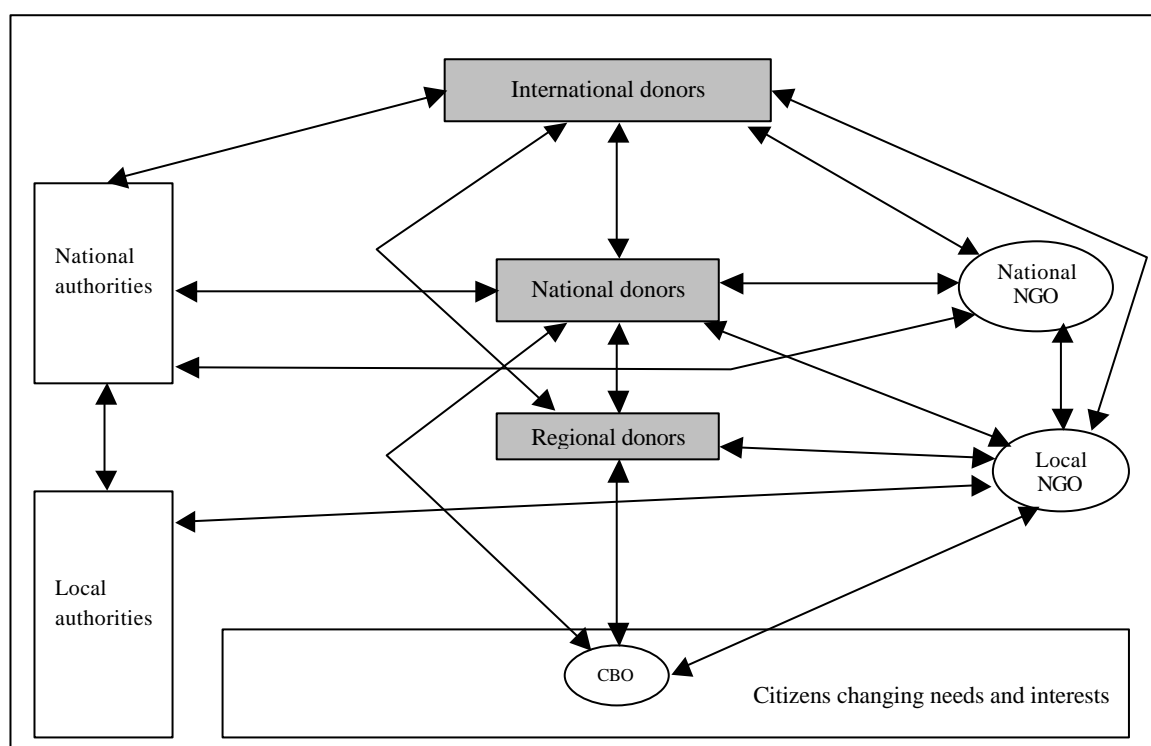
- o A wide variety of topics needed to be covered in relatively short interviews, due to the time constraints of key informants. This required a flexible approach in following through the interview guide.
- o The differing ways in which donors record and document programs and grants made it difficult to create a comparable framework for the quantitative part of the review, especially in terms of fields supported and funds distributed annually through grant programs.
- o The same variations in documenting grants and grant programs has made it difficult for the team to propose an effective mechanism for updating key information about donor activities. Possible mechanisms suggested by donors are presented in Section 8.3 and a list of the types of information suggested for future updates is presented in Appendix Five, but there is a need for a further debate on this topic to analyze the relationships between costs and benefits and to agree on the most effective mechanism.
- o The limited availability of historic data, especially pre-1995 has necessitated extra work for both consultants and donors in searching archives and databases. Although originally planned to cover all of the last ten years, the available data has limited the scope of quantitative analysis to the last seven years (i.e. from 1994 – 2000).

1.4 CONCEPTUAL FRAMEWORK

The main assumption made in this review is that a developed civil society – and particularly a developed non-governmental sector – requires a wide variety of types of support and approaches from donors.

A rich donor community – with a wide variety of donors covering a whole range of issues and types of support, who collaborate and coordinate their efforts – can best respond to the development needs of the NGO sector and to the needs of society at large. Donors' resources can strengthen the NGO sector's capacity to respond to the needs and interests of the communities they serve and fulfill a variety of roles.⁷

The framework below underlines the main flows of resources – money, information, and know-how – from donors to receptor communities (arrows from donors towards communities) and the flows of information about key needs and results achieved with invested resources (arrows from communities towards donors).



This framework may suggest the following:

- o The review aims to look at individual donors and their interaction with their environment, donor colleagues, intermediary support organizations,⁸ grant recipients and government. The review looks at

⁷ The roles that the NGO sector can play are further explored in Section 3.1. The main roles identified can be one or a combination of the following: advocacy, service provision, awareness building, interface between citizens and authorities or donors, community empowerment.

⁸ The term intermediary support organizations (ISOs) is used in the review to define bigger organizations, with a regional or national focus, which can provide a series of resources for the development of other

- the synergic effect that donors have on the development of NGOs, as well as on society at large.
- o Donors have an interest in transferring resources – mainly, but not only, financial – so that:
 - o Key needs and interests of beneficiary communities are met and there is an important change for the better in the life of those communities;
 - o Organizations with the capacity to address those needs are developed and strengthened.
 - o There is a variety of donors in terms of size and location. Usually the larger sources of funding tend to be those located further away from the beneficiary communities.
 - o There is a variety of approaches and channelling options⁹ that donors can choose: donors can work directly with communities – in the form of operational programs; they can direct their resources to local NGOs, CBOs, public authorities and public institutions;¹⁰ or they can channel their resources through other donors, government, intermediary support organizations or regional, national, or international NGOs.
 - o The choice of channels and the immediate grant recipient may depend on: the size of resources being transferred; the location of the donor (local and regional donors can work in a more direct way, while big international donors might use several intermediary organizations¹¹ to channel this support); the legal and fiscal framework in the country of origin and in the recipient country; as well as internal organisational factors, such as size of staff, philosophy and values, regulations and procedures.
 - o The intermediary organizations in this system bring important benefits such as: an improved access to funds for the communities they serve; a better regional balance in the flow of resources; greater awareness of changing needs and opportunities to articulate these changes; a reduction the cost of maintaining operations (compared to the costs of bigger donors); opportunities for cost sharing for a number of donors.
 - o The following challenges may be considered in working with intermediaries: the chain of communication can be broken; there is a risk of introducing bias; resources can be consumed by intermediary organizations for their own internal needs.
 - o If cost effective systems are maintained and quality services offered, then intermediaries play an important and positive role, through the

NGOs in a particular region or country (e.g. resource centres, training organizations etc.). Development agencies can also play this role for NGOs active in their field of work.

9 The term channelling is used to describe the path, which is followed for the transfer of financial resources from donors to communities.

10 The term public institution refers to state run non-profit organisations such as schools, universities, hospitals, theatres and cultural institutions.

11 In this case any organization that receives financial resources from donors and passes them either to other organizations or to recipient communities. Intermediaries can be other donors, regional, national and international organizations, as well as national or local government.

timely identification and response to needs and increased advocacy capacity.

Donors vary widely in terms of the sources of their money, their nationality and mode of operation; this is why it is quite difficult to define an ideal operational model, which would be suitable for all donors. Starting from the general framework of donor operations presented above, we can draw a few general characteristics for effective donor intervention that we will refer to in the review.

Effective donor development intervention can be linked with a combination of the following:

- o Donors have a good knowledge of the operational context and changing needs and they have the capacity to react to these changes.
- o Donors target long-term impact.
- o Donors pay attention to the sustainability of activities, structures and organizations funded and they support grant recipients in their efforts towards sustainability.
- o Donors provide wider support to their beneficiaries besides financial support, e.g. know-how, support for networking, etc.
- o Donors communicate openly with their beneficiaries.
- o Donors adapt their practices to the needs, capacity and culture of their beneficiaries; they have realistic expectations and provide the resources for these expectations to be met.
- o Donors have transparent grant giving practices.
- o Donors have adequate success indicators and evaluation processes and they integrate evaluative data into both their strategy and practice.
- o Donors cooperate in order to respond best to a variety of needs and balance support for effective coverage of all target areas, in terms of geographic and thematic area and beneficiary organization.

2. Donors' Operational Context

This chapter aims to provide information about the general country context in which donors operate and donors' perceptions of this context. Generally donors found it difficult to make a clear distinction between their own operational environment and that of NGOs. They see the two as being strongly inter-linked. Some donors see the influence of the Romanian context as indirect, through the influence on the effectiveness of the NGO work, while others perceive these influences to be both direct and indirect.

According to donors, the operational environment is still challenging, but generally friendly and improving. A number of donors point out that, although important steps have been taken along the reform process, there are still many needs and gaps to be filled, which create space for the work of both donors and NGOs. So much to do, maybe too much, is perceived as both an opportunity and a challenge.

Donors have identified a series of key factors, which influence both their activities and those of NGOs. For the purpose of presentation, we have grouped these into the following four headings, although they are all strongly inter-linked. Therefore, this chapter looks at the influence of: political and institutional factors, economic factors, legal and fiscal factors, social and cultural factors

2.1 POLITICAL AND INSTITUTIONAL FACTORS

Donors cite the following political and institutional factors as having an influence either on their programs or on NGOs:

- a. Governmental priorities for reform and changes in the political orientation of the government (with elections as an important point) were mentioned by more than half of the donors who identified political and institutional influences.
- b. The relationship between government and NGOs is also perceived as having an important influence on the effectiveness of NGO work and on donor programs that support NGOs.
- c. The European accession process is seen as having an increasingly important influence and was mentioned by both European and American donors.
- d. Current areas of concern highlighted by donors as having a negative influence on the operational environment are: centralization, lack of transparency of public institutions, bureaucracy and corruption.

Before discussing these points in more detail, we should perhaps give some basic background information on the current political context:

Romania is now in the first year of a new government, led by the Social Democrat Party (PSD),¹² which came to power as a result of the Party of Social Democracy in Romania's (PDSR) victory in the 2000 parliamentary and presidential elections and its merger with the Romanian Social Democratic Party (PSDR). The PDSR came to power after four years in opposition, during which time the governmental alliance was perceived to have had only limited success in advancing their agenda for democratic reform and privatisation in Romania.

The current government has a number of pressing issues to solve in terms of privatisation, economic growth, the return of property wrongly confiscated by the communist regime, and the introduction of anti-corruption measures. These issues are all high on the agenda for the European integration of Romania.

a. Governmental Priorities for Reform

As less than one year has passed since the most recent parliamentary and presidential elections, it is probably too soon to perceive trends in the influence of the political environment. Therefore, donors characterize the current situation as "wait and see."

There is a kind of "wait and see" going on at this moment; seeing what the government turns out to be, how friendly it is to the west in terms of a market economy, and how far the privatisation goes. (Private Donor)

Some donors see the 1996 elections as having shifted donor support towards assisting the government, at the expense of support for NGOs. While some donors see the influence of elections as a one-off event, others identify the degree of liberalization of the government as criteria for choosing the main recipient of support.

After elections in 1996, due to the apparent opening of the new government, a lot of support was channelled through central and local government while NGO support has severely decreased. (Development Agency)

Even if the result of elections and degree of liberalism of the government might not produce major shifts in terms of beneficiaries of support, interviewees point out that the government's priorities can play a role in setting the agenda of some donors. Public donors in particular take the government's priority areas into account when designing their support strategies.

At present, donor support is concentrated on issues that generally support governmental policies: donors with limited money can only achieve results if efforts are aggregated with general governmental policies. (Development Agency)

In conclusion, governmental priorities for reform might influence donor priority areas in terms of the fields/issues supported, especially in the case of public donors. The degree of liberalization of the government is likely to

12 PSD – Partidul Social Democrat, PDSR – Partidul Democratiei Sociale din Romania, PSDR – Partidul Social Democrat din Romania

influence some of the donors' strategic decisions regarding whether to channel support through the government or through NGOs. These influences are mostly perceived after elections that change the political orientation of the government.

b. The Relationship between Government and NGOs

Donors believe that the relationship between the government and NGOs has an important influence on the effectiveness and impact of NGO work and consequently on donor programs that support NGOs, but they see the current political environment as having a rather neutral influence.

A number of donors appreciate that a gap exists between the NGO sector and government authorities, and suggest that the situation is marked by "a mutual lack of trust" and "an absence of political attention for NGOs," especially at national level. Donors point out, however, that there are good examples of government–NGO cooperation at local level. Others consider the recent experience of cooperation with public authorities as being positive, both at central and local level.

There is not enough understanding in the political arena of the "non-governmentalism" and same goes for NGOs: there is a lack of trust and understanding of what the government wants to do – without this trust you end up in the "them and us" situation. (Private Donor)

Even if the current situation has a neutral influence, donors tend to agree that this has not always been the case. Based on the opinions of donors and documentary information,¹³ we can identify two phases in terms of the past influence of government–NGO relations on the effectiveness of NGO and donor programs, with the turning point being the parliamentary and presidential elections of 1996.

Thus the political environment of the early '90s can be considered more difficult, as authorities were sometimes reluctant to recognize the role of NGOs in society. Thomas Carothers points out that in the beginning of the '90s many Romanian officials were "suspicious and even hostile to the idea of NGOs" which they saw as "a potential threat to the government's power."¹⁴ One interviewee similarly reports:

... During the first years, until 1993, the political factors had an extremely strong influence; Soros was seen as being in opposition with the government – the "enemy." (Private Donor)

The first efforts to establish institutionalised relationships between NGOs and the government are thought to date back to 1994, but enjoyed a significant improvement after 1996 and the "election of a government which openly acknowledged the role of NGOs in Romanian civil society."¹⁵ The second phase thus started with the 1996 elections, which led to an increased mutual understanding of roles, powers and limitations between government and

¹³ Bibliographic sources are listed below.

¹⁴ Thomas Carothers, 1996, *Democracy Assistance: The Case of Romania*, page 69

¹⁵ Vera Dakova & al, *Review of the Romanian NGO sector*, page 17

NGOs, and was enhanced by the appointment of NGO leaders and experts to NGO liaison offices and other public offices.

Between 1996-1998, the government had a relatively intense (uncharacteristic) support from the NGO sector, which also served as a base for recruitment. (Development Agency)

Donors' opinion of the current situation might indicate a third phase following the presidential and parliamentary elections of 2000, in which there is neither a tense relationship between NGOs and government, nor a mutually understanding, open relationship. Donors suggest that, for society to function well, both NGOs and government need to take steps for a better understanding of each other's role and function.

Romania does not seem to be the only case of an "unclear" relationship between government and NGOs; this seems to be characteristic in other countries of Central and South Eastern Europe.

A high degree of centralization and bulky irresponsible legislation provide NGOs [from South Eastern Europe] with a fairly difficult operating environment. In other words, relations between the state and the Third Sector are in need of further change. (Public Foundation)

In conclusion, donors perceive the relationship between government and NGOs as an important factor for the effectiveness of NGO and donor programs in support for NGOs. This relationship did not have a constant evolution in the past and it is currently characterized by limited communication and understanding of each other's role and function. However, donors report that in the recent years they have positive experiences at the local level.

c. The Influence of the European Accession Process

Many donors observe that the EU accession process has an increasing impact on Romanian society as a whole, as well as on their work. It appears that this process influences not only Romanian and European agencies, but also non-European and even private donors, who report an interest in supporting this process and the increasing importance of this process for their work over the last two years.

EU accession has a strong impact. All our projects are in line with the progress of the EU accession process, especially regarding local and central authorities. (Development Agency)

A possible beneficial aspect of the EU accession process is the creation of a more stable legislative, economic and social framework at the national level and clearer directions for future years. This can be linked to donors' interest in government priorities, which are currently focused on EU accession, which means resources are better targeted and thus have a greater impact. On the negative side, such a concentration can leave other fields – which do not fall directly within the priorities of EU accession – uncovered.

d. Current Areas of Concern Highlighted by Donors

A number of donors perceive the centralization of state institutions, their lack of transparency and bureaucracy as continuing negative influences on the effectiveness of their own programs and those of NGOs.

Bureaucracy, lack of transparency and difficulties in getting information from governmental sources are the problems we encounter most often. (Bilateral Donor)

It is worth pointing out that, in terms of centralization, there has been some improvement over the last few years. Local authorities now have more responsibility, they can develop their own budgets and are free to contract services to third parties. They also have increased responsibility in areas such as social services, health, environment, education and culture – fields where NGOs can play an important role.

In spite of recent attempts at control, corruption is still considered to be a danger for Romanian society. The donors' perception seems to mirror that of the Romanian public regarding the extent of this problem. While it is difficult to measure the actual level of corruption, a recently published study by the World Bank Romania shows that about two thirds of the Romanian public believe that "all or most officials are corrupt."¹⁶

To conclude, we can say that the current political situation in Romania seems stable and has a neutral, and in certain cases a positive influence. There are limited relations between government and NGOs at the central level, while more positive experiences are reported at the local level. There are still issues of concern such as centralization, bureaucracy and corruption, but recently steps have been made towards decentralization. The European accession process and government orientation and priorities have played an important role in shaping the strategies of donors.

2.2 LEGISLATIVE AND FISCAL FACTORS

Donors identify the following key areas, which influence the NGO environment and indirectly affect donor activities:

- a. Existence of basic legislation that allows for the development of the NGO sector
 - b. Fiscal incentives for donations and sponsorship that would create better conditions for NGOs to raise funds locally; other legislation for in country funding
 - c. Changes in legislation and varying levels of application.
- a. Existence of Basic Legislation for the Development of the NGO Sector

The existence of a general legal framework for NGOs was not raised as an issue in interviews with donors, but the importance of the constitutional right of association and a legal framework that allows for the founding of NGOs is

¹⁶ World Bank, Diagnostic Surveys of Corruption in Romania, 2001, page 4

noted in many donor publications.¹⁷ These documents make reference to the law of association and foundations from 1924, which provided the basic legal structure for the formation of NGOs.

The lack of stated concern with regards to general NGO legislation might be also linked with the entry into force of the Governmental Ordinance 26/2000 regarding associations and foundations, a new piece of legislation for NGOs which has been generally well received by practitioners in the NGO sector.¹⁸ This continues a series of improvements to the legislation, allowing for a clearer and easier registration process, providing a framework for cooperation between NGOs and local authorities and for the funding of public benefit NGOs from public sources.

b. Legislation for In Country Funding of NGOs

While it is easy for NGOs to obtain legal status, and there is legislation that allows both businesses and private citizens to make donations to NGOs, a number of donors feel that there are not yet clear facilities for individual and corporate donors.

The sponsorship law amendment, which decreases the percentage of business profit that can be tax deductible in the case of a donation to an NGO, can be seen as a step backwards in terms of fiscal facilities for corporate donors. The global income tax law is only in its first year of implementation, and it is not yet certain whether it will be of benefit to NGOs. It was hoped that this might lead to a 1% law,¹⁹ which would allow citizens to donate 1% of their income tax for charitable purposes. The law on local public finance provides the necessary legal framework for local authorities to transfer resources to NGOs.

Some donors believe that access to public money has increased, through contracting services with authorities and small local grants, but there is still much room for improvement. The application of the sponsorship legislation is still perceived as problematic, due to the varying interpretations of it among county level authorities (see also point c).

These conditions have a particular impact on NGO operations but indirectly affect donors as well, as they influence whether or not NGOs can raise more money from local sources. This may have a long-term negative influence on the sustainability of NGO activities, and can also create tensions in the relationship between NGOs and donors, through increasing NGO dependence on donor support and therefore donor priorities.

c. Changes in Legislation and Variations in its Application at Different Levels

17 For example, World Learning – Democracy Network Program in Romania (1995-1999) – A Summary, 1999, page 6. But basically all major donors who support the development of the NGO sector state an interest in having an enabling legal framework for NGOs.

18 Noted in the Review of Romanian NGO Sector, page 15

19 The 1% law has been implemented in Hungary and allows citizens to donate up to 1% of their income tax for charitable purposes. This law is perceived as a possible model for increasing opportunities for local fund-raising and could be an incentive for NGOs to increase their community involvement.

A number of donors point out that frequent changes in legislation and a lack of clarity leads to variations in the interpretation and application of legislation by different authorities. This has a negative influence on the operational environment of both NGOs and donors.

The greatest areas of concern regarding NGO funding are VAT and customs legislation. Besides fiscal legislation, donors mention inconsistencies in other fields too and the need for a “standardized” application of legislation that would create a more predictable environment.

The main threats in the operational environment are customs and VAT procedures, which are still unclear and handled by the authorities on a discretionary basis. There are certain inconsistencies in the legislative environment, e.g. local government, commercial law. (Bilateral Donor)

The fiscal and customs facilities are not properly implemented. Most grantees have trouble in getting their VAT back. (Development Agency)

In conclusion, although no major problems are indicated with regards to NGO legislation and there have been recent improvements in the regulatory system, donors point out the need for increased clarity and coherent application of existing legislation, especially of fiscal and customs legislation. Also, donors consider that legislation which encourages individual and corporate donations, as well as legislation for provision of governmental funding for NGOs, are extremely important to create a favourable context for NGO activities and to increase the impact of donors’ work.

2.3 ECONOMIC FACTORS

Economic factors are seen to influence NGO and donor programs in two areas:

- o Donors tend to consider the economic environment as being weak. This weakness contributes to social and economic instability thus adding to the challenges of the environment.

Another weak point is represented by the macroeconomic mechanisms – such as slow reform and privatisation – which have an impact on the overall economic and social situation and indirectly affect both donors and NGOs, as they do not allow for proper long-term planning. (Multilateral Donor)

- o The weak economy does not allow for indigenous fund-raising by either donors or NGOs.

As a donor you need to generate money, unless you have an endowment. Currently, there are no facilities to help raise the money, from public subscription for example. A healthy civil society grows in a healthy economic climate. The lack of a powerful economy leads to a high percent of external support for the Romanian civil society and very little chances to generate money internally. (Development Agency)

These conditions make the existence of donor agencies particularly important for the NGO sector, which has only limited opportunities to raise a significant part of its budgets locally. Given the gaps that were identified in past support, it is apparent that even in the future there is going to be a huge need for support from donor agencies.

2.4 SOCIAL AND CULTURAL FACTORS

Social and cultural factors can play an important role in the effectiveness of NGO and donor programs and therefore influence donor operational context. The experience of living under communism has created certain mental frameworks – also referred to as the “Romanian mentality” – which can add to difficulties in the operational environment and prove to be challenging, especially for foreign donors, although Romanian donors have also reported such difficulties.

Thomas Carothers reports that Romania “has provoked particularly intense feelings among US providers of assistance. For some Americans (...) the experience has been deeply engaging and satisfying. Others have come away frustrated, disappointed and angry.”²⁰

With respect to social and cultural influences, donors mentioned that:

- a. A lack of trust and a low level of communication are perceived to be the important challenges in the current operational environment.
- b. The experience of the last ten years of a free and democratic society has proved that “mentalities” change – reflected in an increasing openness for involvement of citizens in community life.

a. Lack of trust and low level of communication

Donors feel that these characteristics of society are still reflected in various areas of work, but mostly influence cooperation within the NGO sector, between sectors and also affect the donor-NGO relationship.

The NGO sector is a reflection of Romanian society as a whole, with “them and us” between NGOs and government and lack of trust between individuals in the whole society. You don’t find the same breakdown of trust in the neighbouring countries; in Romania, this reflects how things were in 1989. (Private Donor).

In Romania, it took me about a year and a half to understand how things work and I think the main problem was the lack of trust. Also, it was very difficult to try to dig below the surface to find out what is going on and what the real needs are. (Private Donor)

²⁰ Thomas Carothers, Democracy Assistance: The Case of Romanian, page 8

Some Romanian donors perceive the influence of the lack of trust in the public's suspicion of donors and their motives, but also of NGOs.

...The biggest problem is mentality at all levels, and there always is a suspicion – what is it that you really want to do with money. It is very difficult to explain to a journalist or a city mayor what exactly a funding program is. (Private Donor)

b. Increasing openness for involvement of citizens in the community life

Donors point out that recently there has been a greater openness for involvement in community life. An openness to contribute to a good cause was also shown by the reaction of the population during flooding periods.²¹

There is willingness in the communities to get involved in childcare activities, mostly moral support and support in kind. (Development Agency)

Although the cultural and social environment is still perceived as being challenging, mainly due to a lack of trust and lack of communication, there are recent examples that suggest an increased willingness to get involved in community life and some self-help initiatives which show that Romanians have made some important steps in healing the wounds inflicted on the individual and social psyche by the previous regime.

2.5 CHAPTER'S SUMMARY OF FINDINGS AND CONCLUSIONS

Donors did not report any major threats in the operational environment in Romania. Although a series of challenges still exists, the environment can be characterized as improving and gaining in stability. In Romania there is a democratic regime, a reasonable free market and the rule of law. However the role of NGOs is not yet fully acknowledged by all actors in society.

The current political situation seems stable and has a neutral – and in certain cases, positive – influence on the effectiveness of NGO and donor programs.

Important steps towards decentralization have been made, but centralization, lack of transparency, bureaucracy and corruption are all still areas of concern.

The relationship between NGOs and the government did not have a constant evolution in the past and it is currently characterized by limited communication and understanding of each other's role and function. Donors report positive experiences at the local level in the recent years.

The European accession process and government priorities have been an important influence on donors' strategies and priorities, and are reflected in a

²¹ Last year flooding has caused material losses in many regions in the country. A campaign was initiated, requesting donations (money and in kind) to assist the people affected. The campaign proved to be a great success and is considered a demonstration of the Romanian public's receptivity to making donations for charitable purposes.

concentration of support towards certain fields/issues. In certain cases, they are also reflected in channeling decisions.

NGO legislation is generally satisfactory, following some recent improvements, but the current legislation and fiscal framework is still perceived as challenging due to instability, lack of clarity and variations in its application, with the main areas of concern being VAT and customs legislation.

Donors believe that legislation which encourages individual and corporate donations, as well as the provision of government funding for NGOs, is extremely important in creating a favorable context for indigenous fund-raising by both donors and NGOs, but as yet there seems to be no political will for decisively improving legislation in this field.

The economic environment is generally perceived as weak. The lack of a powerful economy contributes to social and economic instability and hinders large-scale fund-raising from indigenous sources, which is reflected in the importance of the role that donors still have to play.

The cultural and social environment can be perceived either as challenging – due to a lack of trust and communication in society – or conversely, as extremely rewarding when changes or improvements are achieved. There are recent examples that prove an increased willingness among the public to get involved in community life and self-help initiatives.

2.6 ACTION POINTS/RECOMMENDATIONS

In order to respond to the challenges of the environment, donors might consider the following:

Providing resources for NGO outreach activities in order to increase the understanding of their role among public authorities, the business sector, media and the public.

Supporting the promotion of a legislative framework that allows for indigenous fund-raising through individual and corporate philanthropy, as well as government funding.

Actively identifying key issues and needs in Romanian society to ensure that a diverse range of issues receives support, including those that are not part of major trends and priorities.

Continuing support for the creation and promotion of models of active engagement for citizens in community life, self-reliance, open communication and building trust – at the individual, organizational and community level.

3. Donors' Perspectives on the Role and Needs of the NGO Sector

Donors played an important role in the formation and development of the NGO sector and it is to be expected that their perceptions and visions will have shaped it, at least to a certain extent. Each donor has promoted its own models, which in turn have been influenced by the operational context in Romania. Donors' experiences in working with NGOs have varied and so did the opinions expressed and presented in this chapter.

This chapter provides an overview of donors' perceptions of the role of the Romanian NGOs, their key strengths, weaknesses and current needs.

In early 1990, after the violent fall of communism, there were only very limited forms of association in Romania and society had very little knowledge and opportunity to support the development of the Third Sector. Now, after ten years, there are more than 25,000 registered NGOs, covering all sectors of associative life, there are numerous well-developed organizations, with professional staff and impressive results in many fields of activities.

Active and well-established NGOs contributed to changing Romania's image among foreign countries. They proved that good things can be done and conditions improved. (Development Agency)

NGOs – through the financial and technical support of foreign donors and partners and the energy of the people involved in the sector – have provided services and information to thousands of Romanian citizens and have voiced the concerns and interests of groups which otherwise go unheard.

NGOs were always one step ahead in implementing reforms in Romania. (Private Donor)

3.1 THE ROLE OF THE NGO SECTOR

Donors acknowledge the diversity of NGO roles, which range from advocacy and the role of watchdog, to service provision and other roles in the community, such as the agent of development, community empowerment, education, communication, and mediation.

There is not one specific role, there are informal groups sharing knitting patterns and NGOs working on advocacy or service provision. (Private Donor)

Donors noted the following roles:

- o About a half of responses identified the advocacy and watchdog role as the main role of NGOs in society. Thus NGOs are seen to represent the voice of citizens and various groups in society, to advocate for a government response to certain needs, and provide an organized form for public opinion. Also, they are seen as a counterbalance to the government and a monitor of government performance in certain areas.
- o One quarter of responses identified the service provision role of NGOs, which is very much linked with promotion of innovative ways of addressing various community needs. Some donors see service provision as a permanent role, filling in gaps neglected by state services, while others see it as a temporary role, until the state assumes responsibility for the provision of those services.

NGOs are entities working on promoting higher standards and more efficient models inside society. (Development Agency)

- o One quarter of responses mention other NGO roles in communities, linked with development, empowerment, education, communication and mediation.

NGOs are a step forward from a lethargic situation – people believe in their own power, they believe that it's worth trying to do something. (Development Agency)

Most donors see a combination of roles for NGOs, in one or more of the three areas mentioned above. It is interesting to observe that the major advocacy role that NGOs should play was mentioned at the same time as a weakness, which suggests that some donors believe that NGOs should be more engaged in advocacy activities.

The way that donors highlight different roles for NGOs may be linked to the different models of civil society in their home country. As T. Carothers notes, US agencies tend to see the main role of NGOs in the field of advocacy, while European donors, who belong to a different NGO culture, tend rather to identify service provision, along with education and communication roles.²²

The NGO roles suggested by donors are quite similar to those that NGOs and government representatives identified, according to the Review of the Romanian NGO Sector: “Both NGO and Government respondents said that the NGO sector has an enormous role to play in Romania, from developing services that the state cannot provide, to facilitating dialogue between citizens and the state.”²³

²² T. Carothers, *Assessing Democracy Assistance: The Case of Romania*, page 121

²³ Vera Dakova & al, *Review of the Romanian NGO Sector*, page 14. The Review also provides other in-depth information about the Romanian NGO sector and how NGOs perceive their role, needs, key strengths and weaknesses.

3.2 CHARACTERISTICS OF THE NGO SECTOR IN ROMANIA

This section summarizes information about the general perceptions of the NGO sector, its strengths, weaknesses and areas that still need to be developed. Donors feel that NGOs have developed rapidly over the last ten years – in common with the NGO sector in many countries of the region²⁴ – followed by a period of comparative decline.

This rapid expansion may be followed by a phase of relative stagnation, which is characterized by a lack of funding for institutional costs, internal fatigue and a need to restructure the organizations. (Public Foundation)

The existing NGOs are tired. (Development Agency)

At the same time, a positive trend is noted in an increased number of NGOs “dedicated to a cause” – NGOs that are capable of defining their strategic aim and maintaining their mission focus.

Donors identified a series of strengths of the NGO sector. Thus, the majority of donors noted the human resources of the sector as an important strength – especially their energy and dedication. Other identified strengths were: sectoral expertise, flexibility, dynamism, cost effectiveness, impact. Donors also highlighted a series of areas for improvement and some key needs; these include:

- o Lacking links between NGOs and their constituencies: Donors feel that NGOs lack a real membership base and that some of them might be better equipped to communicate with donors than they are to communicate with their own constituencies.

You cannot run a campaign for somebody that does not know you. (Development Agency)

- o Cooperation within the sector and between NGOs and the government is an area for improvement mentioned by about one third of respondents. Cooperation with government is seen as being extremely important especially with regards to diversification of funding sources and the sustainability of the NGO sector.

The lack of trust is reflected in the NGO sector – thus organizations don’t tend to work in partnership, build alliances and coalitions, they don’t tend to prioritize: “we will campaign for this one issue and have a clear strategy”; if they associate at all is on a broader playing field and trying to do everything at once. (Private Donor)

- o Other areas of weakness noted by a number of donors are: the public image of NGOs, their long-term vision, independence from donors, capacity to respond to needs and implement projects, transparency and project quality.

²⁴ Rapid development of NGOs is one major characteristics noted by the USAID report: Lessons Learned in Implementation: The NGO Story, chapter 3, page 21

While most of the donors' perceptions of NGOs reflect those of the NGOs themselves (according to the Review of the Romanian NGO sector), there is a difference of opinion with regards to operational and implementation capacity: "...capacity to formulate vision, strategies and policies is generally very weak [...] Capacity to raise resources supportive of the mission is also limited, with a much greater focus on short-term survival than long-term change – and this is exacerbated by the funding situation. By contrast, operational capacity is relatively well-developed."²⁵

3.3 NEEDS OF THE NGO SECTOR AND WAYS TO ADDRESS THEM

Donors also identified what they perceive to be the key needs of the NGO sector and suggested ways of addressing them. Key development needs for NGOs included:

- o Diversified funding sources and increased capacity to access local funds.
- o Increased professional competence and training. Skills to be developed include: communication, advocacy, leadership, organizational development and project management.
- o Other needs highlighted by a number of donors included: attract new human resources in the sector, increase sector infrastructure (e.g. resource centres, other intermediary support organizations)

The need for more training and for attracting new people can be linked to the current perceived stagnation of the NGO sector and the "brain drain" of qualified staff to other sectors – the business sector, in particular.

Main needs: skilled staff. In Romania, NGOs are a transition phase for good quality people; it is very difficult to keep them after "they grow".
(Development Agency)

This is the reason why sustained efforts are needed from donors, intermediary support organizations and NGOs themselves to develop and pass on key needs to the next generation of leaders. The capacity of organizations to attract and retain good staff is critical for the sustainability of the NGO sector.

Possible causes of the difficulty in retaining staff are explored in the Review of the Romanian NGO Sector: "Another obstacle to attracting and retaining staff is the difficulty of raising money for core costs. Few donors cover core costs which results in organizational managers becoming directly involved in project work rather than fulfilling broader organizational planning and development functions."²⁶

This shows that although a major strength of NGOs is the enthusiasm and dedication of their staff, this is not enough for NGOs to best fulfill their role in

²⁵ Vera Dakova & al, Review of the Romanian NGO Sector, page 34

²⁶ Vera Dakova & al, Review of the Romanian NGO Sector, page 37

society and have a constant presence. Both NGOs and donors have a role to play in enhancing organizational capacity and sustainability.

Some of the possible actions identified by donors to address NGO development needs are listed below:

- o Provide long-term, continuous funding.

Donors need to look more at each other and how they themselves can consolidate resources; they need to allow for sustained funding – not zero apples this year and ten apples next year – and if this is a bureaucratic problem, it needs to be resolved. (Private Donor)

- o Focus on the sustainability of NGOs. This can be done through investment in fund-raising activities, endowment funds, building the capacity of local donors and mediating a relationship between NGOs and local and central government.
- o Promotion of intra- and inter-sectoral cooperation.
- o Other possible actions mentioned by a number of donors are: consistent funding of a core group of NGOs, promoting closer links with communities, improving NGO accountability, providing additional resources besides funding, being more open and flexible, and allowing for more risk taking.

A proactive grant-maker can contribute much to the development of and innovation in a sector. Donors can provide additional support in terms of training or visibility, they can link people up to wider networks and they are often better equipped to adjust their funding mechanisms to new needs. (Public Foundation)

Ensuring the necessary funds for the NGO sector is important in order to solve its development needs. At the same time, many donors look at additional ways to respond to NGO needs and increase their effectiveness, many of these actions pointing to non-financial resources such as: information, training, resource centres, improved image and accountability and cooperation with other segments of the society (business and government) that can support NGOs.

The resource centres are extremely important because newcomers need guidance. These resource centres need to have a highly ethical approach and to identify individuals in order to be able to pass on the rules of the game. (Development Agency)

Another major direction refers to changing attitudes towards NGOs by promoting a partnership approach and avoiding paternalistic behavior. This can be linked with the idea of donor driven process and supply driven behavior of NGOs, which appears to be one of the leading themes of the interviews.

Donors can encourage communication between donors and NGOs, create networks and channels of communication. In addition, they should train NGOs on how to build partnerships.
(Development Agency)

Some donors suggest improving the accountability of the NGO sector by developing and promoting models of good practice, ensuring that NGOs respect their mission and the creation of an accreditation system. The last idea can be linked with the need for a code of ethics, which is perceived as a need at least for NGOs working with vulnerable groups. If this idea becomes stronger, it is very important that such a system of criteria and standards, as well as the code of ethics, be developed through a wide consultative process inside the sector. It is also important to focus on promoting positive practices and behaviour and not on establishing a “prohibition regime.”

There should be an accreditation system – it is difficult but necessary to make first steps – establishing a set of criteria and maybe a system of prizes. (Development Agency)

Although donors are aware that the development needs of NGOs can be answered through long-term, continuous funding – the information, which is available so far about future donor support, does not show a major shift in donors’ approaches in that direction.

3.4 CHAPTER’S SUMMARY OF FINDINGS AND CONCLUSIONS

In the last ten years the Romanian NGO sector has developed quickly. While NGOs have developed a wide range of quality services, there is now a perceived stagnation in the development of the sector.

Donors identify a wide range of roles for NGOs, ranging from the advocacy and watchdog role to service provision, community development and empowerment, communication and education. The advocacy role, which entails voicing citizens’ interests and concerns, is the most frequently mentioned.

The main current assets of the NGO sector are felt to be their human resources, flexibility and dynamism. Key areas for improvement are the development of links with their constituencies and cooperation within and across sectors.

NGOs still need support for development to cover needs such as: professional competence and training, diversification of their funding base, attracting new people into the sector and retaining skilled staff. Donors identify the following key actions to respond to these needs: long-term funding, promotion of cooperation and a focus on the sustainability of NGOs.

3.5 ACTION POINTS/RECOMMENDATIONS

In order to support the further development of NGOs, donors might explore:

Differentiating support strategies for the NGO sector based on the types of NGOs, e.g. role in society, field of activity, size etc.

Providing financial and technical support for organizational development processes and implementation of good practices with regards to: needs assessments, impact evaluation, public outreach and fund-raising.

Providing support for organizations' core costs, including salaries to assist organizations to retain key staff.

Encouraging information exchange and cooperation among NGOs and reducing circumstances that reinforce the mentality of competition and mistrust.

Supporting programs and strategies that strengthen the link between NGOs and the communities with whom they work.

The inclusion of formalized and participatory needs assessments in their strategy design for the development of the sector can add to the effectiveness of the resulting strategies.

Playing a more proactive role in promoting best practice.

4. An Overview of Donors Active in Romania

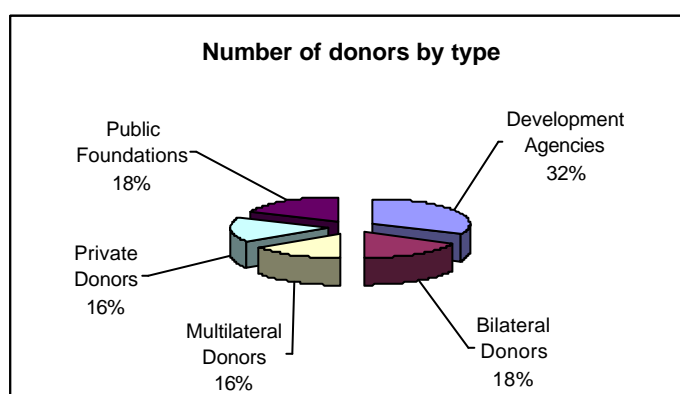
This chapter looks at facts and figures about donors active in Romania in support for the NGO sector such as: the type and number of donors, fields supported, focus of programs, and explores the main stages in the grant-making process.

4.1 SIZE AND STRUCTURE OF THE DONOR COMMUNITY

Several classifications of donors active in Romania are possible based on a variety of criteria such as: source of funding, type of registration,²⁷ balance between funding and operational programs, size of support provided, priority fields of support, beneficiaries of grants etc.

a. Distribution of Number of Donors by Type

As discussed in the introductory chapter, the main criteria for classification of donors for this review were the source of funding and the balance between funding and operational programs. The chart below shows the distribution by type of the 43 known donors offering grants programs for NGOs.



Both development agencies and public foundations use funds from governmental and private sources, which come from bi/multilateral donors, private sources or their own fund-raising. For the purposes of this review, we have differentiated between public foundations and development agencies according to the balance between operational and funding programs. In the case of public foundations, the focus is placed on funding with very few operational programs.

²⁷ E.g. foundation, government agency, international organization, branch of foreign NGO, embassy, etc.

This structure of donors active in Romania, with a large number of development agencies (about one third) and public foundations (one fifth) – which may act as intermediaries – generates a complex re-granting chain. This complex structure presents a series of benefits and challenges (see Section 1.4 – Conceptual Framework).

b. International versus Local Donors

In terms of registration,²⁸ most donors are external or are branches or representative offices of external donors. In the recent past, significant and sometimes successful attempts have been made to “localize” the operations of larger donors by increasing the number of local staff or opening new offices. The vast majority of donors active in Romania have a local presence, ranging from full offices to a part-time consultant.

Only one third are registered as purely Romanian organizations. Only few years ago, this number would have been much smaller, but the number of Romanian grant-giving entities increased with the creation of the Soros Open Network and of new grant making programs with the Princess Margarita of Romania Foundation and the Environmental Partnership Foundation, most of which offer small grants.

c. Proportion of Foreign Versus Local Funding for NGOs

Although from a legal and managerial point of view there is now a local donor community, the funds that are disbursed remain almost exclusively foreign. Over 90% of grant support for Romanian NGOs from donors who provided quantitative information for this review²⁹ comes from external sources, even if it is distributed by Romanian organizations or branch/representative offices of international donors. In the year 2000, funding from European sources was roughly equal that from American sources.

No recent data is available regarding the proportion of foreign funding in Romanian NGOs’ budgets. In 1995, an average of 55 % of NGO budgets was reported to come from foreign sources.³⁰ The proportion of foreign support depends also on fields of activity – the cultural field receives the least support from external sources, while human rights and environmental NGOs receive a larger share. Foreign support consists of funding that comes through open grants programs, but also through partnerships between foreign and Romanian organizations.

28 Information compiled from public information sources of donors included in the review

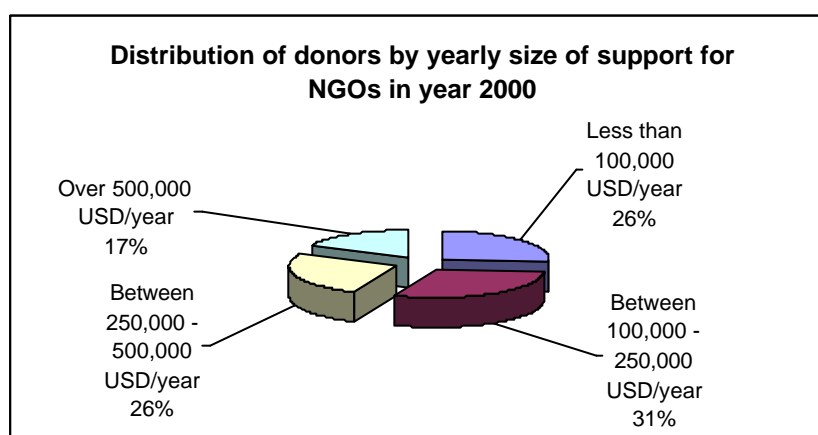
29 A full list is included in the appendix. Please note that Romanian governmental funding for NGOs with the exception of the Romanian Social Development Fund (which is based on a multilateral loan agreement with World Bank) and co-funding is not included in the review. Funding for NGOs from Romanian government sources has been provided by the Ministry of Youth, Ministry of Labour and Social Protection, Department for the Protection of Minorities, Ministry of Public Information, Direction for Child Protection etc.

30 Dimensions of non-governmental sector in Romania, Civil Society Development Foundation, 1997

A number of commentators note the absence from Romania of a series of US private foundations that work in other Central and East European countries,³¹ while at least one respondent remarked on the absence of independent European foundations from the region as a whole. There is no research, which looks in depth into the reasons behind these absences, but there is a feeling that they may be connected with challenges in the Romanian operational environment and the limited matching capacity to ensure leverage for their funds.

d. Structure of Donor Community by Size of Funding for NGOs

The distribution of donors' support for NGOs in the year 2000, shows that one fifth of donors grant over 500,000 US Dollars per year to NGOs, one quarter grant between 250,000 – 500,000 US Dollars, while the others provide up to 250,000 US Dollars annually. This shows that over half of donors currently active can provide only relatively limited support to NGOs in Romania.³²



e. Number of Staff Employed on Donor Programs

The number of staff employed by donors varies considerably. There are bilateral donors which have only one full-time person covering up to six countries, while there are public donors with as many as 30 full-time employees and more than 50 consultants.

Most donors, especially those providing relatively limited financial support, report that they do not have enough staff to cover all activities related to site visits, identification of new grantees and grant monitoring. There are cases where one person is in charge of managing several dozen grants. A possible explanation for this might be the need to balance support provided with the costs of administering this support, in such a way that a larger proportion of support reaches the end beneficiaries.

³¹ T. Carothers, *Democracy Assistance: The Case of Romania*, page 22, notes the absence of US private foundations, such as the Ford Foundation, the Pew Charitable Trust, and the Rockefeller Brothers Fund.

³² Number of donors taken into account: 23 donors that provided quantitative information

In conclusion to the size and structure of donor community we can say that:

- o Half of donors with open grants programs accessible for Romanian NGOs are public foundations and development agencies, generating a complex re-granting chain and relationships between donors.
- o In spite of a recent increase in the number of local donors, most of the donors are foreign and the vast majority of support granted to NGOs comes from foreign sources, even if managed by Romanian donors. The same year, the proportion of funds granted to NGOs from European sources was roughly equal to that from American sources.
- o Only a small number of donors can provide annual support to NGOs of more than \$500,000, while over half of donors provide annual support of less than a \$250,000.
- o Many donors, especially those providing relatively limited financial support, report that they have limited human resources which restricts their capacity to cover a full range of activities including site visits, identification of new grantees and grants monitoring.

4.2 FIELDS AND FOCUS OF FINANCIAL SUPPORT

Finding a system to compare the areas of donor support for NGOs has proved to be a difficult task. The data we have gathered in this review had as a starting point for the fields of activities the system of the Johns Hopkins University for categorizing activities of NGOs. The data presented below takes into account the field distribution of projects supported by donors.

a. Number of Donors that Support the Identified Fields

Field of activity ³³	No. of donors (current support) ³⁴
Social services	16
Health	11
Human rights & democracy	14
Economic development	10
Environment	10
Community & social development	9
Culture	6
Education & research	3
Child welfare	14
Roma related initiatives	10

Besides the general categories, two cross-cutting issues were introduced in the table: child welfare and Roma related initiatives. These are two fields that came up very often in the interviews. They cover more than one of the

³³ Due to difference in the recording systems of donors and diversity of programs, differentiation is not always absolutely clear. Generally, the social services field refers to the direct provision of services for marginalized or less favoured groups, while community and social development looks more at the creation of general conditions for improved quality of life in communities.

³⁴ Data from year 2000 – it is worth pointing out that there is a flux in fields supported and the situation can change from one year to another.

categories and have therefore been introduced separately. Also, the existence of re-granting chain might increase the number of donors active in one field, even if the end sources of support might be more limited in number.

b. Focus of Donor Support on Fields

Another important aspect of donor activities on certain fields is the level of donor focus, meaning how many fields one donor covers. Donors, which cover more than three fields, were, for the purpose of this review, considered “generalists”, while the others are seen as “specialists”. Almost half of the donors can be considered to be specialists, and most of these cover the fields of environment, child welfare, democracy and human rights.

There are two aspects related to this situation:

- o Specialized donors tend to have more issue based in-depth knowledge, but they can be less flexible in responding to needs outside their fields.
- o Generalists have a broader overview and are better able to observe links between fields. They can adapt more quickly to rapidly changing needs by launching new funding programs. Generalists are usually larger public donors or development agencies with broader missions. They also tend to have a stronger focus on strengthening the NGO sector as a whole, while, understandably, “specialists” regard NGOs more as a tool to improve the situation in their field of activity.

c. Regional Focus of Support

Most donors provide support that is accessible to NGOs nationwide, while a small number of donors have a regional focus in their support. However, due to various factors (such as the number of NGOs and their relative sophistication, access to information) the regional distribution of grants is not balanced, with Bucharest receiving almost half of the support, followed by Transylvania and Banat, while Moldavia, Muntenia and Dobrogea received about one fifth of the support in the year 2000.³⁵

It is worth pointing out that the regional distribution of grants shows only where the organizations receiving support are registered, and not where the target areas of support are situated. Most of the nationally focused grants, but also some that target specific regions, can reach NGOs registered in Bucharest, some of which have national networks or branches.

d. Support for Issues Versus Support for Organizations

The review focused on support provided by donor agencies to NGOs through:

- o Programs focused on the development of civil society and strengthening the capacity of the NGO sector;

35 A map of Romania with counties and regions is presented in Appendix Six.

- o Programs focused on responding to key needs on certain areas or issues, such as child welfare, minorities, environment, European accession, etc.

Certain donors actively support one issue, and at the same time have an interest in developing the capacity of NGOs with activities in that field. Depending on donor motivation, support for organizations' core costs³⁶ and for development costs might vary.

- o Support for core costs: as many donors provide support for projects it is hard to differentiate how much of these costs might cover organizational needs and donors included in the review were not usually able to provide this information. A rough estimate provided by donors is that about 5 – 15 % of their financial support covers the core costs of the organization.
- o Organizational development costs are mainly supported by donor programs focused on civil society and NGO sector development, but there are also programs of donors active in specific fields to strengthen the capacity of the NGOs. From the information available, we can identify seven donor agencies that had specific programs for organizational development in the past, although the number has now reduced to five.

However, in the opinion of many donors, the funds that are allocated for both these areas are not sufficient. Donors point out that an increased focus on project funding with limited support to organizations can create an increased dependency of NGOs on donor priorities, supply driven organizations, and a competitive, non-collaborative culture.

It is worth pointing out that this can prove especially threatening for NGOs, which have difficulties raising resources from indigenous sources. This is particularly true for NGOs, which address needs that are not yet fully acknowledged by society – such as environment, civic education etc.

4.3 NON-FINANCIAL SUPPORT OFFERED BY DONORS

Besides financial support, donors can also offer technical assistance in the form of information, 'know-how' and support for networking.

It seems that most donors have provided non-financial support to their grantees or applicants.³⁷ More than three quarters of donor agencies have an organized manner for providing at least one form of non-financial support such as: technical assistance, training, fellowships/internships and assistance in networking activities.

- o The most common form of support is technical assistance/consultancy – mostly related to the project development process, but also in areas

³⁶ Support for core costs of the organization may include support for rent, utilities, equipment, and salaries of core staff in addition to program support, which includes support for running a specific program/project. Support for development may include support for organizational development processes, training, consultancy, fund-raising, outreach etc.

³⁷ Data compiled from interviews, donor profiles and other documentary information.

of project and financial management, which is provided by almost two thirds of the donors included in the review.

- o About one third of donors offer training provision and support for networking, while one-quarter support internships/fellowships.

Training and technical assistance are frequently combined; all donors who provide training also offer technical assistance. A number of donors mention the need for more sophisticated training programs that are better tailored to the needs of NGOs.

As NGOs mature, training is more effective if it evolves from a seminar approach that builds basic skills, to an on-site, closely tailored approach that addresses the unique needs of the organization.
(Bilateral Donor)

Donors point out the importance of connecting other types of assistance with grants and the needs of the grantees. This link can happen in two ways:

- o Through provision of training to existing or potential grantees in order to enhance the grants program;
- o Through the provision of grants for participants of training programs to give them opportunities to put their learning into practice.

Donors can contribute to the success of programs and organizations not just with money, but also through other types of support, by linking organizations, promoting an integrated approach and meeting organizational development needs.

It is interesting to note that while only a limited number of donors regularly provide financial support to organizational development, quite a high number aim to assist organizations through non-financial means.

4.4 STAGES IN THE GRANT-MAKING PROCESS

This section looks at the grant-making practices of donors active in Romania and covers the process of announcing the grants, application and selection procedures as well as grant evaluation and reporting.³⁸ This process needs to ensure openness, fairness and access for the beneficiary group, but also provide a framework for open communication with (potential) grantees and learning opportunities for donors and beneficiaries.

4.4.1 GRANT ANNOUNCEMENTS AND DEADLINES

- o There is a balance between the number of donors that have calls for proposals with clear deadlines and the ones that process applications on a continuous basis.

³⁸ Data for this section has been compiled from interviews, donor profiles and documentary materials.

- o Donors with long-term constant funding programmes have a regular number of announcements each year (usually between two and four).
- o Most bilateral donors check proposals on an ongoing basis. They work quite often on a 'first come, first served' basis, based on their fiscal years. Therefore beneficiaries need to know what the best time would be to submit a proposal. Again, these donors disburse generally constant but small amounts per year.
- o About three quarters of donors have websites where information about grants applications can be obtained. In addition, donors with an active presence in Romania tend to use NGO information channels such as Voluntar, Atitudini Magazine, Donors Guide, etc.
- o About half of donors use the media to publicize their programs – mostly public donors and larger private donors with a permanent presence in Romania.
- o Less than a quarter of donors use only their internal distribution list and/or their websites to publicize their programmes. These are mostly bilateral donors and some of the private foundations. They tend to have either a smaller annual budget or award only a very limited number of grants each year, and do not have the administrative structures to handle a large number of applications.

Generally, it can be said that information about giving programs is available to those people and organizations, which seek it, especially for those with Internet and email access. For smaller NGOs or CBOs that are not on the distribution list or do not have access to electronic means, access to this information – and therefore to grants – is more limited.

4.4.2 APPLICATION AND SELECTION PROCEDURES

a. Use of Standard Formats

- o About half of donors, especially those who receive a large number of applications, use structured or standardized formats. In certain cases, compliance with the format is an eligibility criteria. Most of them also offer technical assistance in preparing the proposal or through written guidelines for this process.
- o On the positive side, standard formats can facilitate the selection process and can help applicants provide the information that is of most use to donors.
- o On the negative side, there can be certain barriers in terms of language used. Access can be limited – donors point out – if the application forms are in a foreign language (usually English) and if donors require them to be completed in English. It might be worth adding that project management jargon might limit the access to funds – especially if different from the one commonly used by the organization and other donors.

b. Site Visits to Applicants

- o A very small number of donors include preliminary site visits to applicants as a formal part of the selection process. So far, this is used by donors who award a limited number of grants or by donors with a clear regional focus. Many donors point out that there is a need to increase the use of direct communication with beneficiaries early in the grant-making process.
- o Donors using this method for assessment feel that it offers much more in-depth information both about the applicant's capacities and program plans.
- o Donors remark that it is a very resource intensive method. Some donors who use this tool have staff responsible for this, while others employ local consultants.

c. Concept Papers and/or Proposals

- o While all donors request a proposal, about a quarter of them have a two-step application process, with a concept papers as the first step.
- o The use of concept papers can be beneficial as it minimizes the resources that applicants invest in a proposal that has only slim chances and allows the donors to make suggestions for improvement.
- o One the negative side, use of concept papers increases the amount of time between the moment an applicant expresses its interest and the moment funding can be approved.

d. Selection Process Phases

The selection process itself can often involve two phases: a more technical phase in which staff, external consultants or advisers check the proposal for its eligibility criteria and technical qualities, and then a decision-making phase in which higher-ranked staff, the board or advisory committee takes the final decision.

A major characteristic is the length of the entire approval process from the moment the application is submitted to the moment of approval, signing an agreement and transferring the first installment of funds. For regular grant programs, this entire process can take between a couple of months and over a year, but there are examples of funding for urgent issues being provided from one day to two weeks.

4.4.3 MONITORING, EVALUATION AND REPORTING

Given the variety of donors and funding programs, it is to be expected that donors use a variety of evaluation procedures. The most common procedures include progress reports from beneficiaries, site visits or evaluations by independent experts.

- o Progress reports from beneficiaries appear to be the most commonly used tool for assessing the success of a grant. The reports are narrative and/or financial and can be developed at various stages of implementation. They offer very important factual information about a project and, given the staff time constraints that many donors face, they are sometimes the only tool that can be employed.
- o Their complexity can vary from an informal report in plain language to complex reporting procedures, which include detailed narrative reports with process and sometimes impact indicators of projects and financial reports.
- o Some donors feel that desk-evaluation does not satisfy all their needs as it tends to be unilateral in perspective – and does not include the unbiased opinions of other stakeholders: beneficiaries, authorities, media, other donors, partners etc. Therefore the interviews show that many donors tend to increase the emphasis that is put on site visits.

All too often grant-makers use evaluation as an instrument to verify if grant-holders have achieved the agreed objectives. Of course donors must be able to check if their funds are well spent, if only to be accountable to the general public and to demonstrate that they select projects with real merit...but evaluation can achieve much more for the project holder, the grant-maker and society at large. (Public Foundation)

- o Site visits – donors report –also create the base for an open relationship based on partnership and understanding of context and of the needs of grantees and end beneficiaries.

Donors employ a variety of tools in grant application and selection. Key issues are accessibility of funding, timeliness and effectiveness of the process.

Donors acknowledge a growing need to increase direct communication through site visits as a part of selection process, but also as part of grant monitoring and evaluation.

4.5 CHAPTER'S SUMMARY OF FINDINGS AND CONCLUSIONS

About half of donors who fund NGOs are public foundations and development agencies, generating a complex re-granting chain and relationships between donors. The size of support for NGOs varies, but only a small number of donors can provide annual support of over 500,000 US dollars.

Recently there has been an increase in the number of Romanian donor organizations, but the vast majority of support still comes from external sources and is distributed either directly or through Romanian donor partners.

Almost half of the donors can be considered 'specialists' with most focusing on democracy, human rights, child welfare and environment. The others are 'generalists' and each covers a wider number of fields.

Only a small number of donors have a regional focus to their grant-making programs, while most of them have grants accessible to NGOs nationwide. However, the regional distribution of grants shows that grant recipients are concentrated in Bucharest, Transylvania and Banat. While this shows that NGOs in these regions have increased control on resources, it does not provide information about where the end beneficiaries of support are situated.

In most cases, only a small percentage of the support from the funding aims to cover the core costs of the organization, the largest proportion aiming to fund specific activities.

A small number of donors regularly provide financial support for organizational development, but this is to a certain degree compensated by the quite large number of donors who provide non-financial support. Many donors consider that funds for covering organizations' core costs and for organizational development are not sufficient.

Donors employ a variety of tools for grant application and selection. Key issues are accessibility of funding, timeliness and effectiveness of the process. While information about funding programs is generally available for organizations with Internet access and English speaking staff, access to this information and therefore funding is more limited for smaller, local NGOs.

Donors acknowledge a growing need to increase direct communication through site visits as a part of the selection process, but also as part of grant monitoring and evaluation. Donors consider that grants evaluations are most effective when they combine different perspectives – of the grantee, of beneficiaries, larger community, donors etc.

4.6 ACTION POINTS/RECOMMENDATIONS

The following actions might be beneficial:

Active involvement of both external and Romanian donors to attract new external donors, especially in terms of private and development agencies that can have a flexible approach. This would be beneficial in increasing the financial capacity of donors active in Romania – allowing for a better response to needs, but could also contribute to cover areas which now receive less support (in terms of fields, regions, support for core and development costs of organizations etc.)

Support from international donors to build local grant-making capacity – in terms of size of support that local donors can provide, grant-making practice, and increased independence of external donors through endowments and support for diversification of funding sources. Such a “localization” of support can help better cover fields and regions, provide quick response grants and increase access to funds for smaller, local NGOs.

Design strategies and programs to increase the absorptive and grant management capacity of NGO in regions such Moldova, Muntenia and Dobrogea given the depth of social problems in these regions.

Provide more support for core costs of the organization to allow for increased organizational stability and an increased focus on mission.

Shift part of the organizational development responsibilities from donors to organizations themselves by providing both financial and non-financial support, with the aim of increasing organizational capacity.

Work together with intermediary support organizations to publicize grant programs, especially if targeting smaller, local organizations or CBOs.

Given the need to increase direct communication with grantees and applicants, increased use of local consultants can help achieve this, with only a limited increase of grant administration costs.

5. Donor Strategies



This chapter outlines donors' strategy development processes, and the various strategies, approaches and evaluation practices used by donors.

5.1 THE STRATEGY DEVELOPMENT PROCESS

The strategy development process appears to take various forms, from the more informal processes of information collection and prioritizing, to highly formalized processes based on wide consultations and structured needs assessments.

There are several features that shape the strategizing process: information gathering mechanisms and the involvement of different stakeholders, the time frame for strategies and the type of decision-making process, as well as internal and external influences.

5.1.1 INFORMATION SOURCES FOR DONOR STRATEGIES

The interviews showed that donors use a combination of methods to gather information for their strategizing process and during the consultation phase.

- o The most frequently used means of gathering information consists of discussions. These usually include grant recipients and/or end beneficiaries, as well as other stakeholders such as donors, public institutions and authorities. This method is used by about half of donors.

...communications with recipients of support (direct or indirect recipients), with key stakeholders, with the taxi driver, support from a local consultant, feedback information about what the problems are. This is how it works in country. (Private donor)

- o The use of more formalized procedures – such as needs assessments, community analysis, focus groups, formal workshops – was reported by a relatively small number of respondents.

We have carried out a series of workshops with current and past grantees asking questions and have also looked at the development of the sector. We also had country specific as well as regional workshops. (Development Agency)

- o Other sources of information are: reports from experts, other publications, project proposals and grant reports.

In most cases a mixture of methods and a diversity of stakeholders are included in the strategizing process. It is worth pointing out that group discussions can be an effective method if the participants are properly selected and if the process is carefully channeled. The validity of the data derived

depends largely on the validity of the selection process for participants: if participants are selected by their familiarity with a certain donor and its procedures, then the results will be significantly limited.

5.1.2 INVOLVEMENT OF STAKEHOLDERS

Various stakeholders are mentioned as being involved in the strategizing process. These include board members of the donor organizations, local staff, foreign/home office staff, beneficiaries, NGOs, authorities, donors, Romanian and/or international experts and consultants, and other partners.

- o More than half of donors interviewed involve at least three stakeholders in the strategizing process, while far fewer involve five or more. Only a very limited number of donors involve just one or two stakeholders.

At present we have the first real exercise of strategic planning with consultation of all the stakeholders – donors, beneficiaries, partners, etc. – and we analyzed our services using electronic questionnaires.
(Development Agency)

- o The table below summarizes the percentage of donors who mention the involvement of a particular stakeholder.

Stakeholder	Board	Local staff	Foreign staff	Beneficiaries	Donors	Consultants	Authorities	Partners
Percentage of donors who mentioned it	45%	90%	50%	66%	30%	30%	15%	10%

Almost all donors involve local staff in the strategy development process, while about two thirds of donors involve beneficiaries. The degree of this involvement varies however, from informal discussions, review of publications and grant reports, to more formal types of involvement such as workshops, more structured interviews, need assessments and studies.

Given the significant role of local staff, it is important for them to have planning and communication skills, a good knowledge base about the planning process and the operational environment, as well as the motivation to get involved. These skills can help both in the design phase, but also in the communication of strategies to stakeholders and beneficiaries.

5.1.3 RESPONDING TO NEEDS AND OTHER INFLUENCES ON SETTING PRIORITIES

This section covers donors' opinions on the importance of assessing needs, the influence of NGO needs and other factors in the strategy formulation process, as well as the importance of sharing responsibility with NGOs in setting priorities for their own development, and also for providing the best response to society needs.

- o A number of donors remarked that the use of needs assessments is extremely important, as only a good understanding of the needs of the

NGOs can lead to effective strategies and sustainable results in providing support for their development.

Grant-makers often have the advantage of a bird's eye view over a sector. They have access to a large number of similar projects, often over a considerable time span. However useful this knowledge is, it does not mean that donors can assume that they know what a grantee needs. (Public Foundation)

If you want to have a mature sector you cannot be paternalist. (Development Agency)

- o Some donors emphasize that it is important for NGOs to be involved and share responsibility for setting the priorities with regards to key needs in the communities they serve. Increased skills for identifying and responding to key social needs are the attributes of a mature sector, but a shared responsibility for identifying key society issues and setting priorities is a necessary exercise for NGOs in order to develop that capacity.

The downside of proactive grant-making is that it usually evolves around a narrow agenda defined by the grant-maker. It is unhealthy if a sector is steered exclusively by the grant-makers. (Public Foundation)

This is extremely important when considering the range of possible effects that donor strategies might have on grant recipients and communities in which they operate if donors use exclusively proactive strategies and generate a supply driven approach as pointed out below:

Lack of needs assessments was the reason for many NGOs to change their goals, missions and programs as a response to donors offers... this led to a long-term discontinuity of community services, taking into consideration the lack of financial support from local government to local NGOs. (Development Agency)

- o A number of donors remark that only part of the identified needs in society can be best served through funding NGOs. Therefore, serving the community needs identified by donors might not directly lead serving the needs identified by NGOs (for their own development of in their communities).
- o A number of donors feel that grant recipients and beneficiaries have a limited understanding of donors' focus, mode of operation and their constraints. They point out that donor organizations themselves were created to respond to a particular need, and they have a clear mission, which guides the focus of their programs. This allows for little flexibility in responding to needs that are not directly linked to that focus. Other constraints might also include their own funding, number of staff, etc.

5.1.4 THE DECISION MAKING PROCESS

Given the high percentage of foreign donor agencies, or agencies that operate with external funds, it is no surprise that - according to the interviews - in about one quarter of cases the biggest influence on the final decision comes from outside Romania, while in one third of cases, the decisions are mostly influenced in Romania. In almost half of donor agencies there is a balance in the decision-making process between the influences from the Romanian and the foreign environment.

Decisions can be influenced either through a formal decision-making process or through more informal mechanisms such as lobbying, proposing or advocating a certain decision.

The strategizing process is a matter of lobbying, mostly in the home country, there is very little to do in Romania. (Bilateral Donor)

We try to take a picture of where Romania is now, which are the issues that we can focus on and internally as a team we identify core issues and set targets for each year. (Development Agency)

Another important factor in the strategizing process is its direction, bottom-up or top-down. Bottom-up processes are those where a formal consultation of stakeholders (especially beneficiaries) exists and where there are formal mechanisms for including the results of these consultations in the strategy. According to this definition almost half of donors have a top-down approach. More than one third have a mixed approach, while only the remaining one sixth can be considered to have a bottom-up decision-making process.

Our priorities in terms of directions of action were chosen through vote, by NGOs. (Private Donor)

In conclusion, there are a variety of ways in which the strategizing process is organized, a number of stakeholders included who influence the decision making process to varying extents. In about half the cases, donors' strategic decisions are influenced both by in-country and external factors. These decisions take into account the needs identified, but there are also other factors, which can influence these strategies.

5.2 CHANGES IN DONOR STRATEGIES

5.2.1 TIME FRAME OF STRATEGIES

According to the donors interviewed, the time frames for which the strategies are built range from one to five years, although there are some donors which plan looser strategies for between eight to ten years. The table below shows the percentage of donors which have various time frames.

Timeframe	One Year	Two Years	Three Years	Four Years	Five Years
Percentage of donors who mention it	20%	5%	40%	5%	30%

- o Generally larger agencies, which have a more complex decision-making process favour longer-term strategies (three to five years). The duration of the strategizing process itself can take up to one year, and this makes shorter-term strategies unfeasible. In general, development agencies tend to favour three to five year strategies, while bilateral donors plan for between one and three years.
- o One fifth of donor agencies plan ahead for one year, either from a desire to remain flexible and responsive or due to their fund allocation process. Usually the smaller agencies, such as bilateral donors, which have a simpler decision-making process and more secure funding, can afford a short-term strategy, meaning in fact a responsive, demand-driven approach. It could be said that their long-term strategy is responsive to short-term needs.

It is worth noting that long-term, clear strategies are useful for creating structural changes, focusing resources and creating a predictable environment for beneficiaries of support.

To a certain extent the above data appears to contradict a perception of some interviewees, who believe that donor strategies in support of NGOs have changed rapidly. This is a conclusion, which is understandable to a certain degree if one looks at the quantitative data, which shows significant changes in the budgets over relatively short periods of time.

I think generally the support was sporadic; there was not enough long-term support, donors changed strategies rapidly in support of the NGO community. (Private Donor)

There are several **possible reasons** for this apparent paradox:

- o It is possible that the donor strategies are not known or properly understood by NGOs and other donors. Data on donor collaboration in Chapter Six suggests that donors do not have enough information about other donors' operations. Also, as pointed above, some donors feel that grant recipients and beneficiaries do not fully understand the focus of donors, their way of operating and their constraints.
- o Donors might go through transition periods from one strategy to another, when donor support might decrease or even stop.
- o There is a difference between donor strategies and grant programs, and donor strategies might not set all details for all programs, such as budget etc. Also, donor strategies might refer to operational programs as well.
- o There are a series of factors that affect donor strategies and which can significantly alter them. These factors are presented below.

5.2.2 FACTORS THAT CAN LEAD TO CHANGES IN DONOR STRATEGIES

There are a series of factors which likely to change donor strategies:

- o Major changes in the operational context of donors or changes in needs: some of the operational context influences on donor strategies are discussed in the second chapter.
- o Donors' assessment of impact: evaluative data can pinpoint unsuccessful approaches and this can lead to changes in strategies.
- o Internal factors – which include events in the country of origin or within the organization.

The influence of internal factors is discussed in more detail below:

- o The loss of part of their own funding has affected some donors.

...the loss of governmental funding (which represented 66% of funding) resulted in a fundamental review of the work that we are doing – questions such as “do we have a role to play” had to be answered. (Development Agency)

- o Some bilateral agreements can be affected by the state of the economy and short-term governmental priorities in the donor country. There is a recent example when assistance funds of a bilateral programme were reduced overall due to the plans of the donor government to reduce the budgetary deficit. Donors report that usually a change of government or of major governmental priorities provoke these changes.
- o Changes in the internal structure of a donor agency can impact its programmes as well. Major changes in the board or the change of a CEO can lead to shifts in funding priorities.

Changes in strategy caused by internal factors are sometimes perceived as being especially frustrating because they are rarely properly communicated by the donor or perceived by the recipients. Moreover, these changes can give the impression that strategic changes occur without any apparent reason.

5.2.3 RESPONSIVENESS OF DONOR STRATEGIES

Several studies about the non-profit sector have identified the need for responsive giving strategies.

Almost half of donors consider their strategies to be either responsive or flexible, or have a specific mechanism for ensuring this responsiveness or flexibility. Terms such as “flexibility,” “responsiveness,” “quick access to funds” and “short-term response” were frequently used. Mechanisms mentioned include:

- o short-term strategies that allow for quick changes in priorities;
- o openness towards a variety of requests or beneficiaries;
- o rapid response to grant applications;
- o no fixed priority areas.

There is no “fixed” strategy. The idea of the programme is to be responsive to whatever is going on in the country and to changing needs. (Bilateral donor)

Most smaller bilateral and private donors are responsive; however, in general they disburse smaller grants and generally have annual budgets not exceeding a few hundred thousand US Dollars.

According to many of the donors interviewed, responsiveness should be encouraged in future as it increases the effectiveness of responses to social needs.

Enlarge and diversify the existing funding sources; access to larger, more diverse and more flexible grant pools; access to grants tailored and adapted to their needs. (Development Agency)

Flexibility can be linked both with the strategy formulation and change, e.g. planning reactive strategies or strategies that cover a larger number of issues, types of organizations supported etc; allowing for mid-cycle changes based on changes in the needs. Also, it can be linked with the practice of donors in their relationship with grantees and donors' reaction to changes in the needs that the grantees face in turn.

The need to present a fairly complete program proposal in order to receive funding sometimes interferes with the flexibility needed to adapt to the specific circumstances that organizers face when they put a plan into action. (Private Donor)

Last, but not least, flexibility can be linked with the capacity to provide quick response to emergency issues as in the case of the Tisza grant programs of Regional Environmental Center and the Environmental Partnership or of the Princess Margarita of Romania Foundation emergency fund. Another example of quick response to emerging issues is the quick support awarded by the Civil Society Development Foundation in 1996-97 for operational costs and development costs in their micro grant program. The entire approval process in these cases takes between a few days and a few weeks.

In conclusion, most donors plan their support for three to five years. In spite of this, a series of external and internal factors sometimes lead to changes in their strategies, which then can create an impression of rapidly changing strategies. On the positive side, promoting changes that constantly adapt programs to changing needs and respond to emergency situations should be encouraged in the future.

5.3 STRATEGY EVALUATION

Donors believe that evaluating strategies and the overall result of a funding program serves several purposes:

- o Demonstrating that money was spent effectively and produced results;
- o Obtaining information about the (long-term) changes that the funding program has produced in the life of beneficiaries and in society;
- o Assisting the decision-making process;
- o Learning from past experiences.

In spite of the acknowledged need by a number of donors to evaluate the impact of their funding programs in society, donors mention a series of challenges in terms of resources and methodology, to which only partial responses have been found.

- o Real impact - through changes in the life of beneficiaries - normally only occurs in the long-term, sometimes after many years of support.

...one of the difficulties is that in our area of work, the impact might not be seen until ten years after – the impact might not be there for three generations if you are thinking of mentalities, working with citizens etc. Multicultural education in a school can have results visible in two generations' time. (Private Donor)

- o Gathering relevant information through the use of specialized agencies is quite an expensive process. Therefore, some of the smaller donors believe it would not be cost effective to have a formal process for gathering this data. Large donors are preoccupied with cost effectiveness and they prefer not to invest more than 10% of funding in monitoring their impact.
- o One major difficulty noted is to discern whether the impact shown by the selected indicators derives from the donor's own support, from other donors' support or from other causes.

Two main types of indicators are used to monitor the activities and results of funding programs:

- o impact indicators
- o process indicators

Impact indicators can be defined as quantitative or qualitative data used to characterize the final result of a funding program upon beneficiaries or other stakeholders. Process indicators are used to characterize the activities of a funding program overall.

Process indicators are used most frequently because real impact usually occurs in the long-term and many donors are required by internal regulations or higher positioned donor agencies to show at least intermediary results. In many cases in which indicators are included in the planning process, they are mostly designed to monitor activities and not the end results in society.

The processes of establishing indicators and monitoring these can vary in complexity. On the one hand there are donors that use some simple process indicators in a more informal evaluation process, often done in-house, and on the other hand there are larger donors, mostly public, that use a sophisticated system for setting objectives, milestones and indicators.

It should be noted that documenting lessons learned by taking a critical look at past donor support can provide useful information for the future work of a particular donor, but can also be used by other donors with an interest in that particular area of work.³⁹

Impact evaluation has significant methodological and resource implications. It is nevertheless important for both donors and NGOs to constantly monitor the impact that their programs have on society.

5.4 CHAPTER'S SUMMARY OF FINDINGS AND CONCLUSIONS

The most common means of gathering information for the strategizing process is discussions. Use of more formalized procedures – e.g. needs assessments, community analysis, focus groups, formal workshops – is reported by a relatively small number of respondents. Also, there are few donors with established mechanisms for including the results of needs assessments in the decision-making process.

In about half of cases, donor strategic decisions are influenced both by in-country factors and external factors. In one quarter of cases, the biggest influence on the final decision comes from outside Romania, while in one third of cases, the decisions are mostly influenced in Romania.

Donors might have various motivations to support NGOs. A number of donors feel that there is a low understanding of donors' focus, mode of operation and constraints at the level of grant recipients and beneficiaries. Some donors highlight that it is important for NGOs to be involved in and share responsibility for setting the agenda. Increased skills for identifying and responding to key social needs are the attributes of a mature sector, but a shared responsibility for setting the agenda is a necessary exercise for NGOs to grow to have that capacity.

Donors seem to favour strategies for periods of three to five years. Changes in operational context or needs, donors' assessment of impact or changes within the donor organization or country of origin can often trigger changes.

³⁹ Only limited documentation of lessons learned by donors was readily available for the review team. A large proportion of this existing documentation refers to support (to NGOs) in Central and Eastern Europe and it is not particularly focused on support to Romanian NGOs.

In spite of the acknowledged need by a number of donors to evaluate the impact of their funding programs on society, donors mention a series of challenges relating to resources and methodology, to which only partial responses have been found.

5.5 ACTION POINTS/RECOMMENDATIONS

Donors might consider the following:

Increasing the use of formal methods for needs assessment that ensure information is gathered from a range of beneficiaries and all important stakeholders and create/extend mechanisms for including feedback from beneficiaries in the decision-making process.

Supporting the development of NGOs' needs assessment capacity, through a variety of means, including: leading by example in promoting participatory processes and bottom-up approaches which can serve as replicable models; increasing dialogue with and responsibility of NGOs in setting the agenda; providing financial and non-financial support for NGOs to carry out needs assessments.

Searching for a balance between structured strategic approaches and flexible, responsive ones, both to create a predictable environment for the development of NGOs and to address changes in needs and context.

Improving communication about their strategies, including changes in strategy, focus and mode of operation, both through direct communication with beneficiaries and other stakeholders, but also through accessible, user-friendly materials. Particular attention should be given to documenting lessons learned in support of the Romanian NGO sector.

Searching for effective mechanisms and tools to evaluate the long-term results and effects on grant recipients and end beneficiaries and including this data in the strategy development process, to ensure a better shaping of future programs.

6. Past Donor Support to the NGO Sector

The Romanian NGO sector has developed rapidly over the last ten years, and donor support has played an important role in its growth. Donors point out that both the evolution of the NGO sector and donor support have not been linear and certain phases and trends can be noticed.

Reflecting the quantitative aspects of past support proved to be particularly challenging, especially with regards to data for the beginning of the '90s. The different styles of reporting have made the compilation of data difficult and the limited literature available on quantitative support to NGOs did not allow for extensive cross-checking of the information received.

In spite of these difficulties, we consider it useful to reconstruct a picture of support over the last ten years, based on donors' perspectives of the last ten years and quantitative estimates of the last seven years.

6.1 DONOR PERCEPTIONS ON SIZE AND EFFECTIVENESS OF PAST SUPPORT

This section compiles donor perceptions regarding the size and effectiveness of past support for NGOs:

- a. Less funding was available for the Romanian NGO sector than that of neighboring countries – this perception was shared by a number of donors interviewed.
- b. Other donors point out that the effectiveness of the support granted in responding to needs is at least as important as the size of support.
- c. Possible effects of limited or sporadic support.

a. Less Funding for the NGO Sector Compared with Neighboring Countries

Donor perceptions about the size of the past support for NGOs and how this has varied in time are quite different. Many donors however, tend to believe that Romania has benefited from less attention⁴⁰ from international donors than

40 While there data to compare the amount of funding from international donors for the mentioned countries was not found, the comparative non-profit study published by Johns Hopkins University shows that in 1995 the revenues of Romanian non-profits (from all sources) were in absolute figures 2.2 times smaller than in the Slovak Republic, 6.6 times smaller than in the Czech Republic and 11 times smaller

countries such as Bulgaria, Czech Republic, Slovakia and Hungary. Also, many donors share a perception that the NGO sector in Romania was under-resourced.

It is hard to explain why NGO sectors in other countries might have had a higher input from donors. Possible explanations might be linked to:

- o The degree of maturity of the NGO sector in a country might influence the level of funding attracted through the capacity of recipients to apply for the funds and effectively use that level of resources. The NGO sector in other countries north and west of Romania can be considered more mature, with greater experience of democracy and civil society.
- o The number of donors active in one country can be influenced by the operational context in that country, but also by donors' internal factors.
- o The capacity of donors active in one country to provide continuous and accessible funding – this may depend on the number of donors, their experience in one country, the degree to which they have responsive and flexible strategies.

Some donors share a perception that – due mostly to internal influences of donor agencies – funding programs which aimed to develop the NGO sector have been delayed or funding was interrupted in Romania compared to the same or similar programs in other countries.

Romania had a very unhappy position – important NGO-focused funding programs had a sad evolution or did not exist – especially compared with neighboring countries, such as Bulgaria. (Development Agency)

b. Size Versus Effectiveness of Donor Support

Donors argue that it is not just the size of the support that matters, but also the effective use of existing resources – by responding to the needs of society and the NGO sector, both through individual donor support strategies and through increased communication and cooperation in the donor community.

The question is not whether there is enough money – there is not enough money anywhere in the world – but a question of how effective is this used. Because of changes in strategies the funding cannot be effective. (Private Donor)

A number of donors share the perception that frequent changes in strategy in support for the NGO sector and sporadic funding have not allowed for needs to be effectively addressed or for NGOs to capitalize on the results of prior programs.

than in Hungary. In 1995 in Romania, the expenditure of the non-profit sector represented 0.3% of GDP, while at the same time in Hungary it was 2.8%.

c. Possible Effects of Low/Sporadic Support

Donors have noted that gaps in funding for NGOs have a wide range of negative effects such as: increased dependency on one donor, creation of a competitive, non-collaborative culture, project orientation, donor driven phenomenon, and migration of professionals from the NGO sector.

Scarce funding leads to win–lose attitudes and to lack of collaboration when issues to be addressed are so severe that intense collaboration is needed. (Public Foundation)

Also there is a perception that the variability of levels of funding from one year to another can create an extremely difficult environment for NGOs, with negative effects on the stability and long term development of organizations.

It is very difficult for an NGO with a budget of 4,000 USD this year to go to 100,000 USD through a large grant the next year and two years after to be back at 4,000 USD... this results into a distorted picture of the sector and it makes it difficult for NGOs to raise funds – as a grant maker I look for stability and not a wild increase of funding. You can only build a sustainable sector on stable NGOs. (Private Donor)

In conclusion, donors tend to share a perception that the Romanian NGO sector has benefited from less funding than that in neighbouring countries. In addition to the size of support, donors identify effectiveness of support in relationship with needs and continuity in funding as key factors, while tending to share the opinion that support for the NGO sector in Romania has suffered from strategy changes and interruptions that affected the effectiveness of this support.

6.2 TRENDS AND PHASES IN PAST SUPPORT

6.2.1 TRENDS IN PAST DONOR STRATEGIES

Two main trends have become apparent in the last ten years, which donors notice when they refer to the evolution of their own strategies or observe the general evolution of donor strategies related to NGOs.

a. An evolution of strategies from more reactive/responsive to more proactive strategies

The early 1990s – donors report – were characterized by pressing needs that called for immediate intervention. This led to a thin spread of money both in terms of issues and types of institutions supported, while donor strategies more flexible and focused mainly on responding to requests. This was a time when funds were also directed to the infrastructure of organizations and organizational capacity building.

Donors feel that the orientation towards more focused support has increased over time, and this perception is also reflected in the statistics. There was a feeling that spreading resources thinly could only give superficial results, and

that sustainable problem solving called for bigger, structural changes in society. As a result of this, the strategizing process for resource allocation has become more intensive, with larger and more concentrated support for key issues and areas.

In later years, a number of donors report, NGOs were seen as potential partners, contributing to key issues that donors identified, provided that they had good management capacity and offered quality and cost effective services. This meant, however, that support became concentrated on a limited number of NGOs.

Sectoral support evolved from philanthropic giving to developmental giving – supporting actions towards structural changes. (Development Agency)

Generally, strategies have evolved while donors understood that support to the whole NGO sector is vague, hard to measure and only produces results long term. Public – but also private – money needs to be channeled to narrow fields in order to produce these results. (Development Agency)

This perception of more concentrated support is confirmed by the evolution of the average grant and the decrease in the number of grants (see point 6.3.1)

b. A search for the best models to address civil society and other key issues in Romania

In the early 1990s, NGOs were considered a very important tool for citizen involvement and participation and for addressing key community needs, which were otherwise not addressed.

A number of donors considered the NGO development approach as bringing only a limited success in addressing the lack of citizen involvement, partly due to the noticeable lack of links between NGOs and communities (see Chapter Two – donors' perceptions of NGOs).

Therefore, a search for alternative ways of reaching communities and solving these problems led to the creation of the first community development models in Romania.⁴¹ Part of the support for community development goes to NGOs that implement such programs, but can also take the form of operational programs or be channelled directly to CBOs.

Although community development initiatives are seen by some donors as complementary to NGO development, there are voices that point out that the community development model has entered into competition with the NGO development.

⁴¹ These models are implemented on a wide scale through the Romanian Social Development Fund. Other large donors, such as the Open Society Foundation and, more recently, Soros Open Network members and the Charles Stewart Mott Foundation, have also provided support for community development initiatives.

The field that has to be primarily supported is community development, in order to be able to create a movement with a strong social base. (Private Donor)

The poverty of representation is better addressed through community development rather than NGO development. (Bilateral Donor)

If these trends continue, there is a danger that new NGOs or smaller, local NGOs, which are not linked with donor proactive or community development programs will have less chance of receiving support for their programs and their operations.

6.1.2. PHASES IDENTIFIED BY DONORS

The evolution of the support for NGOs was not even and certain phases can be identified. Most donors have identified three separate phases:

- a. Phase One: Exploratory phase characterized by emergency support, a large increase in NGO numbers and a rapid development of NGOs.
- b. Phase Two: A consolidation phase with support for NGO capacity building and human resource development.
- c. Phase Three: Gaps in funding of the NGO sector, an orientation towards priority issues and more funds channeled through public authorities.

a. Exploratory phase characterized by emergency support, a large increase in NGO numbers and a rapid development of NGOs

This phase is also called the “mushrooming” or “flourishing” phase. Most NGOs have broad, unspecialized missions. Support for NGOs seems to be large and donor strategies are characterized by responsiveness. Support comes almost exclusively from external donors and is designed to cover the most urgent needs in Romania.

There is not a clear consensus of the exact timeframe for this phase, which starts in early ‘90s and ends somewhere between 1993 and 1996. Most donors see the end of this phase in 1994-1995.

Phase One ... resulted intentionally or not in the creation of a large base of NGOs. At that time, funding was easy to get. This is the phase of quantitative development. (Development Agency)

The first phase can be called the revolutionary phase and is characterized by a lack of strategy for our programs in order to avoid the institutionalisation of the foundation and to have a flexible structure... (Private Donor)

b. A consolidation phase with support for NGO capacity building and human resource development.

During this phase, support organizations were created which provide resources for the NGO sector. Large funding was accessible for NGOs and the NGO sector was perceived to be dynamic and professional. This is also called the qualitative development phase, one of its main features being access to significant funds in support of NGO capacity building (e.g. through the establishment of resource centers).

This phase mainly covers the timeframe between 1994 and 1997, although some donors see the end of it in 1996 and one mentions 1996 as being the beginning.

Phase Two – big donors support the development of NGOs. Also, a lot of training is available – there is a large investment in the human resources of NGOs. This is the phase of more qualitative NGO development. (Development Agency)

The second phase, held up to 1996. It was marked by the growth and strengthening of institutions and recipients as well as a certain bureaucratisation – which was normal – and more dynamic and professional NGOs. The first “usual suspects” are showing up. This phase was quite supply driven. (Multilateral Donor)

c. Gaps in funding of the NGO sector, an orientation on priority issues; more funds channeled through public authorities

The main characteristics of this phase are a sharp decrease in funds for NGOs combined with a lack of continuity in support. Support for capacity building is not a priority any more, since a number of donors consider the NGO sector mature enough to perpetuate the existing knowledge and skills and others identify the gap between NGOs and communities as a major problem.

Others characteristics identified are: a decrease in the professionalism of NGO managers; a donor driven phenomenon, with NGOs changing orientation to follow existing funding programs; and an increased orientation of donors towards supporting the service delivery function of NGOs rather than the advocacy function which had previously been supported.

This phase began in 1998 and continues up to the present.

Phase Three (1998-2000): big donors disappear, there are gaps in the funding of the sector; also a decrease in the professionalism of NGO managers. The ‘funding-driven’ phenomenon is manifest and also there is a decrease in the quality and dynamism of the sector as a result of the lack of funding and poor existing funding policies. (Development Agency)

Donors suggest that these phases were determined by changes in strategy, which in turn were caused by changes in the operational context, their evaluation of the effectiveness of prior strategies and the influence of internal factors.

6.3 FACTS AND FIGURES ON THE SIZE AND EVOLUTION OF PAST SUPPORT

Donors' perceptions of the size and continuity of funding are partially supported by the quantitative data presented below, but there are also a number of points where the data and donor perceptions do not concur. These points will be explored further on this section.

6.3.1 SIZE AND EVOLUTION OF PAST DONOR SUPPORT

Rough estimates suggest that the amount of support granted to NGOs over the last seven years (1994-2000), exceeds 28 million US Dollars, while another 17 million USD was distributed in the same period to other beneficiaries, such as public institutions, public authorities or CBOs, as part of programs to which Romanian NGOs were also competing for funds.⁴²

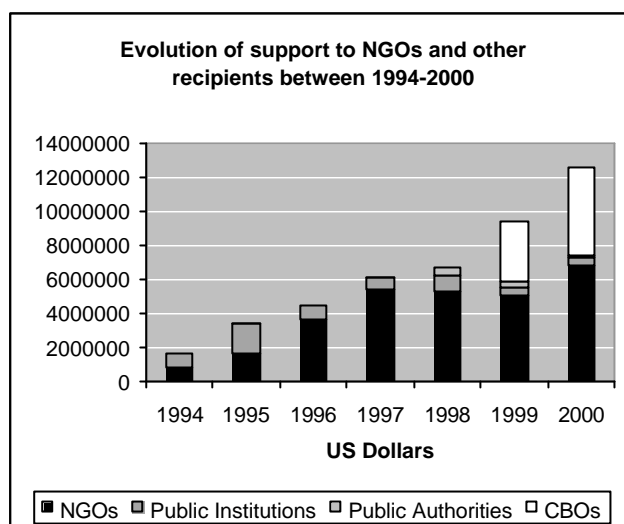
While a consistent amount of funds has been provided to NGOs over the last seven years, it is hard to estimate how the amount of funds compares to existing needs. Romania is a large country in terms of size and number of inhabitants. If we take into consideration the 28 million US Dollars for NGOs in the last seven years and we compare it with the number of inhabitants and an estimated number of 1500 active⁴³ NGOs in the last seven years we get an average yearly support of \$1.3 US/inhabitant and an average yearly support for program and core costs of \$2,750 US/NGO (\$230 US per month). Given that Romanian NGOs have limited possibilities to obtain funds from in country sources (such as government, private and corporate sources), it is clear that such an amount can cover extremely limited needs of the organizations and their beneficiaries, explaining thus the perception that the NGO sector is under resourced.

Support to different types of organizations is shown by the graphic below. The following observations can be made:

- o Support for CBOs in the years 1999-2000 is quite large. It is worth pointing out that the Romanian Social Development Fund is the unique source of this funding.
- o Public authorities show on the graphic in the period of 1998-1999 as grant recipients under open programs (in which NGOs could also compete). This confirms the donor perception that in the third phase of donor support, "more funds were channeled through public authorities." (see section 6.1.2)

⁴² Estimates are based on the data collected through questionnaires and on the basis of grant lists. A full list of donor organizations and programs taken into consideration is presented in Appendix One.

⁴³ The Review of the Romanian NGO sector estimates the number at 2000 for the last year. We have taken into consideration a lower number as average for the last seven years, considering a trend of increase in the number of active NGOs

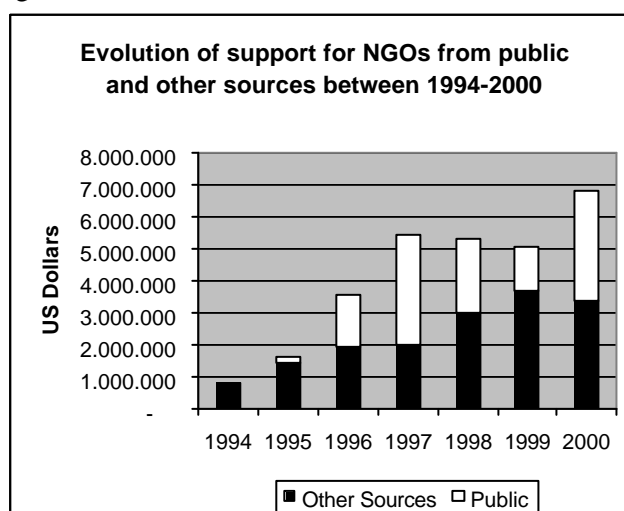


Generally there has been an increase over years in the funds available to NGOs. As stated above, many donors consider the period between 1997-1999 to be marked by a sharp decrease in available funds; however the quantitative data do not directly support this perception. There was only a slight decrease between 1997-1999, followed by an increase in 2000.

Between 1994-2000 there were however a number of changes in the distribution of support, that can explain the donor perceptions of phases and the sharper decrease in the funding for NGOs that the quantitative data only partly confirm. These changes are reflected in:

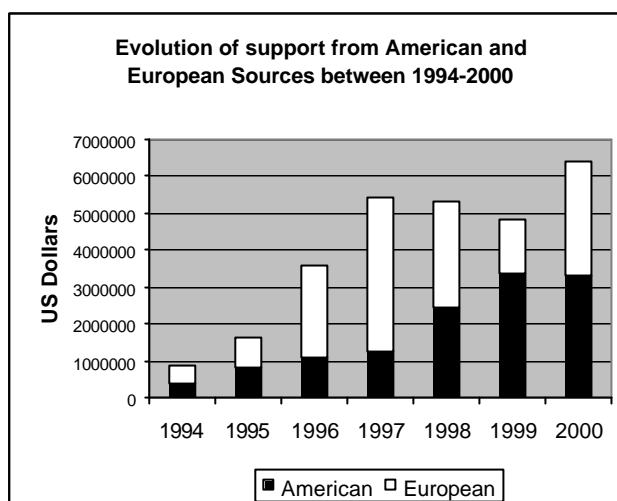
a. Evolution of support from public bi/multilateral donors and from other donors: private, public foundations, development agencies

The chart below presents the evolution of funding for NGOs, which shows an increase in the amount provided by public donors in 1996-1997, followed by a relative and temporary decrease in funding, compensated by a steady increase of funding from other sources.



b. Evolution of support from European and American sources

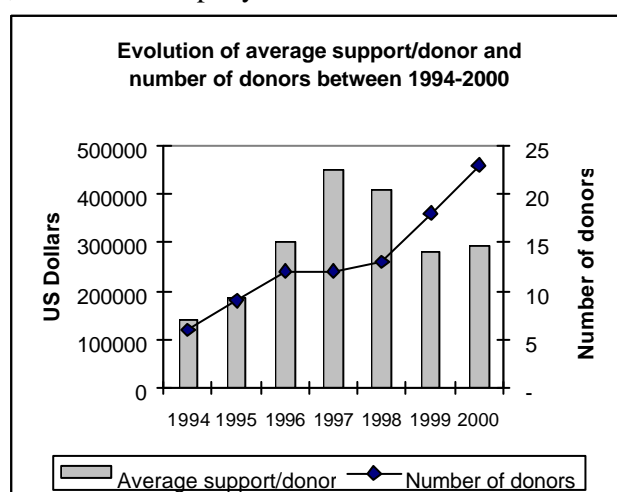
As the chart below shows, this is characterized by a sharp increase in funding from European sources in 1996-1997, followed by a relative and temporary decrease in funding in 1998-1999, which was compensated by an increase in funding from American sources.



c. Evolution of the average amount provided by donors and the number of donors

While up to 1997 both the number of donors and the average support provided by each donor increased, starting with 1998 the average support provided by each donor decreases, although this is compensated by an increase in the number of donors channeling resources through NGOs (see the following chart).

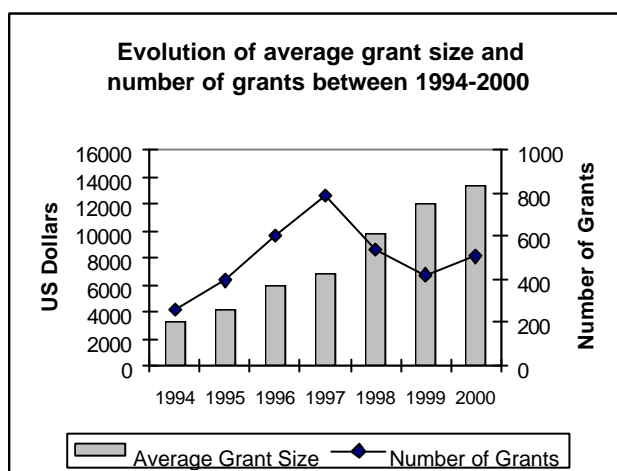
It is worth pointing out that in terms of the number of large sources of support, between 1995-1998 most of the support for NGOs was provided by quite a small number of donors – the largest of them being Soros Foundation/Open Society Foundation and the European Commission. In recent years (i.e. 1999-2000), the number of donors providing relatively larger support to NGOs – over 500,000 US dollars per year – has increased.



Although no donors are exiting the country at present – on the contrary, the number of donors providing resources to NGOs is increasing – changes in donor strategies and/or priorities and in the balance between operational and grant making programs of some donors has led to a drop in the number of donors focusing their funding on NGO development.

d. Evolution of the number of grants awarded by donors and of the average grant size

Up to 1997 both the number of grants and the average grant size were increasing. This was followed by a sharp decrease in the number of grants, compensated by an accelerated increase in the average grant size – as indicated in the chart below.



In the last four years, the average grant grew from 7,000 US Dollars in 1997 to 13,500 USD in 2000, while the total number of grants decreased from 800 in 1997 to 500 in 2000. This tendency apparently continues into 2001, with limited data available so far indicating an average grant size of 27,500 USD – which is actually double last year's average grant size.

It may be worth highlighting that, for the period of 1996-1998, the largest proportion of grants awarded were between 1,000 and 5,000 US Dollars, while in 1999-2000 the largest proportion of grants average between 5,000 and 10,000 USD. An increase in the number of grants of 10,000-25,000 and over can also be observed.

To conclude, in spite of a number of changes in the donor community and in donor strategies for support – the amount of support granted to NGOs has generally increased. A growing number and diversity of donors has contributed to the maintenance of a relatively constant amount on the market, even if funding from a number of sources has varied in size.

An important tendency is the increase in the average size of grants and sharp decrease in the number of grants awarded annually. While this can represent more sustained funding for the NGOs, which receive these grants, this smaller number of grants can discourage new, independent initiatives and threaten the survival of smaller, local NGOs.

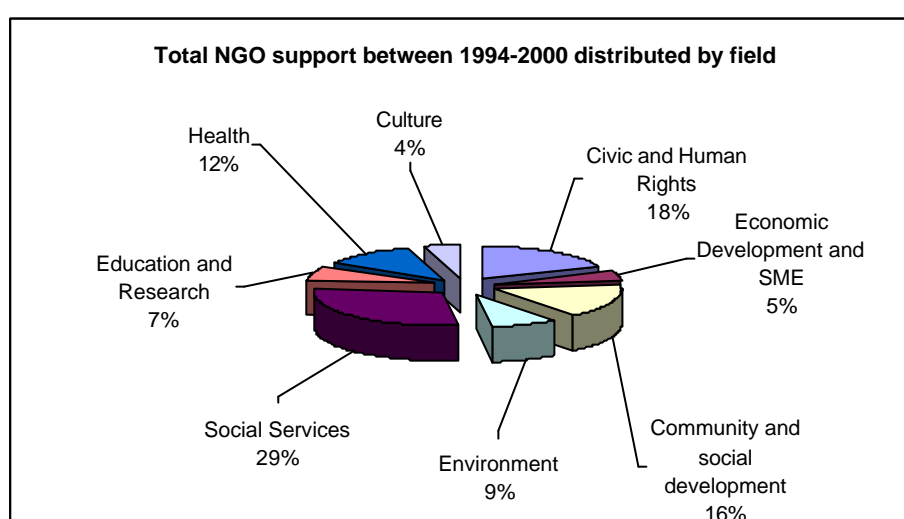
6.3.2 FIELD AND REGIONAL DISTRIBUTION OF PAST DONOR SUPPORT TO NGOS

This section looks at the distribution of past support for different fields and regions and discusses possible gaps and/or overlaps.

a. Evolution of the field distribution of NGO support

The chapter on the structure of the donor community active in Romania shows that most fields of activity are covered by at least a couple of donors while others are covered by as many as sixteen.

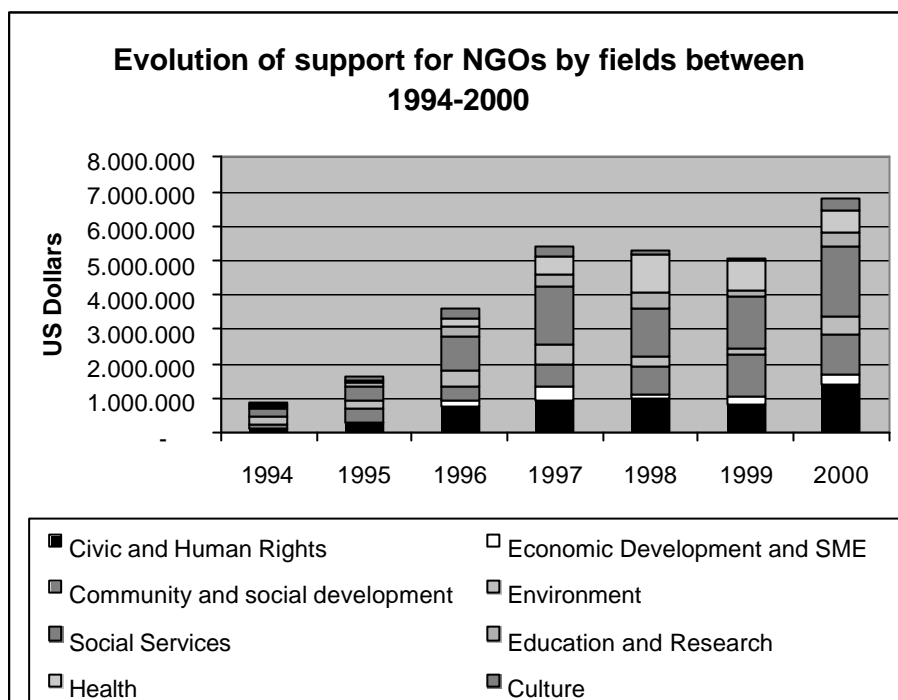
The chart below shows the distribution of NGO support (granted between 1994-2000) for various fields:



- o The distribution of funds to different fields more or less correlates with the number of NGOs active in the different fields, as described in the “Dimensions of the Romanian NGO sector”⁴⁴ - research conducted by the Civil Society Development Foundation (with data from 1996).
- o A slightly larger share, compared to the number of NGOs involved in that field, goes to community and social development activities, as well as to civic and human rights activities. This might be connected with increased external support for these types of organizations. Other areas, such as cultural and educational activities, receive a smaller share, but organizations working in these fields are able to raise more funds from local resources through sponsorship, donations, fees, and government subsidies.

⁴⁴ Data shows that the activities carried out by the Romanian NGOs cover the following areas: social services – 18%, education and research – 14%, culture and arts – 14%, international cooperation – 11%, health – 10%, civic and human rights – 10%, economic and social development – 7%, environment – 7%, philanthropy – 3%, professional and business interests – 3%, religion – 2%

The chart below shows a series of changes in the distribution of support to different fields over the last seven years.



Thus we can notice:

- o An increase in support to NGOs on projects for community and social development in 1999-2000 – with an increased contribution from the Open Society Foundation mainly, but also from other donors. If we include the support for community and social development that was granted to CBOs by the Romanian Social Development Fund, the proportion of community and social development in the total support by fields would be about three times greater than that of 1999-2000.⁴⁵
- o Variations in the field of environmental protection have been particularly acute in the period 1997-2000, especially considering the limited number of donors active in this field. The increase in 2000 reflects the funding provided by the Romanian Environmental Partnership Foundation in its first year of grant giving in Romania.
- o Fields such as culture, health, education and research were also affected by fluctuations due to the limited number of donors active in these fields.
- o Other fields, such as civic and human rights, and social services have received a more constant contribution, probably due to the higher number of donors active in these fields.

⁴⁵ A substantial share of the Romanian Social Development Fund's resources goes to infrastructure projects in beneficiary communities, a fact which is reflected in the relatively large grants awarded by the Fund.

These figures show that although there are important variations in certain fields, a number of fields have received fairly constant support. In these latter cases, perceived gaps and overlaps might be linked with the comparison between amount of support and level of perceived needs. Also, the distribution of support within these fields might have been subject to change based on key issues identified by donors at a certain time.

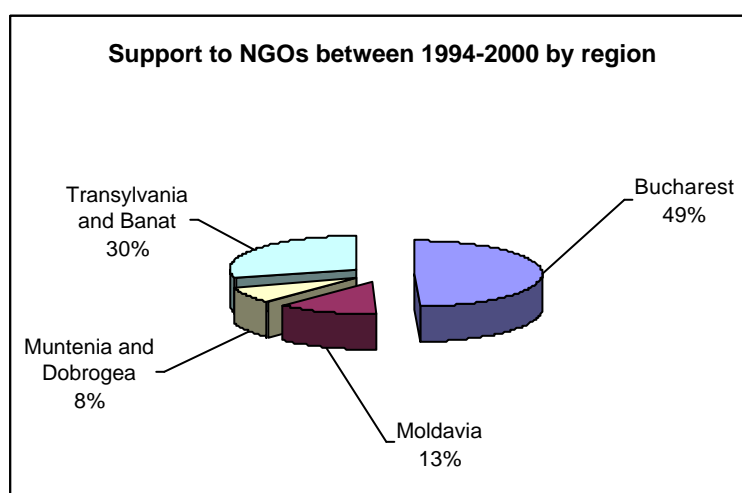
b. Evolution of the regional distribution of support

The regional distribution of funds appears to be strongly correlated with the number of NGOs in the different geographical regions.

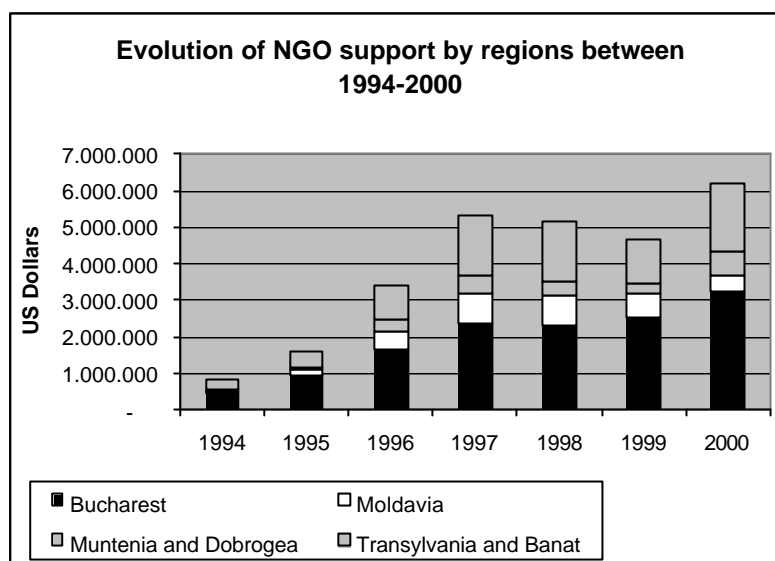
The data published in the “Dimensions of the NGO sector in Romania” for 1995 show that about 24 % of the registered organizations at that date were based in Bucharest. 44% of NGOs were based in Transylvania and Banat⁴⁶ - which is also the area with the biggest number of NGOs per number of inhabitants; 16% in Muntenia and Dobrogea, - with the smallest number of NGOs/inhabitants; and about 16% in Moldavia, which has an average number of NGOs/inhabitants.

As noted in Chapter Four, the regional distribution of grants shows only where recipient NGOs are based, and not where the end beneficiaries themselves are based. Many of the grants awarded to Bucharest-based NGOs may be intended to have a national impact or to target specific areas in any of the other regions, or to transfer resources to regional/local branches. Nevertheless, it is important to point out where the NGOs which control these resources are based.

The following two charts show the regional distribution of grants recipients. The first assesses the overall distribution between 1994-2000, while the second shows the evolution of this distribution in each year.



46 For further information, see the map in the Appendix Six of the report.



- o If we compare the regional distribution of grants in 1995 with figures for the regional distribution of NGOs in the same year, it can be seen that Bucharest-based NGOs receive the biggest proportion of grants per NGO, followed by Transylvania, Banat and Moldavia with about a quarter the number of grants/NGO compared with Bucharest and by Muntenia and Dobrogea with eight times fewer grants/NGO.
- o The balance changes significantly starting from 1996, when – if we consider the regional distribution of NGOs to have remained the same – Transylvania and Banat receive about half of the number of grants/NGO compared to Bucharest, while Moldavia, Muntenia and Dobrogea receive about one third. From this year on, an improved balance compared with 1995 has been maintained, although there have been some changes, such as an increase in the number of grants for Muntenia and Dobrogea in recent years and a decrease of funds for Moldavia.

In addition to the number of existing NGOs, the number of grants for these regions might be linked with the experience and capacity of NGOs to absorb and manage a high level of resources and with the capacity of donors to provide flexible support and to include non-financial support for the development of this capacity.

Although more of a balance has now been achieved in the provision of grants per region, this balance is still fragile. We can speculate that if there is a reduction in funds available for NGOs, NGOs in the Moldavia and Muntenia and Dobrogea will have less chance in a competition for funds with the more established NGOs from Bucharest or Transylvania.

In conclusion to the field and regional distribution of support, we can say that fields with a bigger number of donors active have had a reasonably constant or increasing amount of support in the last seven years. Also, there is a greater balance in the regional distribution of grants, although the situation is fragile and a sharp decrease in support for NGOs might rupture this balance.

6.4 REFLECTING ON EXPERIENCE – KEY SUCCESSES AND CHALLENGES OF PAST DONOR SUPPORT

Donors report a series of successes and challenges in their past support. However, despite these achievements, donors feel that there are still many needs, which have not been met.

6.4.1 KEY SUCCESSES OF PAST DONOR SUPPORT

- o Donors believe that their programs have brought some direct changes and improvements in the quality of life for Romanian society as a whole and disadvantaged groups in particular. Donors report positive changes particularly in the quality of life for children, young people, the elderly and minorities.
- o Also – donors say – support from the donor community has fostered the creation of innovative models, a wide pool of skilled people with initiative and an activation of the community spirit. Small grants programs and pilot programs in particular have contributed to innovation.

...large grants would not go to these ideas because they are high risk; thus, NGOs can pilot ideas and then go to larger donors. (Private Donor)

- o Donor support has contributed to the development of NGOs through financial support to core costs and through both financial and non-financial development support. Thus – donors report – their programs have supported NGO infrastructure, have increased the project planning and management knowledge, skills and experience and have passed on to NGOs a set of management procedures. This support has allowed NGOs to achieve concrete results and sustain their activities.

We supported small refurbishments, office equipment and furniture, databases. So, we can say that we funded from establishment and start up to the comfort at workplace. (Development Agency)

- o Donor support is also thought to have contributed to increased NGO communication and partnerships with government and public institutions, as well as building national and regional networks between NGOs.

Partnerships with local NGOs are not strange anymore to public authorities, they have understood that this is an exercise in solving community problems together, and the public authorities are open to this... (Public Foundation)

6.4.2 KEY CHALLENGES OF PAST SUPPORT

Donors have highlighted a series of gaps and overlaps in past donor support. These can be found at different levels:

- o Distribution of support by fields over time: as support for one specific field was not constant, specific fields can be either under- or over-supported at different times.
- o Regional distribution of support: covering all regions of the country is considered to have been a challenge due to the uneven distribution of NGOs and limited donor human resources for effective the identification of new grantees.
- o Distribution by type of organization or project: donors have identified possible overlaps in supporting the same organizations, the so-called “usual suspects” or the same types of projects.
- o Distribution of support by type: a focus on projects has led to only limited support of core costs for organizations and activities which are not clearly linked to one project. The gaps identified in terms of past or current donor support are: the low level of support for core costs of the organizations and organizational development and a lack of funds for project preparation etc.

There was a demand from large donors to cover core support and the donors did not understand that in time: they funded a project manager, but not an accountant, a playground, but not the organization's office. (Private Donor)

Most donors want to give funds for sensational activities with impressive results. Very few donors are willing to give money for a preparatory meeting for a project. They would rather support the project. (Development Agency)

Donors identify also other challenges:

- o Promotion of NGO cooperation: in spite of reported successes, an important number of donors consider that there is still room for creating a better climate for cooperation among NGOs and for structures for this cooperation to be developed.
- o Finding NGOs with a good social base has proved difficult for a number of donors. Also, the implementation capacity of NGOs was considered by some of the donors to be a major challenge. For specific issues or at some moments identifying NGOs to absorb available resources was difficult.
- o Time frame of support: as substantial results are achieved long-term, a number of donors point out that the time frame of the support is, by comparison, too small.
- o Ensuring constant support for the organizations: changes in levels of funding have created an unstable environment, which is not conducive to the stability and development of organizations.

6.5 CHAPTER'S SUMMARY OF FINDINGS AND CONCLUSIONS

Donor support has made an important contribution to addressing urgent needs and to the development of the NGO sector. While it is hard to estimate if the amount of support is enough to cover needs, there is a perception shared by a number of donors that the Romanian NGO sector has benefited from less support than other countries in the region.

Besides the amount of support, the effectiveness of this support is extremely important to ensure that needs are met. Key factors for effectiveness of support are the maintenance of a relatively constant level of support and relatively constant priorities that can ensure long-term results.

Past donor support for NGOs has been subject to strategy changes. These changes are thought to relate to continuous changes in the operational context, the effectiveness of prior strategies and approaches or to internal donor changes. Donors have identified a series of phases and trends in past strategies.

Support strategies have been subject to a constant search for the most effective approaches for addressing civil society and other key issues in Romania. This resulted in an evolution of support strategies from reactive to proactive strategies and from a sole reliance on an NGO development model to increased attention for community development models to complement the first.

Donors identify three phases in support for NGOs – a phase of emergency and widespread support in the beginning of 1990s, followed by a consolidation phase with support for the development of organizations and human resources. The third phase is considered to have gaps in the funding of the NGO sector and an increased orientation on priority issues.

The trends and phases perceived by donors are largely supported by the quantitative information. This shows a generally ascending curve in the support granted to NGOs, with a relative decrease in the period of 1998-1999 and a number of changes in the distribution of support.

A growing number of donors and the increased diversity of the donor community have contributed to the maintenance of a relatively constant level of funds available, even if funding from a number of sources has varied in size.

An important trend is the increase of the average size of grants and sharp decrease in the number of grants awarded annually. Data covering support for 2001 indicate that this trend is accelerating.

Although there are still differences in the regional distribution of grants, an increased regional balance of support can be noted in the recent years. The fields of support on which a large number of donors were active tended to have a constant or increasing amount of support in recent years, while fields in which fewer donors were active tended to have more variable support.

6.6 ACTION POINTS/RECOMMENDATIONS

Donors may consider the following points:

Provide long-term support programs and organizations to allow for continuity, stability and strategic focus.

Continue to provide support for the development of new initiatives as there is a constant need for new NGOs and approaches, while still providing support for the consolidation of existing NGOs.

Design strategies to ensure funding continuity as a key aspect of sustainability of results and retaining professionals in the sector.

Support the development of organizational capacity through core funding and support for organizational development.

Improve donor communication and cooperation to promote a better balance of: project support and organizational support; seed grants and consolidation funds, pilot initiatives and long term programs, regional and field distribution.

7. Looking at the Future



This chapter looks at future support strategies for NGOs, outlining the information that is already available about future individual support, the major trends and needs not covered, as well as the potential to attract new donors.

Past donor support has had an uneven evolution in terms of strategies for the development of the NGO sector. In spite of the challenges, donor support has had important effects in terms of the creation and development of a range of NGOs, covering many important issues.

7.1 EXISTING INFORMATION ABOUT FUTURE SUPPORT

This section looks at existing information about future support and how this compares with past and current support. Therefore the following points are considered.

- a. Time frame for future strategies – generally the information we have so far covers the next three years, and in some cases five years.
- b. Exit strategies – almost all donors mentioned that they do not have plans to exit in the next three years and no exit strategies were mentioned. Many donors mention accession to the European Union as a reference point, even if some of them state that they intend to continue funding after that point.
- c. A number of donors are in the process of designing strategies which may alter the balance between their operational and grant-making programs.
- d. Size and balance of future support – the available data on future support show that the total support for NGOs will increase, at least in the next two years, and will be mostly distributed in grants over 10,000 US Dollars. In spite of this increase, certain areas might still be left uncovered.

a. Time Frame for Future Strategies

Information about future support strategies is available from about half of the donors included in the review. This information usually covers the next three years and, in limited cases five years, particularly for issue-based support.

Some of the Romanian development agencies and public foundations were able to estimate quite exactly the size of support for the next three years, based on existing programs funded by or in partnership with external donors.

They can provide information about the minimum level of support, target fields and likely channels. The larger public donors are also able to provide figures for support already committed, which will be disbursed directly or through development agencies.

But a number of questions still remain:

- o The direction and size of support from donors who are now in the process of designing their strategies;
- o The direction and size of support from almost all donors after 2004;

b. Exiting and Exit Strategies

Donors state that they have no plans to exit in the next three years, while a number of them mention that they plan to continue programs at least until accession to the European Union. No exit strategies seem to have been planned to look at the sustainability of the effects of their support over the long-term.

c. Grant-making Versus Operational Programs

Even if donors do not exit Romania in the next three years, a number of donors are searching for a balance between operational and grant-making programs. While some are already planning some changes, others are in the process of clarifying their role and the relationship between grant-giving and the implementation of their own programs. This process is a continuation of similar internal transformation processes that donors went through over the last two to four years. The reduction of funding openly available for NGOs as a result of this process has been compensated so far by the new donors entering the market.

Thus, about one in five of the donors interviewed mentioned that they are interested in creating, maintaining or strengthening the operational part of their programs. While for some this means a decrease in grant programs, for others it only means that they are keen to maintain their original identity and not give up the operational programs.

d. Size and Balance of Support

Current data about support for NGOs in the next three years show that available funds will increase, at least in the next two years. The same data indicate that, in spite of an increase in the planned size of support to NGOs, this funding will not cover all the areas mentioned by donors as being important in order to achieve a balance between types of support.

Taking into consideration the distribution of support by fields, region and types, the following conclusions can be drawn:

- o A number of donors have clear plans to provide grants to NGOs active in the child welfare field. Child welfare also seems to be the issue for which relatively long-term support is planned (of between three and five years). Some of this support will take the shape of small grants and a limited number of grants for organizational development and core costs will also be available, although full details with regards

to the size and regional distribution of these grants are not currently available. In addition to funds for NGOs, there are also programs which will continue to provide funds to public authorities active in the child protection field.

- o Funding to the field of social services⁴⁷ (aside from child welfare, which is covered above) is likely to be maintained at a similar level to previous years, although information is not yet available on how this support will be distributed in terms of regions, type of organization or size of grants.
- o A number of donors also plan to continue their support in the field of minorities, with a focus on Roma related initiatives. Information so far does not show how much of this money will go to NGOs, although they will be able to access a number of such programs. A number of grants for institutional development and the capacity building of organizations active on Roma related initiatives also seem to be available. Support seems to be available nationwide, and some small grants⁴⁸ may be available, although the biggest percentage of support is likely to take the form of relatively large grants.
- o It seems as if the environmental field will receive a fairly constant level of funding over the next few years, although it may decrease slightly, and the total amount available could be quite small compared with other fields. Support will mainly take the form of small grants for small, local NGOs and a part of this support might cover some core costs and organizational development needs, but only for a limited time. Also, the planned support might not be able to cover all regions of the country. Extremely limited grants to well-established NGOs active in this field may also be available.
- o A number of donors will still be active in the community and social development field and funding is likely to be maintained at the current level or even increase. This support will be channelled through both NGOs and CBOs. As the community development model was considered successful, more donors – especially bi/multilateral - are providing resources to the Romanian Social Development Fund pool.
- o In terms of civil society support, funding for the infrastructure and sustainability of the NGO sector is likely to be available at an increased level, at least in the next two years. Generally this support will take the form of large grants and is likely to provide funds for the consolidation of intermediary support organizations. A number of small grants programs are available, but there is no information yet about funding programs that would make support available for core and development costs of a relatively large number of NGOs. Also, support for small, local organizations or for new organizations seems to continue to be limited.

47 Services for marginalized or less favoured groups; they may include services for children, elderly, women, teenagers, people with special needs that for various reasons are in need of support.

48 For the purpose of this discussion, small grants are considered to be those of less than 10,000 US Dollars.

While the information available about future support is not complete, a series of gaps were highlighted by donors or discussed in the review, and these still seem to be only partially covered. Thus:

- o The size of funding distributed is clearly inclined towards large grants.
- o It appears that there is still a lack of “free money” on the market – i.e. funds to cover new initiatives outside the main focus of donor programs. Some donors continue to operate with more responsive strategies, but the amount thus distributed is still very limited.
- o The number of donors with a particular focus on the development of the NGO sector continues to be low.
- o Even if some donor programs continue to provide core support to a certain extent, the need identified by donors to increase support for this purpose does not seem to have been met as yet.
- o In spite of new donor initiatives to provide development support for the sustainability of the NGO sector, grants for development support continue to be limited.

A number of donors share the concern that a sudden increase of funding without capacity building programs can create a turbulent environment for NGOs. Also, they point out that the need to provide core cost support and capacity building are long-term, constant needs.

In terms of the regional distribution of support, a number of donors have expressed interest in working in smaller communities, small and medium sized towns and rural areas.

7.2 TRENDS IN FUTURE DONOR SUPPORT

This section covers donors’ future strategies, based on the current level of information, as well as donors’ vision and expectations of how future support will evolve and will identify whether there are major differences with regard to past and current support.

- a. Increased channeling of support through Romanian grant-making organizations and plans of foreign donors to support the development of indigenous grant-making capacity.
- b. Increased attention for sustainability – diversification of funding sources and promotion of links between NGOs and public authorities.
- c. Increased concentration of support – larger grants and support for issues might increase concentration of funding on key areas and key organizations.
- d. Increased influence of the European accession process – donors expect that this process will incline the balance towards more funding from European sources.

a. Increased Indigenous Grant-making

Data available about future support show that there is a tendency for external donors to channel support through Romanian grant-making organizations or enter into partnerships with them. Some foreign donors also comment that they have an interest in supporting the development of local grant-makers.

Also, we are interested in building the indigenous grant-making capacity in the region as a whole. (Development Agency)

A number of the Romanian grant-making organizations interviewed remarked that their plans for the future included searching for opportunities for an endowment, as a way to ensure the continuity of support that they are already providing.

b. Increased Focus on Sustainability

Donors mention the diversification of funding sources for NGOs as a key point for the future. They suggest that this can be done through supporting links between NGOs and local communities, providing funding for long-term programs – so that NGOs are not focused on writing proposals – and supporting NGOs in their fundraising efforts.

Opportunities should be created for NGOs to access resources in order to create better linkages with their communities. This is really important, if we are thinking in terms of sustainability, because donors do not want to have power of life and death over their grantees. Donors should invest in fundraising activities of NGOs and do this long-term. The positions of public relations officer and fundraiser can also be funded. (Development Agency)

Another focus of future donor strategies is an increased promotion of links between NGOs and public authorities and other social actors.

More networking will also be needed with public organizations, with the aim to integrate the work of many NGOs and CBOs. (Public Foundation)

c. Increase in the Concentration of Support

The increased proportion of larger grants, as well as a focus on support for issues, indicates that there is a growing tendency for support to reach mainly well-established organizations. While consolidation funds are very much needed, some donors voiced a concern that the concentration of support might weaken the chance for new-comers in the sector, as well as for many original local initiatives.

Donors prefer to fund for success and not take risks. The problem is that social development means taking risks. This has entailed a core of recipients and beneficiary areas and sectors. (Multilateral Donor)

I think donors depend too much on, and give too much authority to organizations established in the 1990s, with little room to nurture new

initiatives and donors must take risks in supporting these new initiatives. (Private Donor)

d. Increased Influence of the European Union Integration Process

The influence on donor strategies of the EU integration process is likely to continue to get stronger as Romania moves towards accession. In practical terms, this might translate into a concentration of support in key areas, as discussed above.

Some donors believe that, as Romania gets closer to accession, an increase of European funds compared to American funds could be expected. This might be reflected in a reinforcement of the European sustainability model for NGOs which places high emphasis on the NGO – government – business partnership.

7.3 OPPORTUNITIES FOR NEW DONORS

This section opens a discussion on opportunities for the involvement of new donors in support for the NGO sector, in terms of the current context, needs not yet covered and possible motivations, and highlights the need for in-depth research in this area.

NGOs' key needs, as reflected throughout the report, include: support for core costs and capacity building, promotion of intra- and cross-sector cooperation and an increased focus on long-term sustainability. There is also a need for an increased balance in the coverage of support for different geographic and thematic areas.

It is not clear whether existing donors can shift towards a more long-term approach with support for programs and organizations, rather than projects. New donors with flexible strategies – who can act upon opportunities and provide funds to issues, areas or types of NGOs which receive less support (such as civil society, core and development support, small NGOs) – can enrich the Romanian donor community and add to the stability of resources for NGOs.

While there is a need to increase the number of donors and to diversify and balance approaches, it is not yet clear what the potential is for an increased interest from independent and private donors which are active in Central and Eastern Europe, but which do not yet work in Romania.

There are, however, a number of interesting points brought into the discussion by donors on what would make Romania and the Romanian NGO sector attractive for their investment.

Who should try to attract new donors?

- o In terms of who should be involved in attracting new donors, interviews show that there should be a common effort of both NGOs and donors already active in the country. Some add that it would be

useful if public sector advocates would lend their support to this effort.

- o In order to do so, it is important to increase communication about general issues in Romania, and about existing needs and opportunities. Documenting and sharing success stories and lessons learned by both donors and NGOs can contribute to increased knowledge about the needs and potential of Romanian NGOs.

Romanian NGOs are not proactively trying to inform and share with other organizations what they know. They are trying to fundraise, but that is a limited mechanism of communicating with other people. (Private Donor)

I think what is needed is strong advocates. These need to be from within both the public sector and the non-governmental sector – and where possible advocating in partnership...Existing donors themselves can and should do more to attract more donors to Romania. (Development Agency)

Internal and external influences on the decision to extend operations

Donors' decisions to extend operations take into consideration both the opportunities to achieve results and the limited support they have available. Therefore, they might consider a range of factors before extending operations in a country, for example:

- o The existence of a relatively stable and supportive operational environment from the social, political and economic point of view;
- o The existence of an NGO infrastructure and cooperation within the NGO sector and between sectors;
- o The existence of matching opportunities, so that their funds can be a leverage for other investments from the government, business, community or other sources;
- o A mature NGO sector capable of initiative and innovation, of identifying and developing strategies to meet needs and of evaluating and communicating results.

Donors like to see stability both politically, economically, socially and in terms of relationships between NGOs. They are unlikely to put funding into countries where they perceive the political and economic situation to be fragile and the NGO sector as fragmented. (Private Donor)

Increasingly donors look at what they can get for their funds. Not in terms of the value of the dollar or Euro to local currencies, but in terms of how what they can put in can lever additional funds. If, for instance, the government – or NGOs through government or business – were to provide some level of matching funds for donors there might be more interest. (Private Donor)

Outside these conditions in the operational environment, a donor's decision to extend is also influenced by internal capacity issues. Donors have limitations in terms of budget and size of staff and they can only achieve results through maintaining the focus and effectiveness of their operations.

Looking at these few brief points, we can say that Romania is in a better position to attract new donors than it was before. There is an increasingly stable operational environment, with a number of limitations, but generally friendly. Both NGOs and donors have a record of achievement and have created successful models. There are experiences of shared resources and work between existing donors that can provide some of the needed leverage for new resources, while designing strategies for the long-term development of local philanthropy.

These observations can only be a starting point for a future discussion or future research which can look in-depth at the motivation of independent donors for working in a specific country, in order to best shape the strategies for increased communication and involvement of potential donors.

7.4 CHAPTER'S SUMMARY OF FINDINGS AND CONCLUSIONS

While a number of donors are in the process of designing their strategies, about half of donors interviewed provided information about their future support strategies, which generally cover the next three years.

Almost all donors state that they have no exit plans for the next three years and no exit strategies were mentioned. Some donors are likely to go through an internal transformation process, which might alter the balance between operational and grant-making programs.

The amount of future support to NGOs seems set to increase, at least in the next two years. Generally, larger grants seem to be available, with more support for issues and less for NGO development, the main fields supported being child welfare, minorities and community and social development.

Other possible trends in future support strategies are: increased channeling of resources from external donors through Romanian grant-making organizations, increased focus on diversification of funding and cross-sector cooperation and increased attention for community development initiatives.

Some needs are still not fully supported: these include core costs, organizational development and long-term support, as well as new initiatives and small, local organizations.

There are opportunities and attractions for new donors to be involved in funding the Romanian NGO sector: a more stable working environment, core capacities developed, opportunities for new initiatives as well as certain needs which are not yet fully covered.

7.5 ACTION POINTS/RECOMMENDATIONS

Donors might consider the following points:

Designing and communicating long-term strategies for the development of the NGO sector can create a stable and predictable environment for NGOs to grow and consolidate.

Planning and communicating exit strategies well in advance, which can assist, maintain and build on results in the long-term, and including a transition period with support for the diversification of resources.

Providing resources for the development of local philanthropy, through know-how and financial support for public relations and fund-raising activities of NGOs and through the development of capacities and practices of local donors, sponsors and government programs.

Encouraging new donors with an interest in civil society development to extend their operations in Romania.

Providing assistance for the development of local grant-making capacity, with a view on sustainability of support from local donors through endowment funds and support for the diversification of financial resources of local donors.

8. The Donor Community – Ideal or Reality ?

This chapter looks at donor practices with regards to information sharing and cooperation and presents views of past, present and future cooperation. It also briefly highlights the role of the Romanian Donors' Forum, as perceived by the donors interviewed.

There seems to be a common understanding among most donors that cooperation has a number of advantages such as cost sharing, avoiding gaps or overlaps, creating an improved geographic balance or, more generally, increasing the impact of funding activities. Moreover, it can create a model for cooperation among NGOs.

Based on the interviews, we have identified three levels for donor cooperation:

- o Information exchange – this is the most basic, but also most frequent level of cooperation among donors. Information about donor agencies or about funding programmes is exchanged.
- o Coordination in some specific fields of activity takes cooperation a step further: donors can coordinate their assistance, within the same thematic or geographic area. One example is donor coordination meetings on the issue of child protection.
- o Donor partnerships for re-granting or co-funding – the highest level of cooperation where donors pool financial resources and expertise for a program that funds a certain issue or types of organization.

8.1 INFORMATION EXCHANGE BETWEEN DONORS AND INFORMATION NEEDS

Exchanging information about donor agencies and programs is perceived as a first and necessary step for donor cooperation. Substantial progress in this area has been made through the Romanian Donors' Forum, but the current level of information about other donors is still considered to be low.

a. Current level and sources of information about other donors

Donors' perceptions with regard to the current level of information are presented below:

- o In spite of recent progress, most donors interviewed consider the current level of information to be insufficient, while around a quarter think that there is enough information available.
- o The main problems are not so much related with the quantity of information, since the information sources about other donors are

diverse, but with the depth of this information and with the continuity of the information exchange process.

We have quite a lot of information but we get it occasionally, by accident. There is no continuity, or a plan, it isn't a systematic activity. (Development Agency)

We have a fair amount of information about other donors but I'm not sure if it is of the right sort. You get annual reports, which are interesting, but kind of superficial, not providing enough in depth information about what they are doing. (Private Donor)

The difficulties in information sharing might be also linked with the time that donors can invest in providing and receiving this information, given the human resource constraints that many donors mention.

Some of the most widely used information sources⁴⁹ include:

- o Personal contacts represent the most widely used method. This can be explained through the effectiveness of face-to-face communication in obtaining the most useful information and, at the same time, forming the basis for trust and a personal relationship that can lead to further stages of cooperation.
- o The Web/Internet is the second most frequently mentioned source of information. The websites of other donors offer various types of information, which reflect the current situation and can be accessed quickly.
- o The "Donors Guide" published by Civil Society Development Foundation is used regularly by a significant number of donors to get more information about their colleagues.

It is interesting to note that donors apparently use a balanced combination of personal contacts, electronic information and regular publications to satisfy their information needs. It is equally important though to point out that sources that provide in-depth information – such as reports or studies – were mentioned far less often. This may be explained through the above mentioned staff considerations and through the lack of clear institutional policies or practices for donor cooperation.

b. Type of information needed about other donors

There seems to be a need for more strategic, in-depth information, particularly in the following areas:

- o About half the interviewees mention the need for information about other donors' strategic priorities. This is followed closely by grant lists, which appear to be important in an attempt to avoid overlaps and for identifying new grantees and ideas.
- o The following types of information were mentioned by more than one third of donors interviewed: fields and target areas, information and

⁴⁹ A list of information sources and their general availability – based on the experience of the review team – is presented in Appendix Four.

- analysis on specific programs and funding procedures and mechanisms.
- o Needs expressed by foreign donors focus more on in-depth information about the general situation of Romania, about areas of interest for the individual donor and analysis of other grant-making programs in the region.

Generally I am interested to find out what their strategies and priorities are, information about where we have common grantees to discuss more the impressions and collaborate more. (Private Donor)

In-depth information about future strategies and programs enables donors to learn more about opportunities, especially in terms of pooling resources and increasing coverage.

We need far more information about strategic ideas and opportunities – we are interested in youth initiatives, other donors can come in and say we are also working on this, so we can work together, and maybe co-fund. (Private Donor)

Having better access to who funds what, trends in funding, geographic and thematic areas which are under-represented... would be useful (Public Foundation)

The types of information needed suggest that donors are interested to learn more about various areas of their colleagues' strategies and practices, with a particular focus on future strategies to allow for increased coordination and identifying common areas of interest.

c. Information update mechanisms

There is a general consensus among donors regarding the need to have a mechanism that can allow for a regular update of certain types of information and to ensure a better flow of information inside the donor community.

The preferences for possible update mechanisms can be grouped as follows:

- o Web and internet related mechanisms – from complex, database-driven websites with multiple levels of access for updating or retrieving information, to a simpler web page with links to the websites of donors and electronic discussion lists, etc. A web-based update mechanism was preferred by the majority of donors.
- o Donors would like to see databases, publications and simple grant lists in electronic format. This approach was sometimes mentioned in combination with web-based methods.
- o A paper format – such as newsletters or sharing reports in an organized manner – was mentioned by a few of the donors as an effective method for sharing information, and was seen as a regular method for getting more in-depth, strategic information rather than large quantities of facts.

Information updates, could be organized either by an NGO collating all the information on a website, or through the Donors' Forum secretariat. If the first option is chosen, then it would be important to select a credible organization.

With regards to the frequency of the information updates, there is not a clear consensus. Most donors agree that there is a need for at least one update per year – in order to have an overall picture of what other donors are doing – while there are some who think that a monthly update is needed.

8.2 COORDINATION AND CO-FUNDING – BUILDING ON PAST SUCCESSES

There were a number of opinions which indicated that in certain fields (child welfare and health, for example) there are some good initiatives and coordination is better than in other fields – democracy being the most commonly given example of a field in which donors coordinate less.

8.2.1 PAST SUCCESSES IN DONOR COORDINATION AND CO-FUNDING

a. Donor Coordination

Donor coordination refers to conscious efforts made by donors to increase the effectiveness of the funds given, by avoiding overlaps with other donors and ensuring the best regional coverage of the issue.

Interviewees highlighted the recent donor coordination process on child welfare, where several public donors – such as the European Commission, UNICEF and USAID – worked together to ensure a balanced geographic distribution of support.

b. Re-granting

A quite common and successful model is the re-granting chain; this is perceived as a partnership based on mutual trust and common interest, both by foreign and in-country donors. External donors are looking for partners who can offer in-country expertise in terms of identifying specific needs or priorities and a local presence for better coordination of programs.

We were on the border between fundraising and cooperation, but my opinion is that we were considered partners. (Development Agency)

We need in-country expertise – on needs, opportunities and priorities, for the design of national strategies, and an in-country coordination of our programmes, allowing for different but complementary roles. Our cooperation with other donors has been based on this from the beginning. (Public Foundation)

Examples of such re-granting partnerships are quite diverse. A few such examples are presented below.

- o The Civil Society Development Foundation has worked with Charity Know How as a local partner for the administration of a small grants program.
- o Charles Stewart Mott Foundation and King Baudouin Foundation have provided funds to the Princess Margarita of Romania Foundation for the program: "Capacity Building for Children and Youth at Risk."
- o The Open Society Foundation, King Baudouin Foundation and Charles Stewart Mott Foundation have provided funds to the Ethnocultural Diversity Resource Center for a program to improve inter-ethnic relations in ethnically diverse communities.

Even if not considered re-granting, there is quite a similar process where certain Romanian organizations provide technical assistance or administer larger donor programs as in the following examples.

- o The "Partnership Fund for Roma", under the 1998 Phare Program - Improvement of Roma Situation was administered by the Resource Center for Roma Communities
- o The Civil Society Development Foundation provides technical assistance for the Civil Society Development Program, component of the 2000 Phare Program - Civil Society and for the 2000 Access Program.

c. Co-funding

Co-funding takes place when two or three donors merge resources and either one of the donors or a development agency implements the program. It is not always easy to differentiate between re-granting and co-funding if more donors add resources to a re-granting pool, as in the examples above.

An example of co-funding is the one of the Romanian Environmental Partnership Foundation, Carpathian Foundation and King Baudouin Foundation recently announced a common program called "Living Heritage." All three foundations provide resources to the grants pool, while the Romanian partners provide in-country coordination for the program.

All these three forms of cooperation ensure – to a varying extent – the mutual support of strategies. The majority of these cooperation instances are based on clear issues or programs.

8.2.2 IDENTIFIED BARRIERS THAT CURRENTLY PREVENT WIDER COOPERATION

Despite the success of such issue or program-based cooperation, most donors tend to think that wider cooperation between donors is not yet well developed.

- o One of the most commonly identified barriers is connected with donors' diversity and their different procedures and standards for funding.

There is a diversity of donor organizations, background, things to bring to the table, which are very exciting but require commitment from people – and generally, there is commitment. (Private Donor)

- o Other barriers identified by donors are: a low level of information, difficulty to adapt or change strategy, unnecessary competition and in certain cases a reluctance to share information when trust relationships are not yet developed.

Trust between people is needed in order to share key ideas and thoughts – but be sure that what you say is not going to be misinterpreted... (Private Donor)

- o Another challenge that was identified is that different people representing the same donor have completely different approaches to cooperation.

... all this is very personality based – you can have at a certain point a donor representative not interested in the Romanian Donors Forum, and his or her replacement from the same donor agency can be very interested. This shows that staff are not proactively encouraged to seek collaboration. (Private Donor)

On the positive side, a diversity of donors is natural and there can be a number of advantages in working together, such as learning from each other and complementing strategies and practices. Moreover, a shared interest in improving results provides the opportunity to bring donors together.

We need information about other donors for two main purposes: to avoid double funding and to ensure donor cooperation to address the most important needs. Donors need a common strategy and complementary strategies; lack of coherence and lack of complementarity are confusing the NGOs. (Development Agency)

There are some constraints related to the limits of each donor but cooperation is possible based on the fact that each donor is interested in impact. (Development Agency)

While the main barriers identified are the diversity of procedures, low level of information about other donors, low flexibility of strategies and absent or limited internal procedures and policies regarding the organization's involvement in donor cooperation, there is hope that an interest in increased

results and a need for complementary strategies will be a good basis for extending the current examples of cooperation into the future.

8.3 THE FUTURE OF DONOR COOPERATION – MECHANISMS AND STRUCTURES

This section looks at the ideal roles that the donor community might play in the future, based on experiences and achievements so far. It also looks at possible mechanisms and structures for cooperation in the future and the role that the Romanian Donors' Forum (RDF) can play.

The donors interviewed identified the following roles as being extremely important for the donor community as a whole:

- o Contribute to increasing local resources through assisting the development of local philanthropy – increasing donations from businesses and local authorities.
- o Promote an integrated approach that would allow donors to build on each others' results by promoting closer links between programs and grantees and between donor and NGOs and governmental programs.
- o Share lessons learned and good practice – for example the integration of beneficiaries into the decision-making process.

Now donors tend to meet and discuss the real needs inside Romanian society together with the implementing agencies and this can be a good start for future programs. (Development Agency)

- o Increase awareness among the general public, government and business sector about the benefits of a strong civil society, through joint communication.

The ideas above show that donors tend to think that a well functioning donor community increase the impact of their programs and for the beneficiaries of support, through better needs identification and promotion of success stories.

But, as donors noted when referring to barriers to wider cooperation, it is not easy to move from the current situation to the ideal and it requires mechanisms that would increase information sharing and cooperation between donors.

For donors, it is as difficult to set up common strategies and collaboration as it is for NGOs – and this is why mechanisms are important. (Private Donor)

The mechanisms and structures identified by donors are:

- o **For information sharing:** sharing of good practice in grant-making, giving details of funding programs in advance. Dialogue and exchange of information based on personal contacts continues to be one of the most popular mechanisms for this.

- o **For cooperation:** creating common pools for resources, harmonizing procedures, working on issues in sub-groups, developing bilateral agreements between donors, and consultation during the strategy development phases.

Informal structures and coordination by sector or issues are the most popular options for future cooperation. Those who are in favor of having a formal structure say that this would provide an increased recognition of this structure as an “institution that represents the donors.”

8.3.2 THE ROLE OF THE ROMANIAN DONORS' FORUM (RDF)

This section looks at the current role of the Romanian Donors' Forum as perceived by donors and possible suggestions for improvement in the future.

a. Current role of the Romanian Donors' Forum as perceived by donors

The majority of RDF members say that it provides a good opportunity to meet colleagues and to find out more about each other's work. The Forum was often mentioned as playing an important role in improving access to information, facilitating dialogue between donors and offering a framework for wider cooperation.

With regards to the Romanian Donors' Forum – even if donors don't have too much time to spend together there is a ground for greater personal dialogue between donors – at least you know who your colleague is and you can call him/her to have a chat about various issues. (Private Donor)

b. Donors' vision about future role and suggestions for improvement

- o Members see the RDF as continuing to play a role in promoting informal communication, sharing ideas and speaking openly about strategies, and providing updates and different types of information which donors need.
- o Some donors think that the RDF should evolve from a discussion forum to a framework for addressing donors' essential problems, including sharing and developing best practices, developing common, complementary strategies, and setting basic principles for grant-making etc.
- o At the same time there are opinions that express the need to achieve something concrete. RDF involvement in advocacy for issues related to the development of the NGO sector was the idea that came up most often. Also, some of the donors feel the need for a more strategic approach.
- o Donors who are not current members thought that more information could be shared about the Forum, its objectives and activities. They

see the RDF as a place with open communication channels with all other sectors – the media, public authorities, business and NGOs.

The RDF should have the necessary credibility and professionalism to speak clearly outside of our country in front of big international donors or multinational companies about the real needs.

(Development Agency – currently not member of the Romanian Donors Forum)

It is apparent from the interviews that non-members see a wider and stronger role for the Forum while, at least for the present, members see it more as an information exchange platform.

Donors' opinions with regards to RDF structure and membership are presented below:

- o Most of the donors who are currently members see it continuing as an informal group, at least in the near future.

A formal structure for donor cooperation would be too difficult. A structure like the current one with a friendly, warm atmosphere would be the best. The current situation is almost an ideal one. (Multilateral Donor)

- o Another possible option is to register as an independent association, but this depends on the level of involvement from donors, the number of ideas to be put into practice and resources committed to these ideas.

Whether the RDF should register as an independent association depends on how innovative and creative the ideas of its members are: some members have a lot of great ideas, but for that you would need a full time RDF coordinator or a whole institution – putting ideas into practice is a problem. (Private Donor)

- o A possible idea to structure the work of the RDF would be to split the meetings and agenda on two levels – strategy and implementation – and invite the most appropriate donor representatives to each.
- o In terms of membership, some interviewees suggested enlargement to include banks and major companies, in an attempt to raise additional resources for the NGO sector. But such possible enlargement should be planned carefully, in order to keep the Forum open and representative but functional at the same time.

There are different opinions expressed of what should be done in the future to ensure a better functioning of the Forum. Generally though, they are related to a more structured approach, sharing more in-depth information and working on concrete issues.

8.4 CHAPTER'S SUMMARY OF FINDINGS AND CONCLUSIONS

Although information sharing is seen as the most frequent level of cooperation and donors use a variety of sources and methods to obtain information – such as personal contacts, web and electronic information, regular publications – the level of information about other donors is still considered insufficient.

The most frequently mentioned information needs are other donors' strategic priorities and grant recipients. Other information needs include: fields and target areas, program analysis, funding procedures and mechanisms. Most often mentioned means for updating this information are web related mechanisms, followed by electronic publications and paper format reports and newsletters.

Many donors felt the need to improve donor cooperation at a wider level. They also gave examples of issue-based donor coordination and specific program partnerships that can serve as a basis for extending future cooperation.

The following barriers to wider cooperation were identified: the current low level of information about other donors, low flexibility of donor strategies, limited internal procedures and policies to promote organizational involvement in donor cooperation.

Donors point out that the ideal roles of a powerful donor community active on civil society development should be: increasing local resources through assistance for the development of local philanthropy; promotion of closer links between programs and grant recipients; sharing lessons learned and good practice; and increasing awareness of the role and benefits of a strong civil society through joint communication.

The Romanian Donors' Forum has played an important part in cooperation among donors and has contributed to increased communication and information sharing among members.

The Romanian Donors' Forum should continue to play a role in promoting informal communication between donors, but also should move to address more of the concerns of donors through: sharing and developing good practices; developing common and/or complementary strategies to improve the balance of support and increase impact through pooling resources; setting principles for grant-making. Some donors also see other possible roles: advocating for the development of the NGO sector, maintaining communication with the media, public authorities and businesses, and attracting corporate donors.

8.5 ACTION POINTS/RECOMMENDATIONS

Donors might consider the following for improved information sharing and cooperation:

Increase the commitment of resources, especially of staff time, for information sharing with other donors; create clear policies to promote institutional involvement in donor cooperation.

Produce and distribute to all donors easy to use materials about strategies, practices, results and grantees; studies can be commissioned by donors individually or in groups to provide them with synthetic, user-friendly, practice-oriented information.

An agreement could be reached on with regards to the donors' interest to use a common recording system (based on the relationship between costs and benefits) that would allow for the gathering of comparable data and better inform implementers and decision makers.

Romanian Donors' Forum members might consider the following:

Facilitate a common understanding between member donors of the RDF role, objectives and identify the best mechanisms to respond to the diversity of needs.

Increase communication of the RDF's goal, objectives and priorities to donors who are not members and to other stakeholders.



Summary of Recommendations



The considerations below are a combination of recommendations for donors made by the review team on the bases of the report findings and suggestions made by donors upon presentation of preliminary findings.

GENERAL APPROACH TO DEVELOPMENT

- o Actively identify key issues and needs in Romanian society to ensure that a diversity of issues receive support, even if not part of major trends and priorities.
- o Increase responsiveness of donor strategies: shared responsibility for agenda setting, bottom-up processes.

GENERAL STRATEGIES TO SUPPORT CIVIL SOCIETY

- o Design and communicate long-term strategies for civil society development to create a stable and predictable environment for NGOs to grow and consolidate.
- o Continue support for the consolidation of existing NGOs through long-term support of organizations and programs to allow for continuity, stability and strategic focus.
- o Continue to provide support for the development of new initiatives as there is a constant need for new NGOs and approaches.
- o Continue support for the creation and promotion of models for active engagement of citizens in community life, self-reliance, open communication and building trust.
- o Differentiate support strategies for NGOs based on type: by role, field of activity, size etc.
- o Support the development of organizational capacity through core funding, financial and non-financial support for organizational development.
- o Supporting programs and strategies that strengthen the link between NGOs and their communities.

STRATEGY FORMULATION AND EVALUATION

- o Increase the use of formalized methods for assessing needs that ensure information is being gathered from a range of beneficiaries and all important stakeholders.
- o Create/extend mechanisms for including feedback from beneficiaries in the decision-making process.

- o Search for effective mechanisms and tools to evaluate the long-term results and effects on grant recipients and end beneficiaries and include this data in the strategy development process.

NGO DEVELOPMENT PRIORITIES

- o Continue support for training of NGO staff – suggested areas include: communication, advocacy, leadership, organizational development, project management.
- o Support NGO outreach activities to ensure a better understanding of their role by all social actors.
- o Support the fundraising efforts of NGOs targeting in-country sources.
- o Support the development of needs assessment and impact evaluation skills and processes by NGOs and encourage NGOs to integrate these results into their work.
- o Encourage cooperation among NGOs.
- o Provide resources for building capacities of smaller, local NGOs.
- o Encourage NGO transparency and accountability through financial support for annual reports and audits.
- o Support capacity building efforts to increase the absorptive capacity and grant management of NGOs in regions receiving less funding.

NGO SUSTAINABILITY

- o Plan and communicate well in advance exit strategies that can assist, maintain and build on the existing results long-term; include a transition period with support for the diversification of resources.
- o Promote a legislative framework, which would support NGOs in fund-raising from indigenous sources, through individual and corporate philanthropy and government funding.
- o Support diversification of funding sources for NGOs through: support of local philanthropy development initiatives, investment in NGO fund-raising activities, development of endowment funds, etc.
- o Use donor leverage to increase cross-sector cooperation.
- o Support the development of capacities and practices of local donors, sponsors and governmental programs.

DONOR COMMUNITY

- o Ensure a better balance of project support and organizational support; seed grants and consolidation funds; pilot initiatives and long-term programs; regional and field distribution.
- o Encourage new donors with an interest in civil society development to extend their operations in Romania.
- o Build the capacity of Romanian grant-making organizations and support their efforts to diversify funding for continuing support.

- o Facilitate a common understanding between member donors of the RDF's role and objectives, and identify the best mechanisms to respond to the diversity of needs.

DONOR COMMUNICATION

- o Improve communication of strategies, including strategy changes, focus and mode of operation, both through direct communication with beneficiaries and other stakeholders, but also through accessible, user-friendly materials that document donor focus, strategies and practices.
- o Work together with intermediary support organizations in order to publicize grant programs, especially if targeting smaller, local organizations or CBOs.
- o Increase the practice of documenting success stories and lessons learned in support of the Romanian NGO sector.
- o Create clear policies to promote the institutional involvement of donor organizations in donor cooperation.
- o Increase the commitment of resources, especially of staff time, for information sharing with other donors.
- o Increase communication of the goal, objectives and priorities of RDF to donors who are not members and to other stakeholders.
- o Decide on a cost-effective common recording system that would allow for the gathering of comparable data and provide better information for implementers and decision makers.



Appendices



- Appendix 1: List of Donor Organizations Interviewed
- Appendix 2: List of Contact Information of Donors
- Appendix 3: Donor Profiles
- Appendix 4: Types of Information About Donors Publicly Available
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APPENDIX 1: LIST OF DONOR ORGANIZATIONS INTERVIEWED

Quantitative data (from filled in questionnaires and/or grant lists) from the organizations marked with * has been included in this review.

1. Allavida (formerly known as Charity Know How)*
2. America's Development Foundation*
3. Carpathian Foundation*
4. Center for Legal Resources
5. Charles Stewart Mott Foundation*
6. Civil Society Development Foundation*
7. Community Mediation and Security Center
8. Concept Foundation
9. Co-operating Netherlands Foundations for Central and Eastern Europe*
10. Department for International Development (DFID)*
11. Ecumenical Association of Churches in Romania – AIDRom*
12. Embassy of Austria
13. Embassy of Canada*
14. Embassy of Swiss
15. Embassy of the Kingdom of the Netherlands
16. Ethnocultural Diversity Resource Center*
17. European Commission*
18. European Cultural Foundation
19. Eurotin
20. German Marshall Fund of the United States*
21. King Baudouin Foundation*
22. Open Society Foundation*
23. Princess Margarita Foundation*
24. Regional Environmental Center*
25. Resource Center for Roma Communities*
26. Romanian Environmental Partnership Foundation*
27. Romanian Social Development Fund*
28. United Nations Children's Fund (UNICEF)
29. United States Agency for International Development (USAID)*
30. World Bank*
31. World Learning Inc.*
32. World Vision*

APPENDIX 2: LIST OF CONTACT INFORMATION OF DONORS

Contact information of donors is compiled from the most recent information sources, to the best knowledge of the review team.

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT, ROMANIA (USAID)

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WORLD VISION

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APPENDIX 3: DONOR PROFILES

ALLAVIDA (FORMERLY KNOWN AS CHARITY KNOW HOW)

MISSION

Allavida aims to strengthen and nurture the spirit and effectiveness of formal and informal voluntary and non-profit organizations in addressing key issues in the daily lives of individuals and their communities; to develop existing skills and learning in such organizations; to encourage the spread of learning and develop mutually supportive partnerships wherever we work.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

Allavida aims to support the revitalization of civil society in Central and Eastern Europe and the former Soviet states through the Charity Know How (CKH) Grants Program. CKH supports the transfer of „know how” (skills, knowledge and experience) between NGOs, by providing funds for skill-sharing partnerships between at least two organizations usually from different countries.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY DEVELOPMENT/NGO DEVELOPMENT IN ROMANIA

Charity Know How (now part of Allavida) was set up in 1991 and first grants were made in December 1991. Awards were made for skill-sharing partnerships between NGOs in the target region (Central and Eastern Europe and the Former Soviet Union) and British NGOs. In recent years, Charity Know How increasingly supported East-East partnerships. Grant beneficiaries are formal or informal voluntary and non-profit organizations, which can be considered to have charitable purposes. The amount granted so far through this program is over \$4.5 million.

CURRENT PRIORITIES AND PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY/NGO DEVELOPMENT

The Charity Know How Grants Program (described above) continues to run. No specific amount is allocated for Romanian NGOs and there are no specific fields of activity. The maximum grant that can be awarded is approximately \$22,500.

OTHER TYPES OF SUPPORT BESIDES FUNDING

Allavida also implements a number of longer-term capacity building and intensive training programs, which provide training and micro-grants to groups in specific regions. Allavida increasingly serves as an information provider for NGOs interested in forming international partnerships. Through the ‚Contact Finder’ section on the website, Allavida assists groups to find partner organizations in the region or the UK, and to think through some of the issues around partnership. The site also has links to other funding organizations.

In Romania, Allavida has recently been involved in the „Review of the NGO Sector: Strengthening Donor Strategies”. Discussions were held with representatives of donors as well as NGOs to take the report findings forward and Allavida has been able to use the review to influence its own strategy.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

Allavida is looking at the possibilities of establishing a range of civil society support programs ranging from general organizational development with small grassroots groups, to leadership development, and building advocacy skills with more established agencies. Allavida is also developing a program to undertake research into the development of indigenous philanthropy in Romania.

RELEVANT PUBLICATIONS

The following publications are available: copies may be downloaded from the website (www.allavida.org), or can be sent to enquirers, either by email or by post:

- o Annual Report
- o Grants Program Guidelines and Application Form
- o A list of grants made in the last financial year

Other leaflets on the work of Allavida and CKH are also available from the office.

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AMERICA'S DEVELOPMENT FOUNDATION

MISSION

Assist the international development of democracy all over the world.

OBJECTIVE RELATED TO SUPPORT FOR NGOS IN ROMANIA

To provide grants and technical assistance to Romanian NGOs to work in partnership with Serbian NGOs in order to strengthen the development of democracy and foster citizen participation in Serbia.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

ADF started to work in Romania in 1998 by supporting the publication of different relevant publications and organizing the first meeting between members of Parliament and civil society representatives.

ADF's principle program has been the "Romanians for Serbian Democracy" program, supported by USAID (locally known as the "Regional Partnership for Democracy Program"). Grants and technical assistance are provided to Romanian NGOs to work in partnership with Serbian NGOs in order to strengthen the development of democracy and foster citizen participation in Serbia. 21 grants, totaling 600 000 USD have been awarded to 17 Romanian NGOs.

In addition to this program, ADF has: provided training and technical assistance to Romanian NGOs active in civil society development, democratic governance, and increased citizen participation; assisted with the documentation of the 1999 Romanian national NGO forum; and supported a conference to promote partnership between the Romanian parliament and civil society. ADF activities continue to focus on enhancing Romanian NGO capacity to promote increased citizen participation in democratic processes.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

"REGIONAL PARTNERSHIP FOR DEMOCRACY" (*RPD*) program.

OTHER TYPES OF SUPPORT BESIDES FUNDING

Technical assistance

RELEVANT PUBLICATIONS

Further information can be found on the website www.adfusa.org

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CARPATHIAN FOUNDATION – FUND FOR DEVELOPMENT OF THE CARPATHIAN EUROREGION

MISSION

The mission of the Carpathian Foundation is to promote neighborliness, social stability, and economic progress in bordering regions of Hungary, Poland, Romania, Slovakia and Ukraine. The Carpathian Foundation works to revitalize these areas by promoting integrated community development, as well as cross-border and inter-ethnic co-operation.

In Romania, the targeted area covers seven counties: Bihor, Botosani, Harghita, Maramures, Satu Mare, Salaj and Suceava.

OBJECTIVES RELATED TO SUPPORT FOR NGOS

The Foundation is especially interested in providing financial and technical assistance to projects that improve the quality of life for people in small towns and villages in the Carpathian Mountains.

All applicants must be legally registered NGOs and local councils located in the targeted area. The Foundation's programs strengthen civil society in the region by promoting and supporting: integrated rural community development programs, cross-border co-operation, and inter-ethnic dialogue.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY DEVELOPMENT/NGO DEVELOPMENT IN ROMANIA

The Carpathian Foundation was established as a cross-border regional foundation working in the bordering areas of Hungary, Poland, Romania, Slovakia and Ukraine, a region populated by over 14 million citizens living in the ethnically mixed and culturally diverse Carpathian Euroregion. The Foundation was founded in 1994 by the East West Institute, with substantial support from the Charles Stewart Mott Foundation. In the first five years of operation the Foundation distributed over \$2 million in support of more than 350 organizations and local governments throughout the region. By July 2001, 117 projects totaling \$640.055 were awarded within Romania. In January 2000, the Carpathian Foundation became an independent, indigenous organization.

CURRENT PRIORITIES AND PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY/NGO DEVELOPMENT

- ?? Integrated Rural Community Development Program
- ?? Cross-Border Co-operation Program
- ?? Program for the Improvement of Inter-Ethnic relations
- ?? Capacity Building Program
- ?? Prize for Best Practices of Local Governments
- ?? Preservation of the Carpathian Heritage
- ?? ROMANET
- ?? Inter-cultural Dialogue in the Carpathian Euroregion

OTHER TYPES OF SUPPORT BESIDES FUNDING

Besides grant making activities, the Foundation has expanded its role as an intermediary to promote and support co-operation and networking between people and communities. The Foundation also disseminates lessons learned and good practices.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3- 5 YEARS

The complex process of EU enlargement presents a significant challenge to the work of the Foundation. Economic globalization will challenge local values and may cause conflicts between the global and local markets, potentially weakening local economies. New border regimes may harm recent advancements in transfrontier, economic, cultural and inter-ethnic connections in the region. The Foundation will, therefore continue to identify, promote and support ways in which the positive aspects of EU enlargement can be strengthened in order to lessen possible negative impacts of this inevitable growth.

Future beneficiaries will continue to be NGOs and the local administration from the Carpathian Euroregion. Priority fields of activity will continue to be cross-border and inter-ethnic co-operation, connected with local and regional development, human resource development, and conservation of existing cultural heritage within the region. The estimated amount available for grant-making activities is \$1 million per year for all five countries, (\$200,000 per country).

RELEVANT PUBLICATIONS

Bi-annual report 1995 – 1997

Bi-annual report 1998 – 1999

Annual report 2000

Web page: www.carpathianfoundation.org

Community Based Economic Development in the Carpathian Euroregion, 2000

Sustainable Rural Development in the Carpathian Euroregion – project profiles

Best practices of the local public administration in the Carpathian Euroregion

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CHARLES STEWART MOTT FOUNDATION

MISSION

To support efforts that promote a just, equitable and sustainable society.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

The mission of the Central East European/Russia program is to promote and support civil society through three grant making objectives:

- ?? Strengthening the Nonprofit Sector
- ?? Promoting Citizen Rights and Responsibilities
- ?? Improving Race and Ethnic Relations

In addition, the Foundation awards a limited number of grants for special initiatives in support of compelling projects to advance political, economic and social transition within the region.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY DEVELOPMENT/NGO DEVELOPMENT

The Mott Foundation has been making grants to benefit CEE/Russia since 1989. It established its office in Prague, Czech Republic, in 1994 to coordinate program activities in the region.

During 2000, the Foundation will award more than \$15 million (U.S. dollars) for about 140 grants to organizations active in CEE and Russia.

Between 1993-2000, the Foundation awarded approximately 842 grants to NGOs active in Central Eastern Europe/Russia totaling \$81,666,453. 40 grants have been made to NGOs active in Romania totaling \$3,344,596. The Foundation provides both project support and general purpose support.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

The Foundation continues to support activities that fall within the scope of the three grant-making objectives described above. A detailed brochure about current grant-making priorities can be obtained through the Prague office or on the website (www.mott.org)

OTHER TYPES OF SUPPORT BESIDES FUNDING

Mott Foundation staff actively engages in promoting donor coordination and collaboration, principally through the Romanian Donors' Forum. Staff also make regular site-visits to grantees, and, where possible, provide assistance with networking Mott grantees.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

Starting in the fall of 2001, the Mott Foundation will be carrying out a complete review of grant making in CEE/Russia in order to assess the appropriateness and effectiveness of current strategies and plan future strategies. It is anticipated that Romania will remain a priority country for Mott support in the foreseeable future.

RELEVANT PUBLICATION AND ACCESS TO THEM

All Mott publications (including annual reports) are available from the website: www.mott.org

Information about all Mott grantees from 1994 is also available on the website.

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CIVIL SOCIETY DEVELOPMENT FOUNDATION

MISSION

The mission of the Civil Society Development Foundation (CSDF) is to support the development of civil society organizations in Romania. CSDF promotes active involvement of individuals in their communities and encourages the efforts of non-profit organizations to improve the quality of life and to strengthen democracy in Romania.

DONOR OBJECTIVE RELATED TO SUPPORT FOR NGOS

- ?? Supporting citizens' associations, participation and volunteering initiatives
- ?? Developing NGO management and action capacity
- ?? Increasing the involvement of NGOs in society, both at a local and national level through partnerships and communication between NGOs and public administration, mass-media, and the business community
- ?? Increasing public awareness and recognition of NGOs, their role and functions
- ?? Developing a long-term and collaborative strategy for the growth of the NGO sector in Romania

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

The Civil Society Development Foundation (CSDF) was established in 1996 to manage the EU PHARE Program for Civil Society Development in Romania. Between 1996 and 2001, grants totaling **3,7 million Euro have been awarded to Romanian NGOs**. Activities supported include: NGO information, training and cooperation, social services, human rights and democracy, culture, human resources development, environment, and community development. CSDF has also run joint grant schemes with Charity Know How Fund and the International Youth Foundation.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

CSDF is currently administering two grants program for NGOs:

1) Phare Civil Society Development Program 2000. This grants program will support the development of citizen's advice bureaus, partnerships between NGOs and local authorities, and NGO sector development (such as the development of volunteerism and NGO related legislation). The total amount of funding available for this program is approximately 4 million Euro.

2) Phare Access 2000. This program focuses on the following key areas: the adoption and implementation of the *acquis communautaire* in the fields of environmental protection and socio-economic development; and, activities, which support sustainable health and social services for marginalized groups. The total amount of funding available is 4 million Euro. Macro grants support programs up to 200,000 Euro and micro grants up to 50,000 Euro. NGO networking will also be supported.

OTHER TYPES OF SUPPORT BESIDES FUNDING

In addition the grants programs, CSDF acts as a resource center for NGOs providing training and development services, information (such as the NGO database and weekly bulletin) and legal advice. CSDF also carries out NGO related research.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

In cooperation with the EU Phare program, CSDF will continue to support civil society organizations. In the coming years, support will continue to focus on partnership projects, training and resource centers for NGOs, citizens advice services, civic

education and citizen participation. CSDF will also continue to provide training and information services for NGOs.

RELEVANT PUBLICATIONS

Annual Reports 1996-1997, 1998, 1999, 2000, grant application guidelines, research papers, and special grant program reports. For further information see the website: www.fdsc.ro

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CO-OPERATING NETHERLANDS FOUNDATIONS FOR CENTRAL AND EASTERN EUROPE (CNFCEE)

MISSION

To improve the social situation of disadvantaged groups in society.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

To provide grants and consultancy support for social projects implemented by NGOs, as one of the most effective ways to improve key social needs.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY DEVELOPMENT/NGO DEVELOPMENT

CNFCEE started grant making in support of the activities of Romanian NGOs in 1994. Priority fields for grant-making activities are divided into the following categories: youth, elderly, minorities, handicapped, unemployed, community building, addicts, sick people and public health.

Between 1994 and 2001, a total of 167 grants were made totaling 7,779,587 NLG.

CURRENT PRIORITIES AND PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY/NGO DEVELOPMENT

Priorities and programs remain unchanged.

OTHER TYPES OF SUPPORT BESIDES FUNDING

CNFCEE provides consultancy support for grantees. With rare exception, consultants are recruited from Central and Eastern Europe. Support for site visits to learn from new initiatives in other countries in the region are also considered.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY/NGO DEVELOPMENT IN THE NEXT 3-5 YEARS

CNFCEE will remain active in Romania in the foreseeable future. There is no fixed budget for grant making in Romania.

RELEVANT PUBLICATIONS

Further information can be found on www.cnfcee.nl. In September a book on social transition in Central and Eastern Europe with descriptions of pilot projects will be published in English. A Quarterly bulletin is also available.

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DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

MISSION

The goal of DFID is successful transition to a pluralist democracy and a well-regulated market in such a way that benefits are sustainable and spread through all levels of society. Programs are geared to increase the capacity of civil society to achieve this successful transition.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

To strengthen civil society to reduce social exclusion.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

DFID is the British government's department responsible for promoting development and the reduction of poverty. DFID seeks to work in partnership with governments, which are committed to international targets, and seek to work with business, civil society and the research community to encourage progress to help reduce poverty. Fields supported under the Small Grants Scheme are: handicapped people, roma community, children, environment, crafts, health, rural development, and education. DFID started the Small Grants Scheme in 1992 and the amount allocated so far for NGOs is 730.260 British pounds.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

- ?? Small Grants Scheme
- ?? Technical assistance for Citizens Advice & Information Center (CAIS) development
- ?? Technical assistance for local & regional partnerships development program

OTHER TYPES OF SUPPORT BESIDES FUNDING

Technical assistance

RELEVANT PUBLICATIONS:

Romania – Country Strategy Paper

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ECUMENICAL ASSOCIATION OF CHURCHES IN ROMANIA – AIDROM

MISSION AND MANDATES

The mission statement of AIDRom is to summon churches and civil society for a common response to social problems in Romanian society. There are two distinct mandates of AIDRom:

Platform for churches. AIDRom provides a discussion forum about Romanian ecumenical issues in general; it ensures churches' equal participation in these discussions, which leads to practical cooperation.

Development agency. In this capacity AIDRom can be regarded as a grant-maker, supporting NGOs. AIDRom is also involved in advocacy activities and in drafting legislation related to key fields of interest.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

AIDRom encourages the development of civil society, where citizens are actively engaged in addressing key local and national issues.

BRIEF HISTORY OF SUPPORT

AIDRom (Ajutor Interbisericesc Departamentul Romania = Inter-Church AID Department Romania) started its activity in 1991 as a form of cooperation between Romanian churches: Romanian Orthodox, Reformed, and Lutheran, in cooperation with Unit IV (Shearing and Service) of the World Council of Churches. In 1993, it was registered as The Ecumenical Association of Churches in Romania. In 1994 other two additional Romanian Churches became members: the Evangelical Lutheran Synodal Presbyterian Church and the Armenian Orthodox Church. AIDRom works in three main program areas: Education, Social Work and Ecology.

Three different stages can be observed in the development of AIDRom.

The first years 1990-92 laid the foundation for the organization. The World Council of Churches played a key role during this stage by providing both human resources and funds. The initial idea was to facilitate the establishment of a National Council of Churches, and at the same time to respond to the humanitarian crisis of that time.

The second stage 1992-95 was characterized by the stability of the organization, as AIDRom became a registered association in 1993.

From 1995 AIDRom started to operate with Romanian leadership and Romanian staff. In the late 1990s AIDRom became less dependent on sources from abroad. There has been a shift from project processing towards developing consultancy services to churches and NGOs and the establishment of an information resource structure.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

AIDRom carries out its work through the following main programs:

- ?? Ecumenical Department
- ?? Street Children
- ?? Education, Minorities & Human Rights
- ?? Social Diaconia
- ?? Women
- ?? Environment and Sustainable Development
- ?? Emergency

OTHER TYPES OF SUPPORT BESIDES FUNDING

Conference Center with all facilities and special discount for NGOs.

Travel Agency providing Services with special discount for NGOs.

Consultancy.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3- 5 YEARS

In addition to the key programs described above, AIDRom plans to facilitate income-generating projects for sustainable development

RELEVANT PUBLICATIONS

AIDROM web site.

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EMBASSY OF THE KINGDOM OF THE NETHERLANDS

MISSION

The aim of the **Matra-Program** is to support the transformation of countries in Central and Eastern Europe, including Romania, to plural, democratic states, governed by the rule of law. Matra supports activities that stimulate the process of change in the state, its institutions, civil society organizations and relations between them.

DONOR OBJECTIVE RELATED TO SUPPORT FOR NGOS

Through the *Matra Projects Program* and the *Small Embassy Projects Program*, the Netherlands Ministry of Foreign Affairs aims to strengthen the technical and organizational capacity of Romanian NGOs, active in different fields of the society, which contribute to the process of social transformation towards a market economy and democratic society.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

Matra Projects Program: This program started in Romania in 1996.

Small Embassy Projects Program: This Program started in Romania in 1994.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

Matra Projects Program: This program supports the development of a civil society, in which citizens are aware that they bear the main responsibility for organizing their own society. This entails strengthening legal certainty and legal protection, and encouraging political awareness, pluralism, and private initiative. Projects eligible for grants should aim to transfer knowledge and experience by means of technical assistance, consultancy and training. Activities should be based in Romania and respond to existing private initiatives.

Applications for grants under the Matra Projects Program can be submitted by:

- a) NGOs established in the Netherlands, Netherlands local and semi-government authorities, educational institutions and firms of consultants established in the Netherlands.
- b) International NGOs, including those not established in the Netherlands

The applicant organization must have one or more Romanian project partners.

Matra Small Embassy Projects (KAP) Programme: This program supports small-scale local initiatives for social transformation towards a pluralistic, democratic society. Project activities focus on public awareness raising, training, strengthening of non-governmental institutions etc.

RELEVANT PUBLICATIONS

Publications:

?? *The Grants Handbook for the Matra Projects Program*, available at the Netherlands Ministry of Foreign Affairs.

?? The information booklet of the *Matra Small Embassy Projects Program*, available at the Netherlands Embassy in Bucharest.

Electronic information:

?? <http://www.bz.minbuza.nl>, the web-page of the Netherlands Ministry of Foreign Affairs

?? <http://www.olanda.ro>, the web-page of the Netherlands Embassy in Bucharest

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ETHNOCULTURAL DIVERSITY RESOURCE CENTER

MISSION

The Center's mission is to strengthen democracy in Romania by improving the country's interethnic climate and promoting principles of ethno-cultural peace and justice based on institutional solutions acceptable both to the majority and minorities.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

EDRC enhances partnership between minority and majority organizations and communities through seed grants and development assistance for community-based organizations. EDRC also strengthens organizations led by minority groups.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

RCRC was established in 1999 as a member of the Soros Open Network, and builds on the activities of the former Open Society Foundation's Cluj branch. The Center is both grant making and operational. The Open Society Foundation's Cluj branch has focused on developing interethnic programs since 1996.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY/NGO DEVELOPMENT

A total of \$125,000 per year is invested into a small grants and facilitation program in support of the development of multi-ethnic communities. EDRC generally offers small and medium-sized grants for projects lasting 1-2 years. The beneficiaries are community-based organizations, NGO's, public institutions (school, inspectorates, etc.) and local authorities.

Main programs in support for civil society development are: Multiethnic Community Development, School Partnerships and Advocacy.

OTHER TYPES OF SUPPORT BESIDES FUNDING

Consultancy in project planning and management. Training for organizational leaders, civil servants, and teachers working in multiethnic communities. Publications, databases, and a documentation center is available for organizations and individuals

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

Initiating regional cooperation among organizations active in the field of minority protection and multiculturalism. Facilitating the creation of a consultative forum among organizations in Romania dealing with diversity and multiculturalism. The small grants program in support of the development of multiethnic communities will continue for the foreseeable future.

RELEVANT PUBLICATIONS AND ACCESS TO THEM

Further information can be obtained from the web page (www.edrc.ro) and from the web page of the Soros Open Network or Open Society Foundation in Romania (www.son.ro, www.osf.ro)

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EUROPEAN COMMISSION

MISSION

The European Commission's activities in Romania include:

- Monitoring Romania's progress towards accession and advising Romanian Government on all issues pertaining to the pre-accession process;
- Monitoring the implementation of assistance programs offered by the European Union in view of accession; and
- Providing information on EU - Romania relations for the Romanian public.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

The continuing need to support NGOs is an important pre-accession priority included in the Accession Partnerships. To meet the Copenhagen criteria, countries seeking European Union membership are expected to formally subscribe to the principles of the rule of law, human rights and respect for the protection of ethnic minorities. The Copenhagen criteria also require that these principles be put into daily practice and that the necessary institutional framework to support their sustainability are established. The development of a democratic society is related to the emergence and development of an open civil society, in particular the development of NGOs, which can articulate citizens' demands through active participation.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

- Phare LIEN Program – Micro-projects

The main objective of the LIEN program was to stimulate citizens' initiative and to strengthen the capacity of non-governmental and non-profit organizations working in the social sector, in favor of disadvantaged groups (women, elderly, children, Roma, disabled, ill, unemployed, homeless, etc). Activities financed under this program ranged from social reintegration of the marginalized groups, professional re-conversion, to promotion of social and medical protection systems. A total budget of 1,350,000 Euro was granted to a number of 162 projects.

- Phare Democracy Program – Micro-projects

The general objective of the program was to promote the concept of democratic society governed by the rule of law by training politicians in parliamentary organization issues, sustaining NGO activities which promote a democratic society, and transferring the required know how to professional associations regarding democracy and the rule of law. A total budget of 1,810,000 Euro was granted to a number of 223 projects.

- Phare Partnership Program – Micro-projects

The Phare Partnership Program provided grant-finance for local development projects aimed at developing partnerships between NGOs and the public and private sector, which lead to sustainable economic and social development both at local and regional level. A total budget of 140,000 Euro was granted to 19 projects.

- EU-Phare RO9406 Civil Society Development Program

The program aimed to strengthen the capacity of the NGO sector in Romania. The Civil Society Development Foundation (CSDF) was set up in order to implement the above-mentioned program. The Civil Society Development Program activities were divided into three components:

- direct assistance for Romanian NGO initiatives for institutional development and - program development
- assistance for initiatives by CSDF to improve the present conditions and environment for NGO sector
- assistance for the development of CSDF for the benefit of the NGO sector.

A total budget of 2,621,919 Euro was granted to a number of 508 projects.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

European Initiative for Democracy and Human Rights

The European Initiative for Democracy and Human Rights aims to strengthen pluralist democracy, human rights and the rule of law with a view to supporting the overall process of democratization, civil society development and the protection of human rights. The maximum limit of the grants is 50.000 Euro.

To date 29 proposals have been supported totaling 761,441 Euro.

ACCESS Program

Objectives: The ACCESS program replaces two previous programs, Phare LIEN and Phare Partnership. Program support is divided into two areas:

- *Adoption and implementation of the acquis communautaire* in the field of environmental protection and socio-economic development (such as promotion of workers' rights and social dialogue; promotion of consumer interests and strengthening organizations with socio-economic roles)
- *Social sector*, aimed at contributing to social reintegration and/or promoting sustainable health and social support for disadvantaged groups of the population (such as members of minority groups, disabled, elderly, homeless, street or abused children, illiterate, unemployed, victims of addictions, of AIDS, victims of cruelty etc).

The total budget available for grants under the ACCESS program is of 8,105,000 Euro. The micro-projects facility of the program was launched on 19 July 2001. The deadline for reception of proposals was 19 Sept. 2001. The amount available under the present call for proposals is 4,105,000 Euro.

Macro-projects, the Networking Facility and another call for proposals for micro-projects will be launched in October 2001.

Phare National Program 2000– Civil Society

The main objectives are to develop sustainable partnerships between NGOs and local administration and to promote integration of the Roma community. The immediate objectives are: to create citizen's advice services including advice for victims of abuse, legal advice etc., and a national network of citizens advice bureaux; to develop the capacity of administration to co-operate with civil society representatives; to reinforce the sustainability of the NGO sector; to build the capacity of organizations working to promote Roma integration.

The program has a budget of 5,000,000 Euro. Two calls for proposal under this programme were launched on 25 July 2001 with deadline for submission of applications on 24 September 2001. The first call for proposals amounts to 600,000 Euro and aims at creating citizens advice bureaux (CAB) and developing a national network comprising these bureaux. The second call for proposals amounts to 927,500 Euro and aims at supporting the NGO sector to develop internal human and financial resources to ensure the sustainability of the sector.

OTHER TYPES OF SUPPORT BESIDES FUNDING

Technical assistance for grantees.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

The European Commission will continue to support the development of Civil Society in Romania.

RELEVANT PUBLICATIONS

- "People who make a difference" – Information Center of the European Commission tel/fax 315.34.70, Calea Victoriei nr. 88, e-mail: contact@infoeuropa.ro
- "How to get European Union Funds 2001" – Information Centre of the European Commission tel/fax 315.34.70, Calea Victoriei nr. 88, e-mail: contact@infoeuropa.ro

- internet site: www.infoeuropa.ro

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EUROTIN

DONOR MISSION

The objective of the Romanian Agency for European Youth Co-operation - EUROTIN is to put into practice the policy of the Romanian Government and the Ministry of Youth and Sports to promote international cooperation in the field of informal education and training for the young generation.
(According to the Decision of the Romanian Government no.463/1999)

DONOR OBJECTIVE RELATED TO SUPPORT FOR NGOS

The Romanian Agency for European Youth Co-operation has the following objectives:

- To ensure and foster co-operation between specialized institutions of the European Union within the YOUTH Program, as well as between other relevant EU programs in the field of education and youth exchanges.
- To administer the Eurodesk - Information and Consultancy Service, within the European Eurodesk Network.
- To ensure and foster the participation of youth within multinational programs in partnership with European Union Member States or non-EU countries.
- To facilitate access of young people and youth non-governmental organizations in Romania to programs and funds provided by grant making institutions and international bodies, as well as other public and private entities.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

EUROTIN was established in December 1995 as the Youth for Europe Program National Agency. Since May 2000, the Youth for Europe Program and the European Voluntary Service became a single program named YOUTH. During 1996-1999, the amount granted through the Youth for Europe Program was approximately 2,5 billion EURO to over 500 NGOs.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

EUROTIN runs the YOUTH program National Agency in Romania. Its role is to promote and implement the Program at national level.

The Romanian National Agency acts as a link between the European Commission, project promoters at national, regional and local level, and the young people themselves, and is a key contact point. The Agency is responsible for disseminating general information about the YOUTH program as well as encouraging and facilitating the establishing of partnerships. It is also responsible for the selection of projects according to the criteria set by the European Commission. It advises project promoters and organizes different kinds of training activities.

Established in 2000, the YOUTH Community Action Program caters for the interests of young people through offering financial support for projects and through the provision of information, training and opportunities to develop new partnerships across Europe and beyond.

The main activities supported are divided into five Actions:

- Action 1 supports short-term group exchanges of young people aged 15 to 25;
- Action 2 supports voluntary service for individuals aged 18 to 25;
- Action 3 assists initiatives which are led by young people themselves;
- Action 4 offers the opportunity to develop projects linked to other Community Programs;
- Action 5 is a package of possibilities for support measures to develop new YOUTH projects and to improve their quality.

The YOUTH program primarily addresses young people aged between 15 and 25 who are legally resident in one of the Member States of the European Union or other Program countries.

The following groups can participate in the Program:

- Groups of young people who want to organize a youth exchange or launch an initiative in their local community
- Young people who would like to get involved in European Voluntary Service
- Ex-volunteers who are looking to build upon their experience
- Youth organizations
- Youth leaders
- Youth workers
- Project managers or organizers in the field of youth and informal education
- Other non-profit-making organizations, associations or structures.

OTHER TYPES OF SUPPORT BESIDES FUNDING

The Romanian YOUTH National Agency is responsible for disseminating general information about the YOUTH program and encouraging and facilitating the establishment of partnerships. It advises project promoters and organizes training activities.

Eurodesk Romanian Service runs within EUROTIN. Eurodesk is a European network providing information relevant to the education, training and youth fields, and the involvement of young people in European activities.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

The YOUTH Community Action Programme was established by Decision No. 1031/2000/EC of the European Parliament and of the Council of 13 April 2000. The Programme will run from 2000 to the end of 2006.

The total amount available each year is early approximately 2 billion EURO. The total amount available for grants between the period 2000-2006 is approximately 12 billion EURO.

RELEVANT PUBLICATIONS

www.eurotin.ro
www.europa.eu.int/comm/education/youth.html
www.eurodesk.org

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GERMAN MARSHALL FUND OF THE UNITED STATES

MISSION

The German Marshall Fund of the United States (GMF) is an American institution that stimulates the exchange of ideas and promotes cooperation between the United States and Europe in the spirit of the postwar Marshall Plan. GMF was created in 1972 by a gift from the German people as a permanent memorial to Marshall Plan aid.

Through its work in the United States and Europe, GMF has pursued its founding mission to create a closer understanding between partners on both sides of the Atlantic. GMF's grant making promotes the study of international and domestic policies, supports comparative research and debate on key issues, and assists policy and opinion leaders' understanding of these issues.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY DEVELOPMENT/NGO DEVELOPMENT IN ROMANIA

GMF began working in Romania in 1991, supporting NGOs in the fields of civil society development, good governance, foreign policy, and human rights. With a change of funding priorities, grant making in Romania now tends to focus on foreign policy, economic, political, and civic development, and the environment.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

GMF does not have any current programs focusing on civil society development, but individual proposals can be submitted in the areas of foreign policy, economics, environment, and immigration.

OTHER TYPES OF SUPPORT BESIDES FUNDING

GMF runs a number of fellowship programs, in which Romanians can participate, including the Marshall Memorial Fellowship and the Campus Fellowship. Further information is available on the website (www.gmfus.org)

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

GMF plans to continue its support of NGOs and think-tanks in Romania in the fields of foreign policy, environment, economics, and immigration.

RELEVANT PUBLICATIONS

Further information can be found on the website www.gmfus.org

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KING BAUDOUIN FOUNDATION

MISSION

To improve the living conditions of the population in Belgium and abroad, taking economic, social, scientific and cultural factors into account.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

King Baudouin Foundation seeks to achieve its mission through supporting mostly NGOs.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

King Baudouin Foundation started supporting Romanian NGOs in 1996. Key fields of interest have included: improvement of inter-ethnic relations, children and young people at risk, and strengthening donor coordination. Since 1996, grants to NGOs have been awarded totaling 570.000 EURO.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY/NGO DEVELOPMENT

Key fields of interest are:

- Improving ethnic relations
- Children and young people at risk on the streets
- Living heritage
- Strengthening donor coordination

OTHER TYPES OF SUPPORT BESIDES FUNDING

King Baudouin Foundation provides grants together with capacity-building activities. In some cases, the Foundation makes consultants available to support intermediary organizations.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

Besides continuing the 3-years *Ethnic Relations program* in partnership with the Ethno-cultural Diversity Resource Center (ERDC) and the Mott Foundation (total annual budget, including our Partners' contribution: 125.000 EURO), King Baudouin Foundation launches two new initiatives in Romania:

Children and young people at risk on the streets, 2001-2004. The program will be implemented by the Princess Margarita of Romania Foundation. Annual budget: 220.000 EURO. 1-3 counties will be selected for support, under the prevention component, which comprises the development of local strategies and the provision of grants to local NGOs. Round tables and debates on the child welfare reform will also be supported.

Living heritage, 2001-2004. The program will support community development, using the issue of heritage preservation as a key theme. Budget: 100.000 EURO annually. Talks are being held with two Romanian intermediary organizations, which expressed interest in becoming King Baudouin Foundation's partners for this program.

RELEVANT PUBLICATIONS

- Improving Inter-Ethnic Relations in Central and Eastern Europe, 1998
- Street Children/Children in the Streets program (general presentation, covers 10 countries of Central and Eastern Europe), 1999
- Street Children/Children in the Streets, Achievements and Lessons Learned, 2001

These publications can be found on the website: www.kbs-frb.be

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OPEN SOCIETY FOUNDATION ROMANIA

MISSION

To contribute to the sustainable development of Romanian society in the spirit of the values of Open Society.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

To induce and enable the shift of paradigms and to influence public policy in the spirit of the values of open society.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

The Open Society Foundation Romania was founded in 1990. Key areas of interest included: education, civil society, arts and culture, support for independent media, publishing, health care reform.

In 1997, the Soros Foundation for an Open Society was re-registered as the Open Society Foundation, and its main fields of interest have become: reform of primary and secondary education, public health, reform of the legal system, public administration, women rights, European integration, arts and culture, civic education, community safety, minority rights, rural development, etc.

In 2000, the Foundation restructured itself into a network of 12 independent organizations which are members of the "Soros Open Network Romania" (SON).

Generally speaking, the Foundation had five types of grantees:

- individuals (such as in the cases of scholarships and travel programs)
- public administration
- non-governmental organizations
- institutions (such as universities, schools, hospitals, media institutions - newspapers, radios, TV stations, publishing houses, etc.)

Between 1990 and 2001, the Foundation awarded grants and managed programs totaling \$69,518,185.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

Currently the Foundation focus on supporting SON members and NGOs' activities only within areas of interest listed above.

The Foundation also manages: the East - East program, which fosters cooperation among civil society representatives from countries in SEE and NIS; and, a scholarship program for undergraduate and graduate education. Key developing activities include a gender program, EU integration, internet communication tools for the development of civil society, and prevention of child abandonment.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

Developing SON as an open network.

RELEVANT PUBLICATIONS

Open Society Chronicle - a bi-monthly newsletter of Soros Open Network and an annual report.

Further information can also be found on the websites: www.osf.ro and www.son.ro

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RESOURCE CENTER FOR ROMA COMMUNITIES

MISSION

The mission of the Resource Center for Roma Communities (RCRC) is to contribute to the improvement of the conditions of Roma communities throughout Romania.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

To support the activities of NGOs which:

- support the efforts made by Roma communities in order to address the problems they face;
- contribute to the identification and neutralization of different forms of discrimination of the Roma;
- contribute to the improvement of the communication between Roma and non-Roma;
- encourage the expression of Roma cultural identity;
- stimulate the active involvement of the young generation of Roma.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

RCRC was established in 1999 as a member of the Soros Open Network, and builds on the activities of the former Open Society Foundation's Cluj branch. The Center is both grant making and operational. Key programs to date include: the Roma NGOs support program (providing training and grants to NGOs); the Roma language and culture program (providing grants to NGOs).

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

Key current programs include: the development of a Roma NGOs network (providing training, information and grants), support for the expression and development of Roma language and culture (supporting publications), and the Roma youth program (providing training for young leaders and grants).

OTHER TYPES OF SUPPORT BESIDES FUNDING

Training and information for NGOs applying for Phare funding.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

In addition to the key programs listed above, the Center plans to support the development of a national network of Roma NGOs able to address problems faced by Roma communities, especially in the context of the implementation of the Government Strategy for Improvement of the Roma situation in Romania. The Center will also support the development of young Roma, NGO activists and future political leaders.

RELEVANT PUBLICATIONS

A variety of publications about the Roma are available. For further information contact RCRC and visit the website: www.romacenter.ro

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ROMANIAN ENVIRONMENTAL PARTNERSHIP FOUNDATION

MISSION

To support the improvement of the environment and the development of communities in Romania by contributing to the formation of a sustainable society that enhances democratic values.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

- To promote sustainable development through the strengthening environmental NGO's and civic activities;
- To strengthen the Romanian NGO sector through capacity building;
- To encourage civic participation in planning and decision making;
- To promote cross-sector partnerships for solving environmental and community-based problems;
- To provide financial and technical support to Romanian NGO's;
- To involve the citizens in the process of identifying, preventing, and solving environmental and community-based problems.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

The Foundation was established in 1999 and now supports community-based environmental projects in 24 counties of Romania, located mostly in the Carpathian area. Grantees are exclusively environmental NGOs. So far grants totaling \$215.000 have been awarded.

In 2000, the Foundation began a Tisa River Basin program, in partnership with the Environmental Partnership Foundation in Hungary, to support cross-border initiatives (Romania, Hungary, Yugoslavia). So far, grants totaling \$125.000 have been awarded (\$54.000 for Romanian NGOs).

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

Same as above.

OTHER TYPES OF SUPPORT BESIDES FUNDING

Technical support is provided for environmental NGOs in Romania. Training, consultancy and information is also provided for organizations to increase their capacities.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

Between 2001-2005, the Foundation will continue to award grants to environmental NGOs totaling approximately \$130,000 per year.

The Foundation is developing a Living Heritage Program, in partnership with King Baudouin Foundation and Carpathian Foundation, which will provide grants to NGOs and local authorities totaling approximately \$120,000 per year between 2001 and 2004.

RELEVANT PUBLICATIONS

Further information can be found on the website www.epce.ro
Grant 2000 – Successful Projects Case Studies, by request.

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ROMANIAN SOCIAL DEVELOPMENT FUND

MISSION

To contribute to poverty alleviation through building social capital.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

To increase organizational capacities at the grassroots level.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

Starting in 1999, the Romanian Social Development Fund (RSDF) has supported 319 projects managed by NGOs working with disadvantaged groups or Community Based Organizations located in villages, which meet the poverty criteria. Activities supported include: income generation, development of rural infrastructure, and the development of community based-social services.

To date, \$14,440,959 has been committed and \$7,500,000 has been disbursed to RSDF projects.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

Small rural infrastructure: beneficiaries are poor villages; \$12,618,554 committed to date.
Income generation activities: beneficiaries are poor villages; \$1,032,571 committed to date.
Community Based social services: beneficiaries are disadvantaged groups; \$789,834 committed to date.
Community outreach program: community facilitation activities (in 70 poor communities) and information and education campaigns supporting community organizations in the poorest districts: \$92,000 committed to date.
Training programs for grantees: all 319 project management teams have been following project management, accounting and procurement training programs; \$52,640 committed to date.

OTHER TYPES OF SUPPORT BESIDES FUNDING

Community facilitation. Training for grantees in project management and regulation and procedures for project implementation. Networking.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

Starting with 2002, RSDF will receive another loan of \$20 million from the World Bank to be disbursed by to 2005. It is anticipated that the activities and beneficiaries will remain the same.
More attention will be paid to children at risk.

RELEVANT PUBLICATIONS

Further information can be found on the website www.frds.ro.

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THE PRINCESS MARGARITA OF ROMANIA FOUNDATION

MISSION

The mission of The Princess Margarita of Romania Foundation is to act as a catalyst for the enhancement of human potential, the restoration of dignity, and the promotion of Romanian talent and cultural values.

To this end, the Foundation implements projects in the areas of health, social welfare, education, civil society and culture, which contribute to the spiritual and social renewal of the country.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

The PMRF is committed to improving the situation of children and youth in Romania. As part of that commitment, the Foundation currently manages a small grants program "Capacity Building Program for NGOs working with Children and Youth at Risk", to support NGOs, which promote programs preventing abandonment and promoting social integration of children and youth at risk. The main purpose of the program is to strengthen the capacity of NGOs to address these priority social issues.

Through 2000, The Princess Margarita of Romania Foundation made 27 grants totaling \$66,590 to 24 community-based organizations and NGOs active in the field of protection of children and youth.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY IN ROMANIA

The Princess Margarita of Romania Foundation is an operational and grant making non-governmental organization, founded by Her Royal Highness The Princess Margarita of Romania in 1990. The primary target groups of the Foundation's activities are children, youth, and the elderly. The Foundation also has representation in Belgium, France, Switzerland, the UK, and the US, in order to fundraise for the Foundation's activities and raise awareness about Romania, and the Foundation's activities.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

The Princess Margarita of Romania Foundation currently carries out the following operational and grant-making programs:

1. Senior Citizens' Assistance and Capacity Building Program
2. Health Promotion Program
3. Quality of Life for Children with AIDS Program
4. Special Fund for Children
5. Community Center for Parents and Children at Risk
6. Best Romanian Play of the Year Award
7. Capacity Building for Children and Youth at Risk NGOs
8. Donors' Forum
9. One-off Project Support Initiative

All of the Foundation's programs include activities aimed at building the capacity of the institutions and organizations with whom it cooperates, and foster community development.

OTHER TYPES OF SUPPORT BESIDES FUNDING

Provision of technical assistance and training for grantees and partner organizations.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

Strategies aimed for the development of civil society:

- Building networks and partnerships of organizations committed to children and youth related issues;

- Developing the organizational and programmatic capacity of organizations involved in the field of children and youth welfare by providing grants, training, technical assistance and by stimulating the dissemination of best practices;
- Facilitating the replication of successful programs;
- Strengthening the sense of community and community awareness.
- In addition to the operational and grant making programs listed above, the Foundation is developing a new grant making program to support services for disadvantaged children provided by NGOs in partnership with local authorities. The program will also encourage local and national debates on the issues of child protection, in order to create appropriate strategies and methodologies, and identify best practices.

RELEVANT PUBLICATIONS

Annual report

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THE REGIONAL ENVIRONMENTAL CENTER FOR CENTRAL AND EASTERN EUROPE (REC)

MISSION

The mission of the Regional Environmental Center for Central and Eastern Europe's Grants Program is to enable tangible environmental improvement in the Central and Eastern European (CEE) region by channeling donor funds to projects with high environmental impact in a cost effective manner. This is done through a well-established and highly competitive grant making system.

DONOR OBJECTIVE RELATED TO SUPPORT FOR NGOS

The NGO Support Program enhances the development of civil society in the CEE region by supporting the development and activities of environmental NGOs.

RECs vision is to advance civil society in the environmental field in CEE, to promote environmental protection and sustainable development principles in the process of transition and development, thus ultimately contributing to national, regional and international democracy and stability.

Key programs in support of NGOs include:

- Small (local) grants to fledgling NGOs: supporting small-scale projects. Grants do not exceed 5,000 Euro per NGO per year. The grants are administered locally in national languages through REC's Country Offices.
- Medium (national) grants: addressing issues of nation-wide importance. Grants run up to 10,000 Euro per project. Grants focus primarily on supporting cooperation between NGOs and local governments. The program is administered locally in national languages through REC's Country Offices.
- Regional grants: Grants of up to 25,000 Euro to assist NGOs in addressing cross-border environmental issues. The program is administered from REC's Head Office.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

REC is a non-advocacy, not-for-profit organization with a mission to support solutions to environmental problems in CEE. The Center fulfils its mission through encouraging cooperation among non-governmental organizations, governments and businesses, supporting the free exchange of information and promoting public participation in environmental decision-making.

REC was established in 1990 by the United States, the European Commission and the Hungarian government. Today, the REC is legally based on a Charter signed by the governments of 25 countries and the European Commission, and on an International Agreement with the Government of Hungary.

REC's head office is in Szentendre, Hungary and has Country Offices in 15 CEE countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, FYR Macedonia, Poland, Romania, Slovakia, Slovenia and Yugoslavia.

Other types of support besides funding

Capacity Building - Training for Young Environmental Leaders. Young NGO activists follow a four-week program of integrated and interactive workshops, which address the particular needs of the region. For further information visit our web page. The REC welcomes young environmental professionals to act as interns from within and outside of the CEE region to help develop their careers. Interns learn practical skills by participating in REC's activities.

Information - A library service, hosting over 10,000 books, periodicals, pamphlets, CD- ROMs, grant reports, legislation and videos, all related to the CEE environment.

A fact sheet is also available.

Databases and Directories featuring CEE environmental NGOs, government representatives, experts, and events and related information sites.

A dedicated website, intended to help visitors find the environmental informational they are looking for relating to the CEE region.

A Joint Environmental Law Service providing advice and legal expertise.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT YEARS

REC's support will focus on experienced, well-developed NGOs. Support will focus on public participation, EU integration, energy and biodiversity.

The total grant amount will likely be reduced from 100 000 per year to 50 000 at the end of 2005.

RELEVANT PUBLICATIONS AND ACCESS TO THEM

Further information can be obtained on the website

<http://www.rec.org/REC/Publications/List>

REC's Romanian office is open Monday - Friday from 14.30 to 17.00

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID), ROMANIA

MISSION

The overall goals of USAID's assistance program are to support economic freedom and growth, democratic attitudes and institutions, and improvements in the quality of life for Romanians.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

USAID assistance seeks to build the institutional capacity of Romanian nongovernmental organizations, foster interaction between citizens and government, and improve public advocacy and local service delivery, increasing the ability of the public to influence and hold government accountable.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

Through USAID's Democracy Network Program (1995-1999), World Learning provided training in management, strategic planning and fundraising for Romanian non-governmental organizations (NGOs). USAID provided training and technical assistance in developing local projects, citizen coalitions, and community-level partnerships. It also established cooperative endeavors with the Romanian Social Development Fund, including the training of community facilitators.

In 2000-2001, the Romanian-American Sustainable Partnerships program was established to focus USAID support for NGOs at the community level.

USAID supports networking of NGOs through the regional Democracy Network Program implemented by Freedom House's regional office in Budapest. This program supports cross-border partnerships between NGOs from Central and Southeastern Europe, mainly public policy initiatives advancing political and economic reform. Romanian NGOs nominate participants for regional exchanges, internships in the region as well as in the United States, and for receiving American volunteers to assist in NGO development.

USAID Romania has also provided cross-border assistance through the Regional Partnership for Democracy program. Through its implementing partner, America's Development Foundation (ADF), USAID gave grants to support 25 partnerships between Romanian and Serbian NGOs.

USAID/Romania's approach to support for civil society development has evolved, but its basic programming seeks to support specific NGO initiatives that aim to achieve specific, beneficial results, rather than supporting the institutional development of NGOs *per se*. USAID grants also emphasize partnership between groups in Romania, America, and in other communities.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

The Romanian-American Sustainable Partnerships (RASP) program implemented by World Learning is designed to assist not-for-profit Romanian organizations, with roots in local communities, partnering with American organizations to develop innovative projects, which are sustainable beyond USAID funding. Nearly 24 grants were given to a variety of Romanian and American NGOs covering partnerships in fields including: health care, child welfare, local government, community development, and small-and-medium enterprises. Program implementation continues through 2002.

USAID's Partners Project, implemented by Project Concern International (PCI), promotes and strengthens the concept of volunteerism in Romania by developing and implementing model Romanian-American volunteer partnerships in health and child welfare. The program develops and sustains a network of American specialists willing

to volunteer time, skills and experience to improve the well being of Romania's most vulnerable groups, including women, children and families.

USAID continues to support NGOs in sectors such as health, child welfare, and environment. Current programs include the regionally-funded "Eco-links" Grants Program, designed to create lasting, environmentally-focused partnerships between local governments, private enterprises and associations in Romania with counterpart organizations in the United States and in the region. USAID also assists NGOs working to improve the quality of, and access to, family planning services, as well as NGOs developing "family life education," projects with community leaders, such as school curriculum development.

OTHER TYPES OF SUPPORT BESIDES FUNDING

USAID provides technical assistance and training to NGOs through all of the above-mentioned programs. PCI maintains a prioritized list of existing needs in child welfare and health, and targets organizations throughout Romania that need technical assistance and US volunteers with matching skills. This program also provides training and assistance to strengthen community and organizational development such as: leadership development and fundraising skills, organizational and business development, strategic planning, advocacy, etc.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

Future USAID assistance will focus at the local level, aiming to achieve a better correlation between citizen interests and local governmental actions. Civil society assistance will support the development of public interest coalitions involving NGOs, business associations and other groups acting on local community needs and economic interests. Through capacity building activities, the Mission will help civil society groups strengthen local constituencies and increase their ability to deliver services.

RELEVANT PUBLICATIONS

USAID/ Washington publishes the annual NGO Sustainability Index based on the contribution of analysis from USAID Missions and partners in countries from the Europe and Eurasia region.

For more information, you may contact the USAID Romania Mission, or access the following websites:

www.info.usaid.gov

www.usembassy.ro/USAID/USAID.html

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WORLD BANK GROUP

MISSION

To fight poverty with passion and professionalism for lasting results. Our dream is a world free of poverty.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

Promoting dialog and dissemination of information about development, especially international development. Activities of interest include conferences, seminars, publications, audio-video materials or other innovative initiatives that small organizations find difficult to fund from their own budgets.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY DEVELOPMENT/NGO DEVELOPMENT IN ROMANIA

The Small Grants programme was launched in 1983 in order to offer the World Bank a way to support dialog and information about international development. In Romania the small grants programme has started in 1997 and distributes \$45,000 each year.

CURRENT PRIORITIES AND PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY/NGO DEVELOPMENT

The Small grants programme aims to support institutional development, public services, law enforcement, anti corruption measures, improvement of services in the fields of health, education, child protection, and access to development opportunities.

FUTURE STRATEGIES FOR THE DEVELOPMENT OF CIVIL SOCIETY IN THE NEXT 3-5 YEARS

To continue and, if possible, to enlarge the support available through the Small Grants Programme and respond to local needs as identified through needs assessments.

RELEVANT PUBLICATIONS

The World Bank web site: www.worldbank.org; www.worldbank.org.ro

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WORLD LEARNING – ROMANIAN AMERICAN PARTNERSHIP UMBRELLA GRANTS (RASP)

MISSION

World Learning (PIDT) enables individuals, institutions, and communities to have a sustainable impact on the quality of life through collaborative development activities and high quality, relevant learning experiences.

OBJECTIVE RELATED TO SUPPORT FOR NGOS

RASP, a program funded by USAID, promotes and supports mutually beneficial and sustainable partnerships between Romanian and American not-for-profit organizations.

BRIEF HISTORY OF SUPPORT FOR CIVIL SOCIETY

Between 1995 and 1999, PIDT managed USAID's DemNet program supporting Romanian NGOs active in the following fields: social safety, economic development, environment and democracy. The total amount of grants awarded was approximately \$370,000.

CURRENT PROGRAMS FOR THE DEVELOPMENT OF CIVIL SOCIETY

Romanian-American Sustainable Partnerships (RASP) Umbrella Grants Program
Key fields addressed through the above programs include: democracy, health, child welfare, economic restructuring, energy efficiency, local government reform, and environment.

The total amount to be awarded through the above programs is \$1,776,400.

OTHER TYPES OF SUPPORT BESIDES FUNDING

Technical assistance is available for grantees.

RELEVANT PUBLICATIONS

Quarterly electronic newsletter "RASP NEWS" available on the RASP web site,
www.worldlearning.org/romaniagrants

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APPENDIX 4: TYPES OF INFORMATION ABOUT DONORS PUBLICLY AVAILABLE

The following is a list of publications and dissemination materials used by donor agencies active in Romania. Donors usually use a mixture of these materials according to available financial and human resources, organizational culture, reporting requirements, etc.

Fact sheets: offer the most basic information about the donor. They are usually distributed by the donor itself or are presented in publications accessible to key stakeholders (national media, NGO resource centers, etc). Virtually all donors use fact sheets.

Program descriptions: Compared to fact sheets they offer more in depth information regarding the focus, philosophy, background information, resources available, eligibility criteria, etc. They are mostly distributed by the donor upon request, through NGO resource centers or other networks available to the donor. Most donors with an active presence in Romania offer program descriptions, many of which are also in the Romanian language.

Annual reports: offer comprehensive information about donor activities during each year. They include narrative and financial information about the past operations and sometimes offer some directions for future. Usually they are distributed through donors' mailing lists and sometimes are available in specialized libraries and NGO resource centers. The majority of donors have annual reports, and Romanian donor organizations usually have them available both in Romanian and English. Many of the annual reports include grant lists. Annual reports more than 5 years old are not easily accessible.

Strategy papers: are the most valuable information source for future programs of donor agencies. They may include future fields of support, beneficiaries, distribution channels, strategic objectives, and sometimes, quantitative information about future support. It is an important tool assisting the planning process of both donors and beneficiaries. A number of donors active in Romania have openly accessible strategy papers. It is, however, worth noting that strategy papers are not as widely disseminated as program descriptions, annual reports and fact sheets.

Newsletters: are a source of updated information about donor agencies. They can include information about current programs and projects, grant lists, minutes of board meetings, information about human resources of a donor agency, information about other support offered by the donor, etc. They are usually available in printed form or in electronic form. A number of donors active in Romania have such newsletters.

Guidelines: are especially important for those who want to access the funding programs of a donor. Typically, proposal guidelines include information about the structure of the proposal and the minimum required narrative and financial information, and any necessary forms needed. Virtually all donors use some form of guidelines for applicants.

Grant lists: provide information about projects that have been funded in the past. The majority of donors active in Romania can provide grant lists for the last few years, although some may not readily available. Internal regulations and availability of resources determine the period of time for which grant lists are kept publicly available.

Web sites: usually offer all or some of the information mentioned above. It can be a cost efficient way to widely disseminate large quantities of information. However, given that access to the Internet in Romania is still limited, other mechanisms for disseminating information should be maintained. More than half of the donors active in Romania have information available on the web. A number of donors also have grant lists available on their web sites.

APPENDIX 5: TYPES OF INFORMATION SUGGESTED FOR FUTURE UPDATES

This section collects information from donors as well as the views of the review team. Items in **bold** are considered most important. Given the large differences in the reporting systems of donors active in Romania due to a variety of reasons (accounting systems, type of donor, legislation to report to, organizational culture, etc), it would be useful to develop a unified system and terminology to update information. This will serve not only future research about donor activities, but could assist the donor community in its efforts to improve coordination.

- o **Contact information** (mailing address, office address, phone, fax, e-mail, website) – this provides the basis for accessing more information
- o **Contact persons** for different programs and departments of donors – this is important especially for donors with larger staff.
- o **Existing and planned funding programs** – especially for donors with more funding programs. Information about future plans, wherever available, can facilitate cooperation and co-funding and avoid overlaps and gaps in funding.
- o **Information about current and future strategies**: this will enable donors and other stakeholders plan their own activities, creating a more predictable and stable environment for beneficiaries.
- o **Funding deadlines**, frequency of board meetings. Offers additional information and can help in distributing the disbursement of funding evenly throughout the year. It can assist in planning both for donors and applicants
- o Grant making procedures (steps, major guidelines for proposals, duration of evaluation process, **eligibility criteria for applicants**, eligible costs, maximum grants, average grants, etc.) This is additional information can ensure that gaps and overlaps are avoided.
- o **Main fields of support** - The use of a unified classification can help in future reviews and could be useful for statistical purposes as well. It could also prove useful in future needs assessments.
- o Geographic focus (if any) – serves in identifying “white spots” or overlaps, especially when correlated with the number of NGOs in a certain geographical area.
- o **Amount of support** – this refers to amounts granted, wherever possible referring to fields of support, geographic focus, size of grants, **duration of grants**, etc.
- o **Grant lists** (name of grantee and partners, amount awarded, location of grant recipient, location of project, short project description). This information is especially useful in avoiding overlaps and ensuring funding for a diverse base of beneficiaries. Using a common system for this grant list would significantly facilitate analysis of this information.
- o Ratio between received and awarded projects (approval rate) and ratio between requested and approved amounts.
- o Relevant publications and how to access them – like annual reports, grant evaluations, other reports.

APPENDIX 6: MAP OF ROMANIA WITH THE REGIONS DISCUSSED IN THE REVIEW REPORT



APPENDIX 7: GLOSSARY OF TERMS

BILATERAL DONORS:	organizations or programs that use exclusively governmental funds from one country
CBO:	Citizen Based Organization – a group of citizens active at the community level which is either not registered formally, or is registered under the law 129/1998 of the Romanian Social Development Fund.
CHANNELING:	transfer of resources from donors to beneficiaries through other donors or through intermediary organizations
CIVIL SOCIETY:	understood in the broadest sense, civil society is perceived as a healthy interaction between the state, NGOs, citizens and the business community. Some donors understand civil society as being “NGOs”.
CORE COSTS:	Costs for rent, utilities, equipment, salaries of core staff and other basic running costs
CSDF:	Civil Society Development Foundation
DEVELOPMENT AGENCIES:	organizations with operational programs in specific areas/fields, that have grant making programs as well in their fields of interest.
DEVELOPMENT COSTS:	costs that cover organizational development processes
EU:	European Union.
IMPACT INDICATORS:	Quantitative or qualitative data used to characterize the final result of a funding program upon beneficiaries or other stakeholders
INTERNAL FACTORS:	(in relationship with donor strategies) factors determined by the internal environment of a donor organization or originated in their home country.
ISO:	Intermediary Support Organization – foreign or Romanian organizations that offer services to other Romanian NGOs or CBOs, acting as an intermediary between larger donors or development agencies and the Romanian beneficiaries.
MULTILATERAL DONORS:	funding organizations or programs that use governmental funds from more than one country.
NGO:	Non-Governmental Organization – a non-profit organization formally registered on the base of law 21/1924 of associations and foundations or on the base of the governmental ordinance 26/2000 of associations and foundations.
PHARE:	initially “Poland – Hungary Aid for Reconstructing Economies” – currently an assistance program of the European Union for Central and Eastern Europe.

PRIVATE DONORS:	funding organizations that use mostly private funds coming from a very limited number of sources.
PROCESS INDICATORS:	quantitative or qualitative data used to characterize the activities of a funding program.
PUBLIC AUTHORITIES:	central and local government and their departments (e.g. Romanian Government, county or city councils, ministries and their offices in the country, city halls, etc.).
PUBLIC FOUNDATIONS:	foundations or other organizations that have a diversified funding base - with a large proportion of public funds and a main focus on grant making activities (there are differences in the definition between the United States and Europe).
PUBLIC INSTITUTIONS:	institutions of public importance, funded mostly with public funds (e.g. schools, universities, hospitals, museums, child, or elderly care institutions, culture centers, etc.).
REGRANTING CHAINS:	links between donor organizations established for the transfer of funds.
RDF:	Romanian Donors' Forum
RSDF:	Romanian Social Development Fund, a Romanian institution created by the Romanian Government, initially under a loan agreement with the World Bank with the mission to alleviate rural poverty.
SON:	Soros Open Network – a network of organizations created by the Open Society Foundation in Romania
SUSTAINABILITY:	financial and organizational capacity to support activities over longer periods of time.
USAID:	United States Agency for International Development – meant to support economic freedom and growth, democratic attitudes and institutions, and improvements in the quality of life.
VAT:	value added tax

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- European Commission, www.infoeuropa.ro
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- The Regional Environmental Center, www.rec.org
- USAID, www.usaid.gov
- World Bank, www.worldbank.org.ro
- World Learning, www.worldlearning.org