

OUT OF THE BOX: Providing Oxygen to Civil Society

MID TERM EVALUATION OF THE NGO PROGRAMMES UNDER THE EEA AND NORWAY GRANTS (2009-2014)

PART TWO: COUNTRY REPORTS

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Evaluation team:

Mariana Milosheva-Krushe (Team leader)

Anna Ivanova, Andres Falconer, Czeslaw Walek, Georgi Genchev, David Krushe, Ioana Derscanu,
Jennifer Tanaka, Jolanta Blažaitė, Magdalena Arczewska, Zinta Miežaine

Strategic Review Group

Assya Kavrukova, Dolores Neagoe, Rayna Gavrilova

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List of abbreviations

CEE Trust	Trust for Civil Society in Central & Eastern Europe
CIF	Civic Initiatives Fund
CSDF	Civil Society Development Foundation
EEA	European Economic Area
EOF	Equal Opportunities Fund
FMO	Financial Mechanism Office
HRMI	Human Rights Monitoring Institute
LGBT	Lesbians, Gays, Bisexuals, Transgender
MCS	Management Control System
MoU	Memorandum of Understanding
NFP	National Focal Point
NGO	Non-governmental organization
OSI	Open Society Institute
OSF	Open Society Foundation
OSFE	Open Society Foundation Europe
PA	Programme Agreement
PIA	Programme Implementation Agreement
PYF	Polish Children and Youth Foundation
PO	Programme Operators
SC	Selection Committee
SBF	Stefan Batory Foundation
SIF	Society Integration Foundation

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Introduction

These country reports are the second part of the “Out of the Box” Report of the Midterm Evaluation of the EEA and Norway Grants (2009-2014).

1. About the evaluation

The main purpose of the evaluation was to provide an expert independent mid-term assessment of the contribution of the EEA Grants 2009-2014 to the NGO sectors in the beneficiary states in 15 beneficiary countries. The evaluation was of dual nature: (1) *formative evaluation* to identify progress and needs for improvement of the current programmes and (2) *forward oriented strategic review* to inform policies for the next financial period.

The Midterm evaluation was implemented in the period May–September 2014. It involved overview of all 15 countries and in-depth on-the-ground assessment in 8 beneficiary countries: Bulgaria, Hungary, Latvia, Lithuania, Poland, Portugal, Romania and Slovakia. In each of these 8 countries a National expert worked on the evaluation, in cases supported by junior experts (Bulgaria, Hungary, Latvia, Poland and Romania). A common methodology to data collection was applied in order to provide for comparative data across borders. The Team leader and Quality control manager of CREDA joined the assessment process in Hungary, Lithuania, Poland and Latvia.

The common methodology was based on mixed-methods approach, combining qualitative and quantitative data collection and analysis. The instruments involved:

- Documentary review of key EEA Grants NGO programme documents and documentation of the Programme operators
- Online survey/questionnaire with all organizations supported by the NGO Programmes,
- Semi-structured interviews with different stakeholders (the Financial Mechanism Office of the EEA Grants, the Operators of the NGO Programmes, the National Focal Points, other donors and civil society stakeholders, as well as some of the Operators of other EEA Grants Programmes)
- Three types of focus groups: with project promoters, with external experts participating in the project selection process of the programmes and visioning groups with stakeholders,
- Site visits and/or in-depth interviews with project promoters.

In total 607 different stakeholders from 15 countries participated in in-depth interviews or focus groups. Their distribution per type of stakeholder and country is illustrated in the table below.

	BG	H	LV	LT	PL	P	RO	SK	CY	SI	EE	GR	E	MT
Interviews & focus groups														
Norwegian Embassies	2	2	1	2	2	1	1	1	-	-	-	-	-	-
National Focal Points	4	-	3	3	2	1	2	1	1	2	-	-	-	-
Operators staff	9	6	4	12	8	3	24	14	2	2	2	1	1	1
Project Promoters	59	27	41	33	60	30	47	36	8	9	-	-	-	-
Assessors/Selection comm.	4	15	5	7	11	7	11	3	-	-	-	-	-	-
Other NGOs and CS experts	7	-	7	12	12	1	7	1	-	-	-	-	-	-
Other donors	1	3	1	2	2	-	2	-	-	-	-	-	-	-
Operators of other EEA/N Programmes and related public officials	3	-	3	2	4	-	4	-	-	-	-	-	-	-

In addition 354 project promoters participated in the online questionnaire leading to a 33% overall response rate¹. The answers are relatively proportionally distributed across all countries, which ensure the representativeness of the sample.

Replies to on-line survey of Project Promoters														
Completed questionnaires	45	35	18	22	42	29	70	48	7	7	9	-	18	4
Response rate	40%	23%	30%	55%	26%	51%	33%	50%	35%	18%	13%	-	27	100%

Due to a technical mistake in the system the survey was sent to fewer organizations in Latvia, for which we apologize. To compensate that, we increased the number of focus groups and interviews with NGOs in the country

2. About the country reports

The evaluation report is in two parts: Main report providing summarized and comparative findings from the different countries and Country reports outlining the country specifics of the implementation of the Programmes.

As explained in the main report we named the reports “*Out of the Box: Providing Oxygen for Civil Society*” based on two phrases coming often in interviews and focus groups with stakeholders. The title actually captures some of the main messages of the report. In the current funding environment the EEA Financial Mechanism policy to support the effective functioning of civil society is “out of the box” approach as compared to other public funding. It rescues and provides “oxygen for civil society” at a difficult time when civic organizations fight for survival. At the same time in order to reach the demanding purpose of the NGO Programme it needs to get “out of the box” of tight compliance with procedures and risk prevention and adopt more flexible, risk taking and diversified approaches that better accommodate innovation and in turn create new thinking and acting of civil society.

All country reports have similar structure following the key set of evaluation areas: (1) *strategic relevance*; (2) *efficiency and effectiveness of management set up*; (3) *review of grant system and processes*; (4) *effectiveness of the programmes towards outcomes*; (5) *Forecast impact, sustainability prospects and the added value of the Programmes’ contribution to the development of the NGO sectors* and (6) *Recommendations* for improvement of the current programmes and for the next Financial Mechanism based on emerging lessons.

The Country reports provide detailed reference on the local contexts, summary findings, conclusions and recommendations in the priority for the evaluation. They were the background for the development of the main report with comparative findings from all countries. The main report also provides more explanations on approaches to review of effectiveness and suggested clustering of outcomes according to their meaning to the objective of the Programme. Recommendations coming from the country assessments related to the overall programme level were systematized in the regional report.

We want to thank all of the participants in interviews, focus groups and the survey for their time and for sharing their views. Special thanks to the FMO and the Operators. Without their help this evaluation would not have been possible to organize.

¹ Translated in local languages the online survey has been sent to 1088 organizations that have been contracted to implement already approved 957 projects in 15 beneficiary countries. The number of organizations that have received the questionnaire is higher than the number of supported projects - 970, as probably partner organizations have been included in the distribution list

The NGO Programme in Bulgaria

Georgi Genchev

I. Context

1. The environment for civil society work in the country

The period from the start of the programme (July 2012) is clearly a period of political instability. In February 2013 the Government resigned. A caretaker government was active between March and May 2013, followed by Government led by the Bulgarian Socialist Party. After long and massive protests the Government resigned in July 2014, followed by a second caretaker government. Parliamentary elections are scheduled in October 2014.

Although the protest were of clearly spontaneous character, organized by means of social media and groups of like-thinkers, a group of NGOs were attacked by supporters of the Government for being paid (by US donors) to organize them. At the same time a number of protesting citizens and informal groups considered the involvement of NGOs in protests (as organizations and not just as individuals associated with them) quite low. Protests left aside, in the period NGOs demonstrated on a number of cases prompt reactions with clear positions in key areas of governance – lack of transparency in the appointment of public officials, mismanagement of public funds, real estate and protected areas, draft laws, involvement of children in election campaigns and many more. Of particular importance was the changed attitude of active NGOs towards participation in different consultative bodies to institutions. A number of active and publicly recognized NGOs refused to get involved in the multitude of public councils, citizens' boards and other bodies that flourished in the past year and a half. Their criticism was the formality of the bodies, the impossible terms of reaction, the populist motives for creating them, *etc.*

Against this background, a couple of surveys in 2013 showed high public trust in NGOs. Whether this is due to the critical lack of public confidence in parties, institutions and politicians (all of them widely considered money-driven and not focused on public interest) or due to actual contribution of NGOs to society is a matter of future research. The Survey of Public Attitudes to NGOs carried out in 2013 by the Bulgarian Centre for Not-for-Profit Law indicates that NGOs are widely associated with provision of concrete (and relevant) services and support to vulnerable groups. They are considered effective in solving immediate problems due to experience and connections in different social sectors. Citizens widely demonstrate a beneficiary type of attitude at the expense of motivation to contribute themselves.

This is not the case, however, with spontaneous volunteer contribution related to solidarity actions. Bulgaria was hit by severe floods in many cities in 2014. Hundreds of volunteers helped and continue to help the victims of the floods, thousands of individuals and companies donated cash and materials for their support, local and national NGOs together with media assumed the responsibility for the organization of the volunteers' work and the just distribution of funds. A lot of volunteers contributed in a similar manner to alleviating the situation of the Syrian refugees (over 8000 in 2014) in an attempt to compensate for the State uncoordinated insufficient actions.

Young people also demonstrate different attitudes. A non-representative survey carried out (by a NGO Programme beneficiary) in 2014 among 400 active young people with demonstrated interest in social causes² shows that almost all of them believe the use of volunteers is a key success factor for NGOs. The experience of NGOs targeting specifically volunteers show that the interest of citizens in volunteering is growing, but NGOs themselves are largely unprepared to meet this demand in their

² SMART foundation, 2014, non-representative survey among 700 participants in Forum Key events about their attitudes towards civic activism and NGOs.

day-to-day operations. Volunteers are mobilized almost entirely on the basis of supporting particular cause or campaign.

2. Main challenges and opportunities related to the development of the NGO sector as a catalyst of civil society

The number of NGOs registered by the Bulgarian courts at the end of 2013 is close to 38,000. Over 10,000 of them are registered as public benefit organizations in the Central Registry of the Ministry of Justice. Their number can be reduced to 8,000 if the clubs are excluded. There is no truly reliable data on the number of NGOs that are active. The Information Portal of Bulgarian NGOs indicates 1000 – 1300 actively publishing information about their activities in the past two years. Over 1500 NGO registered in the Fund Operator's database before applying in the first and second calls.

An analysis of the active NGOs registered in NGOBG shows that 78 % operate from the capital (45%) or big cities that are regional centres (32%). The rest are registered in small cities with an inconsiderable number in villages. The following areas of work (among 23 listed in NGOBG) have attracted 5 % or above of the NGOs:

- (1) Education – 13 %
- (2) Arts and culture – 10 %
- (3) Social services – 10 %
- (4) Youth issues, policies and research – 8 %
- (5) International and European issues, policies and research – 6 %
- (6) Legislation, advocacy, public policies – 6 %
- (7) Protection of human rights – 6 %
- (8) Children – 6 %

The concentration (and the inner distribution) of 2/3 of the active NGOs in 1/3 of the possible areas of work reflect quite adequately the existing funding opportunities. In the period under review the major donors were the EEA Grants NGO Programme, America for Bulgaria Foundation, the Bulgarian-Swiss cooperation Programme and some EU programmes not explicitly targeting NGOs.

The USAID 2013 CSO Sustainability Index for CEE and Eurasia³ for 2013 that monitors the development of civil society in 7 areas⁴ registers worsening of the indicators for Bulgaria in 3 of them: legal environment, advocacy, and public image. Although there is no deterioration in the Capacity building area, Bulgaria remains 23rd in the ranking followed by Russia, Belarus, Azerbaijan, Tajikistan, Uzbekistan and Turkmenistan. The only area where Bulgaria has improvement is financial viability. However, this may be assumed as a temporary phenomenon – 2013 was the year of the launch of two major programmes supporting NGOs – the EEA NGO Programme and the Bulgarian-Swiss Cooperation Programme (Reform Fund Linked to Civil Society Participation and Partnership and Expert Fund). Whether the recorded increase in corporate donations will compensate their absence in the future remains an open question.

In 2012 a Strategy for Support to the Development of Civic Organizations (2012-2015) was adopted by the Council of Ministers. This was the first strategic document showing that the Bulgarian government has a policy towards NGOs. The Strategy was initiated by a group of Bulgarian NGOs which had considerable input in its drafting. It proposed, *i.e.*, a mechanism through which state funds should be awarded transparently (after a competition) to NGO projects. Because of the resignation of

³ http://www.usaid.gov/sites/default/files/documents/1863/EE_2013_CSOSI_FullReport.pdf

⁴ (1) Legal environment, (2) Organizational capacity, (3) Financial viability, (4) Advocacy, (5) Service provision, (6) Infrastructure, (7) Public image

the Government in early 2013 not a single one of the 20 measures planned was implemented and no funds for competitive NGO grants were included in the state budget for 2013 or 2014.

II. Strategic relevance

1. Brief description of the strategic framework

The programme design rests upon the Operators belief that NGOs have the capacity to address particular issues in a multitude of areas where other actors are less effective. Nine out of the 10 available outcomes were chosen, distributed under 4 thematic areas of support. Both core and additional areas of support⁵ as defined by the FMO were accommodated under this scheme. Formally, neither the thematic areas nor the corresponding outcomes were prioritized – grantees contribution to reaching the Programme’s objective was welcomed under any of them. The allocations per Outcomes and Thematic areas provide for the comparative weight of each thematic area and Outcome (Thematic priority).

Thematic Areas and Outcomes	Allocation per Outcome	Allocation per Thematic Area
TA1: Democracy, human rights and good governance		
O1. Democratic values, including human rights, promoted (PA 1004)	1,500,000	4,300,000
O2. Active citizenship fostered (PA 1001)	1,000,000	
O3. Increased involvement of NGOs in policy and decision-making processes with local, regional and national governments (PA1002)	1,800,000	
TA2. Social inclusion and empowerment of vulnerable groups		
O4. Empowerment of vulnerable groups (PA 1010)	1,655,000	2,680,000
O5. Provision of welfare and basic services to defined target groups increased (PA 1009)	1,025,000	
TA3. Sustainable development and protection of the environment		
O6. Increased contribution to sustainable development achieved (PA 1008)	1,134,250	1,134,250
TA4. Capacity building for NGOs		
O7. Strengthened capacity of NGOs and an enabling environment for the sector promoted (PA 1007)	900,000	1,910,000
O8. Advocacy and watchdog role developed (PA 1005)	455,000	
O9. Developed networks and coalitions of NGOs working in partnership (PA1006)	555,000	

The programme has three calls for proposals: one in 2013 and 2 in 2014. The first one is with a budget of €3.7 million, the second one is with the highest budget of almost €4 million and the last call will be with the lowest budget. In all of them (the project funded under the first call being implemented, the winners of the second one being contracted and the third call not launched yet⁶) NGOs can apply under all outcomes. Submission of two proposals is allowed when the first one is under any of Thematic areas 1, 2 and 3 and the second one is under the Capacity building thematic area. In the attempt to address the diversity of NGOs the Operator introduced 4 types of grants according to their size and duration: micro (0–5,000, up to 12 months), small (5,001–20,000, up to 18 months), medium (20,001–50,000, up to 30 months) and big (50,001–200,000, up to 30 months). Only in the last call there will be no support for big projects and projects with duration over 10 months.

The 9 Programme Outcomes chosen by the Operator were translated as Thematic priorities of the calls. For each Thematic priority the Operator defined 2–4 Specific objectives, derived from the list of Programme Outputs as defined in the Operator’s strategy⁷. The applicants were requested to choose a single Thematic priority (to become Project general objective) and at least one of the Specific

⁵ Terms of Reference, NGO Programme – Bulgaria, p. 5

⁶ The evaluation covers the processes and the results of the first call, but references are made to the second one when appropriate.

⁷ Annex 2 – Bid and additional information, NGO Programme – Bulgaria, Programme proposal, p. 42

objectives (to become Project specific objectives). The applicants are free to define additional specific objectives.

Programme level	Programme Objective	Programme Specific objectives ↓	Programme outputs ↓	
Project level		Project general objectives Applicants choose 1	Project specific objectives Applicants choose at least 1, may add additional	Project Outcomes

The target groups to be addresses are also predefined per Programme Outcome and the applicants are requested to choose up to 2 of the target groups with the possibility of adding new ones. For each outcome a list with 5–10 sample eligible activities is offered. Applicants are requested to choose 1 main activity and up to 2 complementary ones.

The horizontal concerns of the Donors are most explicitly covered by *TAI Democracy, human rights and good governance*, the sample activities relevantly addressing them. These concerns are also communicated to the applicants as “focus of the Programme” together with the “key areas in which NGOs may have a specific role towards achieving positive change”. The crosscutting issues of the donors are expected to be integrated in all projects, the applicants having to explain how they address them in their applications. The specific concern of the Donors with the Roma minority and children and youth is translated as a minimum of 10% of the funding to be awarded to NGOs working with these target groups or activities addressing them.

The support for enhancing the bilateral relations between Bulgaria and the Donor states is in two directions:

- proactive – organizing meetings/workshops and providing online support for exchange of practices and supporting the establishment of partnerships;
- grant-giving – Fund for promotion of bilateral relations, offering (1) up to 1500 for development of partnership project proposals (2) up to 4 000 (2000 for micro and small projects) complementary support to Project promoters for partnership activities.

The strategy envisions the spending of the Complementary actions mainly for exchange of experience with other Operators, organization of Programme Annual meetings and targeted events, *etc.*

Overall budget	Management fee	Capacity Building	Complementary Action	Bilateral relations
11.790.000	1,300,000	65,000 within the management fee	120,000	230,000

For measuring (and reporting to FMO) the effect of the funded projects and the overall impact of the programme the Operator uses 14 standard indicators, 9 Outcome indicators and 45 Output indicators⁸.

2. Relevance of the strategy

Largely, the participants in the interviews and the focus groups do not share having had serious difficulties in grasping the complexity of the Programme’s cascade of goals, concerns, activities, outcomes, *etc.* The strategy is found highly adequate to the needs both of the non-profit sector and the challenges to development of civil society by most of the respondents in the interviews and the online survey. Areas of more accessible funding were given less allocation (*e.g.* provision of services) and the need for enhanced capacity of the NGOs was addressed by a separate area. The greatest value of the Programme’s overall design is in the following aspects:

- It is open to the maximum type of interventions and accessible for the maximum number and type of NGOs in a multitude of thematic areas;

⁸ Data presented by FMO based on DoRIS, “13. Indicators master list 30 06 2014.xls”

- It is long in duration. Its three calls for proposals ensure funding for the non-profit sector in three successive years – 2013, 2014 and 2015 (when the contracts of the last CfP will be signed);
- It provides the opportunity for NGOs to apply for raising their own capacity.

This opinion was confirmed by the interviews and focus groups with grantees and stakeholders.

The issues with the programme strategy are in two main aspects. Firstly, although welcoming a wide range of project proposals, the Programme was over-structured and over-instructive to applicants. Little was left to fantasy – the applicants had to navigate and fit into exhaustive sets of pre-defined parameters. A couple of interview respondents from less experienced NGOs shared that the support of an external consultant has been used in the project design process. In trying to meet the extensive requirements to the project proposals some applicants had to distort their natural type of work and manner of achieving impact – in half of the interviews respondents share that the Specific/general objectives framework is too tight for their scope of operation – they typically achieve results in more than one direction. The representatives of the Operator confirm this observation – they find a lot of projects artificially twisted to meet the formal requirements.

The main reason for this situation is that in its strategy the Operator, aiming at covering the whole diversity of NGO needs and approaches, included 9 out of the 10 available Outcomes. As they overlap in content, significant and meaningful efforts were invested to group them in Thematic areas and clarify exactly what is expected under each of them. This on its behalf resulted in detailed instructions to both applicants and experts evaluating the projects. The other option for the Operator's approach could have been choosing less Outcomes (among those that are quite broadly defined, e.g. Democratic values (...) and Active citizenship (...)) and opening them for a multitude of NGO interventions. This, however, was rightly considered as contradicting the structure and rationale of the NGO Programmes.

The second issue is that, open as it is, the Programme was quite limited in addressing major unpredicted challenges, as were the floods, the refugees, the changing governments. One may argue that this is the case with all programmes (not only in the non-profit domain) subject to serious process of planning and stakeholders' negotiations. Yet, as the Bulgarian NGO Programme did succeed to become an important long-term source of support for the development of civil society and NGOs, it is only natural that it demonstrates greater flexibility. It should be noted that this opinion was shared by representatives of both grantees and Operator, as well as during the visioning discussion. The rigidity of the Programme comes not only from the tight framework imposed by the PIA (moreover the FMO is open and flexible in amending it as needed). It is supposed by the very design of the Programme which reflected the NGO Programmes focus on transparent competitive procedures for awarding projects. Flexibility is much greater in donor programmes supporting NGOs for the implementation of long-term strategies.

III. Management set up

1. Selection and profile of the NGO Programme Operator

The Operator, a consortium of Open Society Institute – Sofia (leader) and Workshop for Civic Initiatives Foundation⁹, was selected through an open call where it was bidding against over 10 competitors. The selection and awarding process took 6 months – from 3 February 2012 (submission of tender documentation) to 31 July 2012 (signing of PIA).

Established in 1990, OSI has impressive experience in grant-making in the areas of democracy, human rights, social inclusion, with annual budgets reaching up to \$8 million. It has provided grants of different scale and scope to a multitude of NGOs – from large networks to small grass-root organizations. Since 2007 OSI focused more on operational activities in the areas of public policy,

⁹ www.osi.bg; www.wcif-bg.org

preserving a re-granting profile with smaller funds – €4.5 million in 2007–2011. OSI maintains an opinion poll unit and carries out at least one annual omnibus survey including questions related to the state of civil society and the non-profit sector.

WCIF has 13 years of re-granting experience in the area of local development. The grant-giving policy of WCIF supports grass-root organizations and informal civic groups for the implementation of community initiatives. The re-granting volume for 2001–2011 is €1.3 million awarded to over 600 NGOs. WCIF puts serious focus on encouraging the mobilization of local resources and capacity building.

The re-granting experience of the consortium members is confined to private (mostly US) funds. None of them has been involved in the management of the Programme in the 2004–2009 period. The share of the Programme funds in the budgets of the consortium members is 2.4% in 2012 and 54.2% in 2013 for OSI, and below 2.5% for WCIF (it receives only its share of the Management fee)¹⁰. WCIF is managing the Capacity building for NGOs thematic area irrespectively of the size of the grants.

The full-time staff members of OSI in 2014 are 22, 6 of them working exclusively on the Programme (Programme Manager, Programme Coordinator and four Thematic area Coordinators) and a Financial Manager, assuming other responsibilities. Out of the 9 full-time staff members of WCIF 1 is dedicated to the Programme only – the Capacity building Coordinator. A total of 14 part-time personnel support the Programme management, among them 4 monitoring experts, 4 advisors and a financial controller. The Programme has an Ombudsman.

The Operator has managed to introduce a reliable management scheme that ensures full use of the capacities of the consortium members. Of particular merit are the following aspects:

- Strong team work. All staff members communicate with each other and consult their peers on different aspects of the projects implementation. The flow of information is open and dynamic;
- Attention to detail. Despite the large number of contracts, the coordinators demonstrate true knowledge of the projects in their portfolios with their challenges and successes. The observation was confirmed by most of the respondents from among the Project promoters;
- Online appraisal, application and reporting. This was reported as significantly facilitating the different processes by both grantees and assessors¹¹;
- Effective communication with grantees. The coordinators are in constant communication with the grantees. Although they are their formal contact point, grantees have practically unrestricted access to all other staff. The latter was valued greatly by grantees.

Apart from managing the whole Capacity building Thematic Area, WCIF ensured outreach of the Programme to the very local and community level, where the traditional focus of work of the organization lies.

2. Interaction with the FMO

The Operator's communication with the FMO was reportedly smooth, reliable and predictable, issue-based. The FMO's responses to Operator's inquiries were prompt and useful. Minor difficulties emerged in understanding particular financial and legal details and the use of DoRIS. The following more serious issues are related with the contractual set-up of the Programme.

Auditing of funded projects. After the start of the programme the FMO made it clear that the auditing of (a sample of the) awarded projects should be external. The requirement was not clearly

¹⁰ Source – Annual Reports of OSI and WCIF

¹¹ For clarity we use the term “assessors” when referring to the experts who review the project proposals in the selection process.

specified in PIA¹² and the Operator initially planned for using an internal auditor from among its staff, moreover OSI has a long history of this type of auditing of projects.

Late introduction of the Capacity building component. With limited allocation for proactive capacity building the Operator could only develop a scorecard based on the CB matrix and gather information from the grantees at the beginning and the end of the projects implementation.

Guarantees required by the FMO for the proper completion of the contract. The Operator provided a bank guarantee at the amount of 200,458 euro (15% of the management costs). In addition, the FMO retained 10% of the payments until the approval the final programme report. As a result the Operator had to block the amount of the guarantee from its own reserve fund for the duration of the contract (otherwise the bank interest would have been unbearable) plus manage the programme with 90% of the fee.

Management and Control System (MCS). The requirement that the Operator develops MCS came at a later stage too, and involved providing independent auditor's opinion on it. The latter proved to be the bottleneck. The Operator contracted a renowned international company for the task. However, as there was no clear guidance on behalf of FMO how "the proportionality of the MCS's requirements in relation to the effectiveness of achieving the objectives of the programmes" should be assessed, the solution was to use the provisions of Government managed EU programmes. The final product is a voluminous and rigid system, largely based on of multiple checklists where a single document presenting all opinions would have been enough. The MCS has its added value in terms of continuity if team members are changed and competitive advantage when bidding for the management of public funds in the future. The drawback is that it repeated some of the most bureaucratic aspects of the grants management practices of public institutions.

The FMO (confirming the effective and smooth interaction with the Operator) also found the MSC and the resulting administrative complexity of the Programme far beyond its requirements. This was communicated to the Operator, but it (understandably) decided to keep to the suggestions of the auditors in order to avoid issues with future audits. The solution to this problem is in defining, ideally together with the FMO and the auditors, the reasonable levels of risk to be accommodated by the MSC.

3. Efficiency and Effectiveness of the interaction with the National Focal Point (NFP)

There is little formal interaction between the Operator and the NFP. NFP representative participates as observer in the Selection Committee meetings, and the Operator takes part in meetings organized by the NFP. At the same time, the NFP members are genuinely interested in the Programme and very positive about the performance of its Operator. As some of the NFP staff has NGO background themselves, communication is at place regarding the development of certain projects, avoiding duplication of funding and advice on Small grant schemes under other EEA/N programmes.

IV. Grant systems and processes

1. Application process

The programme was promoted through the websites of the Operator, the Programme's Facebook page, websites popular among the NGOs and publications in mainstream printed and electronic media. As it was expected by the NGO community, the information about its launch was quickly shared in social networks, bulletins and e-mail communication. In September 2012 the programme was presented in public at a formal event at the Council of Ministers together with all EEA/N Grants programmes. The public presentation targeting potential beneficiaries was held in November 2012 in Sofia and attended by more than 450 people.

¹² PIA, 7.5.1. "...full financial visiting audit..." and 7.5.2. "...desk financial audit..."

The programme's first call for proposals was announced on 1 February 2013 with 2 months deadline for submitting proposals. 6 Information days were organized (one of them in Sofia) attended by over 700 NGOs in total. All application documents were available online. The application was online too, preceded by a registration in the Operator's Electronic Proposal Submission System (EPSS), developed specifically for this Programme. The applicants for micro projects were allowed to apply by mail. The second call for proposals was announced in January 2014 with the same application period and identical scheme of Information days (and similar level of attendance). The contracts with the successful applicants will be signed in September–October 2014. In the same period is the planned announcement of the last call.

Apart from the difficulties mentioned above (see II.2.), most of the respondents in interviews and focus groups find the application process easier than those of the EU programmes managed by the Government. Those who find the application process similar in complexity and administrative burden point out a very significant difference – the NGO Programme has real people behind the procedures. Reportedly, the Programme officers were friendly, knowledgeable and accessible throughout the application period. These findings are confirmed by the results of the survey: the deadlines were adequate for over 90% of the respondents, the information in the process clear for 88%, the information days useful for 78%, the coordinators support adequate and timely for 86% and the application easier as compared to EU programmes for 64%.

In the first call for proposals the applicants for medium and big projects applied at two stages – project concept and full proposal. This approach caused significant delays in the period for approval – while the contracts for micro and small project were signed within 4-6 months after the proposals' submission, for the medium and big ones the process took between 8 and 10 months. This was the main reason for abandoning the two-step process in the second call. The respondents shared other difficulties with the two-step application process. The first one is that the content of the concept proposal was too detailed and completing it required developing a thorough design of the full project. As a respondent put it *"It would have been easier to draft the full proposal and then design the concept as its summary"*. The second issue is related to the selection process – the recommendations for improving certain aspects of the proposal were sometimes conflicting with the required changes in the project before signing the contract. It should be noted that most of the respondents find the two-step application approach quite adequate in principle, provided that the concept proposal is simple and the process allows for detailed discussions with the Operator on how to develop the full proposal. Some assessors shared that opinion too.

In order to increase the access of small NGOs for micro projects, the Operator simplified the application form in the second call and lowered the scoring threshold. All changes between the first and the second call (others are mentioned further in the text) were introduced based on feedback from and discussions with the assessors.

2. Selection procedures

The selection procedure followed strictly the provisions of the PIA (Art. 5.4.). A total of 42 external assessors were selected through open call with adequate criteria for experience with NGOs, project design, management, monitoring and evaluation, specific expertise in the Programme areas, *etc.* They were distributed according to their expertise in the 4 Thematic areas. As they were selected from among practicing professionals their availability for the period of selection was quite different and generally limited. The workload differed accordingly – some assessors reviewed a couple of projects and other over 90. Thus a group of 20 assessors took the burden of the selection. The second call projects were reviewed by a total of 50 assessors with similar differences in the number of reviewed projects.

The responsibility of the selection was almost entirely with the assessors. They scored different aspects of the proposals following an evaluation grid. They were requested to offer comments on each aspect. In addition, they indicated (without scoring) their opinion on whether the project reflects specific Programme focuses, *e.g.* Roma inclusion and support for children and youth (10% quota for each), anti-Semitism, work in rural areas, exchange of experience between NGO with different capacities, innovation countering hate speech (the latter two were introduced in the second call).

The limited availability of the assessors and the requirement for providing detailed argumentation for their scores (the compliance with the latter was verified by the coordinators by reading all evaluation grids) were, together with the two-step process in the first call, the main reasons for the long selection process.

The Selection Committee (SC) that reviews the ranking proposed by the assessors had 5 voting members (2 representatives of OSI, 1 of WCIF and 2 external experts), and 3 observers (representing the Norwegian Embassy, the FMO and the NFP). The final decision is taken by the Board of OSI. OSI's Board did not make any modification in the SC's ranking. Two of the voting members of the SC are journalist. We consider this a merit of the SC. They are publicly and professionally engaged with the most pressing issues of civil society and good governance (one of them is among the top investigative journalists in the country). Their professional integrity and knowledge about civil society (including NGOs) has not been questioned by neither supporters nor opponents.

The SC modified the ranking offered by the assessors in 12 cases during the first call and 11 during the second one. The arguments were mostly involvement of active public officials in the applicants, failure to meet the requirements of the SC in the concept phase, failure to present all required documents, *etc.* Although the SC was allowed to modify the ranking in order to reach the 10% quota of projects meeting the donors' specific concerns, there was no need to use the option.

As per PIA, the SC can modify the ranking "in justified cases". As shared by the Operator representatives, the requirement is quite restrictive – the SC members cannot react in cases that require clarifications beyond the assessors written comments (although not explicitly stated in the PIA, the Operator decided that the SC meetings are held without the participation of assessors – their number was too big). The selection process made such clarifications impossible. An additional restriction is that the SC can ban the funding of a project but cannot promote a proposal with insufficient scores even when the case is easy to be justified.

The greatest advantage of the selection process was that it did send a strong message of transparency, impartiality and fairness of the grants awarding. It had several disadvantages too. The first one comes from the provision that assessors "separately and independently score the projects" (PIA, 5.4.3.). The assessors do not communicate with each other and cannot draw from the experience of their peers. Thus in over 30% of the projects had differences in scoring that required review by a third expert. Having allowed for great difference in scoring, the system cannot guarantee that the third opinion (made again without communication with the other assessors) will be adequate. With the two-stage selection process the situation was even more complicated, as the concept and the full proposal were reviewed by different assessors.

The second difficulty in the selection process came from the mobilization of a large number of assessors with different time allowances. As shared by both representatives of the Operator and assessors the quality of the scoring improves exponentially with the number of project reviewed, as the assessor gets the whole picture of propositions is able to compare. This difficulty was impossible to compensate in the second call as the number of applications was even higher.

The third disadvantage is the impossibility of the Operator's team members to provide input in the selection. It contains an inherent paradox, as the Operator is chosen from among the most knowledgeable and experienced grant-giving NGOs and has invested on its behalf in recruiting knowledgeable, dedicated and experienced programme officers. Isolated entirely from the project selection, the team's role is reduced to grants administration without any positive influence in identifying those initiatives that will help achieving its strategy.

Based on the Operator's data, less than 10 complaints from the results of the selection have been submitted by NGOs to the Programme's ombudsman or the Norwegian Embassy. They were addressed in written communication (where the reasons for rejection were of clear administrative nature) or the organizations were invited to meet Operator's representatives. After these steps no further complaints were made. A more serious case was the law suit for discrimination of Bulgarians initiated by a citizen against a Project Promoter – Darik Foundation which offered internships to Roma. To support its grantee OSF stepped in the process as interested party. The citizen eventually lost the case.

3. Contracting and reporting systems

Over 60% of the survey respondents find (a) the grant contract conditions easy to meet and supporting the effectiveness and efficiency of the project implementation, (b) the narrative and financial reporting requirements easy to follow and (c) the request for changes in the implementation scheme processed promptly and adequately by the Operator. The highest ranking is attributed to the processing of request for changes (4.2 out of 5), the lowest to the reporting – 3.7. The opinions of the survey respondents on the administrative burden in the project implementation are quite polarized – for 30% they are too resource consuming and negatively affect the essential project work, while another third finds them contributing to the proper implementation and raising the capacity of the organization. For the remaining 40% they are just normal. The interviews and focus groups with grantees confirmed these attitudes and outlined the following key shortcomings:

- **Indirect costs**

Indirect costs are set to a flat rate of 10 % and include both administrative expenses (rent, insurance, communication, *etc.*) and the remunerations of project manager, coordinator, assistant and accountant. The payments even with bigger projects are often ridiculously small. To compensate, grantees are allowed to pay their employees both for project management and for expert work (direct cost). This, however, is not applicable for all projects and distorts the proper organization's governance. It does not contribute to the management capacity of the grantees, both big and small.

- **Payment and reporting**

The advance payment for micro projects is 60 %, 30 % for small and medium ones and 20% for big projects. 10% of the total budget is retained until approval of the final report for all. Interim payments are made after approval of the corresponding reports. The reporting schedules differ according to the duration and the size of the projects. At least one interim report is required for projects below 12 months and more than one for longer projects, the aim being to receive reports every 6 months. The dates of the reports are fixed in the grant contracts and are not related with the funds spending rate. Underspending above 30 % results in decreasing the amount of the interim payment. Most of the respondents in the interviews and focus groups find this scheme inconvenient as it does not correspond to the natural project implementation timeline. Thus in cases of intense activities in a certain period grantees must advance the expenditures, and in the opposite case – after a more relaxed period receive decreased amount of the next instalment. Grantees would prefer a more flexible reporting schedule allowing to report at any time after spending certain % of the instalment or, ideally, to have the possibility of negotiating individual payment and reporting schemes. The representatives of the Operator, however, share that keeping the schedules more rigid helps planning their own cash flow.

- **Budget changes**

Almost all grantees share that the Operator promptly and adequately responds to requests for changes in the budget. The procedure requires a signed letter from the grantee but allows sending it scanned by e-mail. As further clarified by the Operator, all requests have been approved. About one third of the interview and focus group respondents find it more convenient (and a limited number of grantees insist) to be allowed to introduce small budget changes without having to ask for approval.

- **Budget cuts**

In the selection process the assessors proposed budget optimizations as they deem appropriate. Additionally, all budgets were reviewed by the financial manager for eliminating ineligible expenses. Half of the projects were approved without budget cuts and 34% have been decreased with up to 10%, mostly due to inclusion of ineligible expenses. 11% of the budgets were decreased between 11 and 20%, 4% are with 31-40% decrease and the budget of one project was reduced to 55% of the original volume. Although communicated to grantees as suggestions before signing the contracts, budget cuts were practically non-negotiable. Many of the interview respondents with budget cuts found them inconsistent and lacking clear arguments. The popular belief is that it was done in order to accommodate larger number of supported projects. The interviews with the Operator did not reveal such motivation – the stated purpose of the budget cuts is optimizing the financial resources by avoiding excessive spending and possible misuse of funds.

- **Sub-contracting**

The Project promoters applied the PIA requirement that “in cases of procurement related to an amount of EUR 5,000 or higher but below the relevant EU thresholds” at least three suppliers/services providers should be invited to submit offers”. With higher amounts the Bulgarian Law was applied. In both cases the Operator required that the other provisions of the law are obeyed, *e.g.* not splitting a service in several similar ones to avoid the procedure, proper documentation of the selection, *etc.* As shared by representatives of the Operator, many grantees had difficulties in designing the sub-contracting procedures and needed assistance. The operators’ control of the procurement was *ex-ante*, *i.e.* the grantees submit the procurement documentation for approval before the start of the procedure. Although the *ex-ante* control required additional time for communication with the Operators and their eventual approval, it was generally seen as appropriate by the grantees, as it guaranteed that the results of the procurement procedures will be approved too. Isolated cases were reported when the requirement for aggregating similar services was found irrelevant by the grantees, *e.g.* the Operator requesting a single tender for several identical events in different cities.

- **Own contribution**

Project promoters were requested to provide co-financing in the amount of 10% of eligible expenditures of the project, half of which may be in-kind. In most of the cases in order to minimise the financial burden the NGOs included voluntary contribution of 5 % even though using volunteers was not part of their traditional work or coming naturally from the project. Artificial use of volunteers and difficulties in meeting the co-financing requirement were reported by a small group of respondents. The issue with co-financing was that it was requested as funds secured by the grantee for the project implementation as a whole, *i.e.* this is the grantees own financial contribution. Thus if a grantee is working on a project funded by another donor, it must request from this donor re-allocation of the needed amount in general for the EEA/N granted project – something that donors are not likely to do.

- **Documentary proofs**

About 15% of the respondents in interviews and the Focus groups share that some of the reporting requirements are annoyingly formal and are neither reflecting the natural way of operation of organizations nor contributing to the knowledge of the operator for the true course of the project implementation. Typical examples were memos from team meetings, photos proving the implementation of activities, detailed lists of consulted people. The share of voiced negative attitudes is low but the frustration of the grantees is great. On its behalf the Operator is trying to be as flexible as possible, though in the framework of its MCS and the expected checks of its auditors.

- **Online reporting**

A number of technical issues were shared at the interviews and the focus groups (*e.g.* complicated excel tables, inadequate restriction of number of characters in certain fields, large files not being accepted by the online reporting system, *etc.*). These are continuously reported to the Operator by grantees and are in a process of constant improvement (where appropriate – *e.g.* for some grantees the number of allowed characters is too small, for other too big).

Our opinion is that all shortcomings identified by the grantees are valid. Most of them could be overcome in the next Programme period and a limited number – in the current one. Our recommendations are offered in the last chapter.

4. Learning systems

The survey indicates that 95% of the respondents find the support of the operator (including monitoring visits, meetings, phone calls, *etc.*) as very useful (55%) and useful. This was confirmed in the interviews and focus groups. Isolated cases were reported mainly related to the control of subcontracting procedures. Although the interviews with programme staff demonstrated their genuine interest in the substance of the projects, almost all communication is devoted to solving administrative

issues. This comes from both the complexity of the programme and the time constraint of the staff managing a large number of projects.

A sample of the micro and small projects and all of the others are subject to desk monitoring and (at least one) field visits¹³. The responsibility is with the Monitoring experts who communicate with the grantees directly. Detailed risk assessments are done by the Monitoring experts with the support of the Advisors. They are focused on the prerequisites/risks for the proper implementation of the project. Only two interview respondents had had monitoring visits at the time of the interviews. They shared they were focused mainly on procedural and administration issues.

The focus on procedures and administration poses two issues. The first one is finding the balance between support and control. The Programme team cannot support beneficiaries in cases of minor risk for the project implementation, *e.g.* to allow them to submit a report with a small delay without amending the corresponding date in the contract. Seen from aside (as an auditor would do) such action is not acceptable. This puts a totally unnecessary pressure upon both the Operator and the Project Promoters.

The second drawback of the focus on administration is related to the limited ability of the operator to define (and provide) consistent conclusions on the effectiveness and the impact of the supported projects. Additional difficulty here is the fact that only a fraction of the proposals reviewed by us have defined adequate outcomes, indicators for measuring them and outputs. In the application process the Operator has adapted the results-based management approach to accommodate the FMO's reporting requirements (and has been fair with the applicants – the definition of results/outcomes in the Guidelines are formulated “within the context of the Programme”). In this adaptation outcomes are regarded as “quantitatively measurable products or services” and the concept of outcomes as changes in the behaviour/situation of the target groups is to a great extent lost. Thus less experienced NGOs are likely to, *e.g.* count the number of trained people rather than track the practical benefits of the training to the trainees. Consequently, grantees are not equipped with knowledge how to assess the overall impact of their actions but rather focus on the reporting of the project. The outcomes and indicators on a Programme level have similar weaknesses – details are offered in the Main Evaluation Report.

The Operator made a serious and meaningful investment in developing a comprehensive electronic system to serve the Programme management. The system allows for online registration of potential applicants, submission of applications and assessment of project proposals. It serves all other Programme management processes – contracting, reporting, cash flow planning, *etc.* The system provides a lot of data not included in DoRIS, *e.g.* base of operation of the grantee, intended geographical scope of the actions, *etc.* From the start of the Programme DoRIS has been in a process of optimization. Thus the Operators' system of defining whether a project addresses the specific, horizontal and cross-cutting issues differs from DoRIS' policy markers. Additionally, DoRIS does not allow for automated input from the Operator's database. Would there be choice, the Operator would use only its own system – it is enough for the purposes of the programme plus presents a lot of data for future analysis.

V. Effectiveness of the programme

1. Applications and approvals

In the 2013 Call for proposals the total number of applications was 548. 80% of them were for small and medium grants (40% each), 13% for big ones and only 7% for micro grants. The second Call (early 2014) attracted more candidates – a total of 624 submitted projects, 49% of them for small projects, 32% for medium, 13% for micro and 5% for big projects. The 2013 Call awarded 125

¹³ Additionally, as required by PIA, the Operator has contracted certified auditors for full financial visiting audit (10% of the projects) and desk financial audit (15%).

grants¹⁴. The approval ratio in each of the Thematic areas was between 19 % and 26 %. The approval ratio was highest for the micro projects (38 %) and lowest for the medium ones (16%).

The distribution of awarded projects per Thematic Areas and Programme Outcomes is as follows:

	Total	Micro	Small	Med	Big
PA1: Democracy, human rights and good governance					
O1. Democratic values, including human rights, promoted	20	1	11	5	3
O2. Active citizenship fostered	12	0	7	3	2
O3. Increased involvement of NGOs in policy and decision-making processes with local, regional and national governments	13	1	3	4	5
PA2. Social inclusion and empowerment of vulnerable groups					
O4. Empowerment of vulnerable groups	21	3	10	7	1
O5. Provision of welfare and basic services to defined target groups increased	14	2	6	3	3
PA3. Sustainable development and protection of the environment					
O6. Increased contribution to sustainable development achieved	15	1	8	6	-
PA4. Capacity building for NGOs					
O7. Strengthened capacity of NGOs and an enabling environment for the sector promoted	15	3	6	3	3
O8. Advocacy and watchdog role developed	7	1	4	2	0
O9. Developed networks and coalitions of NGOs working in partnership	8	2	3	3	0

2. Geographic distribution

We assessed the geographical distribution in two perspectives: (a) the base of operation of the Project Promoter and (b) the geographical coverage of the activities. Evidence was gathered from the electronic system of the Operator (DoRIS does not allow for research along these parameters) and the online survey.

The NGOs based in the capital are 58% of the grantees (53% according to the survey), those operating from a big city (regional centre) are 31% (40% of the survey respondents), 7% are based in smaller cities (5% of the survey respondents) and only 3% (2% in the survey) – in villages. This distribution largely corresponds to the picture of the Bulgarian NGOs offered above (see 1.2). One third of the projects were/are implemented in a single municipality: in the capital (11%), in a regional centre (13%), in a small city or a village (6%). In many cases the projects cover (the) villages in the municipality. 57% of the projects are with national coverage and 13% with regional scope (covering several or all municipalities in a region). This distribution corresponds to the level of operation of the project promoters as reported in the online survey.

3. Emerging and potential effects towards the different clusters of outcomes

3.1. Citizens interests, representation and voice (Influence Related Outcomes)

Thirteen projects are aimed at increasing the involvement of citizens in public policy and decision-making, advocacy and watch-dog activities. Any grouping of these by target area of intervention is impossible, apart from the three ones aimed at enhancing Roma integration. This will be quite a formal one too, as (a) the projects target different issues (integration of models and standards of work of Roma Health mediators in municipal plans, implementation of the National Roma Integration strategy and Local Roma integration plans) and (b) other projects targeting Roma inclusion under the rest of the Programme Outcomes plan for involvement of the target group in advocacy action. The projects working on a national level target serious (and quite sensitive in the past couple of years) issues as amendments of the electoral code, transparent, fair and effective management of public funds, reform of traditionally closed institutions (Prosecutors office and the security sector) through increased

¹⁴ 124 are included in DoRIS, the registration of the last one is pending

interaction with NGOs and citizens, access to public information, effective policies for combating poverty and addressing the needs of vulnerable groups. Although far from such magnitude, two projects (a micro and a small one) implemented on the local level adequately address voiced community concerns – increased role of a *chitalishte*¹⁵ in the public local development debate and the revival of the local literary museum in a city with long-lasting literary traditions.

A common feature of most of the projects is that they are aimed at cooperation with institutions in terms of joint committees, discussions, expert support and even joint monitoring activities. Four of the project promoters are NGOs with clear watch-dog profile and their projects will naturally develop it further. On the level of concrete actions the projects draw to a different extent from a traditional set of instruments – analysis, monitoring, training, expert and public discussions, awareness and advocacy campaigns, drafting proposals for amendments in legal or policy documents. A nice and innovative approach to linking advocacy with fundraising was applied in the campaign for revival of the literary museum. Before the plays in a local theatre (informal partner of the project promoter) short audio presentations of the campaign were delivered to the audience, and the traditional announcement “please don’t forget to switch off your phones” was substituted with “please switch on your phones and support the campaign by sending an SMS to...”).

The 7 project specifically targeting the development of advocacy and watchdog role of NGOs were funded under the Capacity building Thematic Area of the Programme. Three of them are aimed at building capacity for advocacy of other organizations and the remaining ones are developing the project promoters themselves. The planned target areas of advocacy action are diverse: protection and care for disadvantaged people, local development, Roma integration, natural and cultural heritage protection, transparency and efficiency of the election of public officials. Similarly to the projects mentioned above, they are focused primarily on partnerships with the institutions. Most of them can be regarded as promising in terms of effect for two reasons: (a) the project promoters are strong NGOs focused in concrete subject areas and advocacy is among their most effective instruments of work, and (b) the project promoters (are planning to) widen the groups of supporters to their causes/missions by outreach to new groups (*e.g.* journalists, students) or developing new partnerships with NGOs.

3.2. The value propositions that NGOs are bringing to society (Impact Related Outcomes)

The projects awarded under this cluster of outcomes demonstrate a wide variety of areas of intervention, target groups and approaches. It includes support to most of the vulnerable groups – disabled persons, the elderly, refugees and asylum seekers, people with rare diseases, Roma and other minorities, victims of trafficking, *etc.* The approaches range from direct provision of services to online support and provision of information, from target actions of a single organization to creation of coalitions and developing contacts with international networks, from training of community leaders to supporting the whole community in getting more informed by using IT. Any attempt of summarizing this diversity will be misleading. Therefore we offer some highlights according to the different outcomes.

Generally, the 20 projects promoting **Democratic values and human rights** are aimed at (a) awareness raising on the needs of both implementing policies (European Convention of Human Rights) and combating practices of intolerance, (b) educating and providing legal advice to persons whose rights have been or are at risk of being violated, (c) work with children and families for early promotion of tolerance and multicultural respect, (d) monitoring and support to institutions for improved governance practices in relation to vulnerable groups. In theory, all projects have fair chances of achieving positive impact. The challenge is that for most of them the effects will hardly be visible in the short-run. Thus, for example, in the public awareness domain, the effect of a quite innovative project for a series of radio antidiscrimination broadcasts featuring Roma interns in

¹⁵ Emerging as community based organizations during the Bulgarian Renaissance, the *Chitalishta* (currently over 3000) have an established legitimacy as part of the Bulgarian history and identity. Although their activities are regulated by a separate law and they receive (limited) funding from the States, some of them develop effectively as NGOs, combining project funding, local fundraising and income generation activities.

journalism or the project on training young journalists in investigative reporting need to be sustained as integral part of the implementing organizations and their media partners. The projects that can be expected to demonstrate quicker success are those providing immediate support to vulnerable persons (*e.g.* free legal aid, relevant online information, involvement of people in disabilities in the preparation of their individual plans).

All twelve projects under the **Active citizenship** are adequately targeted at motivating citizens to contribute willingly and confidently to social development. Several of them offer innovative approaches to fostering active citizenship. These include consistent work for children and youth participation in initiatives aimed at improving their lives, a round of discussions on citizens' involvement in the decision making bringing together NGOs and citizens picked up at random from among the respondents of a large-scale survey. Of particular value are those projects that are not broadly aimed at citizens but are dedicated to identifying those of them with genuine interest in civic causes and activism and help them learn from practice (participation in a public forum, citizen jury, internships in leading NGOs, involvement in concrete campaigns and events).

The projects under the **Sustainable development and protection of the environment** component demonstrate strong focus on raising the public awareness on different environmental aspects. Some 80% of the projects include actions in this regard. Two of the projects' campaigns target society at large – one on protection of environment in general and the other one promoting the integration of the EU Strategy on Adaptation to Climate Change (CCA) in the regional/local Plans for Sustainable Development. Many of the rest are aimed predominantly at young people, mostly in schools, and include a variety of interactive tools – competitions, camps, eco-clubs, *etc.* Their potential for short-term positive impact is self-evident. In the long-run sustained impact can be expected with those who target change in the educational system, *e.g.* including “green entrepreneurship” in the mainstream school curricula. Quite promising in terms of sustained effect are the projects that create regionally based partnerships between different stakeholders, carry out independent assessments and provide data for informed decisions (*e.g.* increase in wind power generation), solve immediate problems and demonstrate models for future care that are easy and cheap to implement (fighting chestnut disease), systematize past knowledge and offer public access to all interested parties (digital archive for management of protected areas).

Among the projects aimed at **Empowerment of vulnerable groups** a definite success of the programme is that it has managed to widen the scope of traditional groups including new ones that have stayed invisible or outside of the immediate public attention, *i.e.* juvenile offenders, women in rural areas, people with rare diseases. Together with the other target groups of the projects their needs are mostly adequately addressed by means of development of basic and specific skills, involvement in self-help initiatives, facilitating their participation in consultative bodies, *etc.* A common shortcoming is present in some of the projects, mostly those aimed at empowering the Roma – the efforts seem to be focused too much on work within the group and less on preparing the mainstream population to accept their expected active involvement in finding proper solutions as a true contribution to the overall improvement of the local community and society at large.

The projects providing **Welfare and basic services** are designed to provide adequate support to groups in pronounced need. Some of the projects offer innovative forms of support, *e.g.* the introduction of housing mediators for low-income Roma families, opportunities for visually impaired educated people to access online psychological therapy, support social inclusion of young autistic people by meeting the demands of the labour market through enhanced ICT literacy. A project that raised immediate public attention and interest is aimed at improving the financial literacy of children at school. Although implemented by young and inexperienced NGO, its representatives were invited to participate in the working group for introduction of the subject in mainstream curricula. The projects that deliver social services have a common challenge – sustainability. The public funds (both national and EU) for services provision are adequate in volume to meet the demand but badly managed, and social contracting is well developed but rigid in terms of new services. As it is unrealistic to sustain services through donor programmes only, increased focus on advocacy for their adoption by the state is needed, as well as development of new funding sources (mainly from businesses and individuals).

3.3. Building strategic capacity among civil society organizations (Sector Strategic Outcomes)

The focus of the capacity building measures was strengthening the project promoters' capacity by means of:

- strengthening the capacity to properly design, implement and report actions and achievements;
- strengthening the organizational capacities of the grantees in areas identified by them.

The first approach relied on the information workshops, the extensive *Guidelines for applicants* and *Projects implementation manual*, as well as the intense communication between the grantees and the Programme coordinators. In all of the above a serious focus was put on the principles of results based management. For the bigger NGOs and/or those experienced in working with EU Programmes the contribution to their capacity was insignificant. The smaller and less experienced ones, however, do appreciate the experience from participating in the Programme and find the new skills considerably improving their chances for success in programmes of similar complexity and administrative detail. In two of the interviews the respondents shared they used a consultant for planning and drafting the project. Several months after the start of their projects both are confident that they will not need outside expertise in next applications.

The drawback of this approach is that it develops mainly the skills for preparation and management of projects under high-bureaucracy programmes. While this does increase the chances of future funding under the EU programmes, it does not help or encourage NGOs to develop fundraising approaches based on true relationships with their constituencies and supporters. It risks deepening the project culture and donor dependency within the sector.

Strengthening the organizational capacities of the grantees was addressed in three ways:

- Providing the opportunity to include up to 15% of the direct costs for CB measures;
- Defining a special priority area (PA) "Capacity building for NGOs" covering 3 Outcomes: (a) Strengthened capacity of NGOs and an enabling environment for the sector promoted, (b) Advocacy and watchdog role developed and (c) Developed networks and coalitions of NGOs working in partnership. NGOs were allowed to implement a CB project in addition to one in the other priority areas.
- Disseminating the Capacity building matrix as tool for (required) self-evaluation at the start and the end of the project implementation.

Although adequate and innovative as compared to most programmes distributing public funds, the first option was reportedly not used by many NGOs (14% of the survey respondents). As shared by the participants in focus groups and interviews, their focus was on securing the funding for their activities, and capacity building came as a luxury. Those more seriously concerned with capacity building opted to apply in the corresponding Priority area.

TA "Capacity building for NGOs" was not specifically targeted at building the capacities of the applicants but such proposals were welcomed under all 3 outcomes. A total of 30 projects were supported. 11 of them targeted larger-scale actions on a regional or national level for developing specific skills of a number of NGOs, positively changing the legal and fiscal environment, coalition building and attracting more citizens to the causes of non-profits. All of them are adequate to the needs of NGOs as they address proven deficits. The only need here is that the overall effect of the projects should be assessed separately after their end.

The projects who were targeted specifically at capacity development of the applicants were 19. They covered a number of measures, most often trainings in specific skills of staff and collaborators, strategic planning, development of new communication channels, actions for motivation and involvement of the constituencies, development of specific methodologies to be applied in the work of the NGO, *etc.* All respondents in the focus groups and the interviews define their participation in the capacity building component as "needed", "valuable", "of practical benefit". All of them regard the opportunity to receive capacity building grants as a true concern of the Programme with the capacity of the sector as a whole, moreover such opportunities are rare in other grant-giving programmes.

The most appreciated aspect of the capacity building component is seen in the possibility of the NGOs to define their most pressing needs and address them. At the same time, the major shortcoming of the grants approach to capacity building comes from this same aspect – it is the fact that it omits the first phase of a proper capacity building process – the right identification of the needs prior to identifying the most appropriate measures of addressing them. Thus in practice the more experienced NGOs will benefit a lot from their grants, while the others risk wasting resources in the wrong direction.

For example, some of the projects of membership based NGOs demonstrate serious and promising commitment to significantly raise the effectiveness of their work by attracting more dynamic, structured and meaningful contribution of the members. Another positive example is the project promoter that combines training, strategic planning and infrastructure renovation with establishing and testing concrete income generation activities. On the other extreme is a small grass-root NGO working with disadvantaged children and their parents that decided to invest a part of its grant in one-year rent of a reception room and coordinator's salary without clear plans for sustaining the investment in the future.

The observations of measures that are not the most appropriate for the needs of the grantees were shared by representatives of the Operator for different types of NGOs. They, however, are not in a position to suggest others neither in the selection process nor later in the implementation period.

The capacity building matrix that grantees were required to complete at the start and the end of the project was *the least adequate approach*. Sent in the form of a questionnaire, it was perceived by most of the respondents as a part of the statistical data gathering of behalf of the Operator. Those who found some benefit in it were a couple of NGOs that decided either to use it for upgrading their already existent self-assessment system or as a reference kit for missing documents (*e.g.* policy for avoiding money laundry, plans, job descriptions, *etc.*). Most of the respondents who did grasp the purpose of the matrix as a self-assessment tool shared that they would gladly apply it if they had professional guidance in the process and, more importantly, clear interpretation of the results and advice on next steps. As shared by almost all, it is not realistic to believe that only the implementation of a single project will raise the organizational capacity of the NGO. It should be noted that the Operator received the matrix at a later stage and no funds for this type of capacity building were planned in the management fee.

The grant-giving approach may be considered as the greatest success of the Operator in terms of addressing capacity building. It is worthwhile preserving it in the future, though with some modifications and additional actions. The greatest demand as indicated by the survey is for institutional support and sharing of experience. Each is preferred by 60% of the respondents (among 12 types of capacity building support). The other choices got less than 30%.

4. Effectiveness of addressing the horizontal concerns¹⁶ and the cross-cutting issues¹⁷

Most of the respondents in the interviews and the Focus groups share that **the horizontal concerns** were adequately defined in the application phase as key areas to be addressed in accordance with the specific experience of the applicants. This approach was an appropriate safeguard to possible distortions of the project proposals in order to get additional scores in the selection process. To compare, this was not avoided by the „Contemporary art and culture presented and reaching a broader audience” grants scheme of BG 08 Cultural Heritage and Contemporary Arts – as reported by both its Operator and an applicant, the requirement of at least 10% Roma in the target groups resulted in artificial adding of representatives of this group in projects that have little to do with Roma, although entirely meeting the goals of the programme.

¹⁶ (a) hate speech, extremism and hate crime, (b) racism and xenophobia, homophobia, (c) anti-Semitism, (d) tolerance and multi-cultural understanding, (e) Roma inclusion and (f) sexual harassment, violence against women and trafficking.

¹⁷ (a) good governance, (b) sustainable development, (c) gender equality and equal opportunities

The analysis of the 4 relevant progress markers in DoRIS shows that Roma inclusion is addressed by 38 projects (31% of all) and Inclusion of minorities – by 33 projects (27%). A total of 31 projects (25%) address both issues, mainly small and medium ones and 7 big projects. Almost exclusively the projects were funded under 2 Programme Outcomes - PA1004 - Democratic values, including human rights, promoted and PA1010 - Empowerment of vulnerable groups.

The analysis of the projects assessed in the interviews show that 8 of them address the issue of *Roma inclusion* (and the related *Inclusion of minorities*). The 3 of them for which it is of fundamental significance are indeed focused predominantly or entirely on the Roma community. One is addressing the rights and the inclusion of children from closed ethnic communities, the second one is offering an innovative approach to conflict resolution based on involvement of Roma and non-Roma in creative activities, and the remaining one is of clearly Roma focus, implemented by a Roma NGO, dedicated to working with Roma community leaders. No mismatch between stated policy marker and the content of the projects is evident in the 5 cases of *Roma integration* found as significant issue. The situation is the same with the *Combating extremism* and *Hate speech* (5 projects, all among the above 8).

DoRIS offers a single policy marker for the **cross-cutting issues** – *Gender equality*. Two of the projects under in-depth review have adequately addressed gender equality as a fundamental problem to be solved (both working for Roma inclusion too). The first one is focused on work with the parents and families in closed ethnic communities and the second one providing support to domestic violence victims mostly from among the local Roma population.

This is not the case, however, with the 11 projects that have indicated Gender equality as a significant issue to be addressed. While the projects themselves are well targeted in their priority areas, supporting gender equality is not significantly relevant to their actions. The contribution to solving the issue is broadly defined as non-discriminatory involvement of staff, experts, members of the target groups, etc. The respondents in the interviews and focus groups largely share they had difficulties in explaining the project relevance to *Gender equality*¹⁸ when the project is not targeting the issue directly – non-discrimination on any basis is a core principle in the work of NGOs. The case is similar with *Sustainable development* (any investment aimed at democratic society and stronger and devoted NGOs is by default aimed at sustainable development) and *Good governance* (no one will decide, let alone declare its intention, to not manage the project transparently, not keep records and documentation, not report as required, etc.).

VI. Bilateral relations and complementary action

1. Bilateral relations

The Operator approached the facilitation of bilateral relations in the following ways:

- **Proactive:** (a) Presentations of the Programme in the donor states aimed at raising the interest of their NGOs to cooperate with Bulgarian partners, (b) Joint workshops between NGOs from the donor states and Bulgaria and (c) Maintaining a partnership search section at the Programme's website;
- **Through grants:** (a) Providing seed money (up to € 1500) for travel costs related to the development of a project idea into a full proposal together with already identified NGOs from the donor states. The full proposal is expected within the application deadline of the call; (b) Providing additional source of funding to grantees implementing project in partnership with NGOs from the donor states (up to €3000 for micro and small and to €5000 for the other projects). It covers travel costs of both partners. The application is submitted together with the full proposal and can be supported only upon approval of the full proposal; (c) Providing

¹⁸ In the 2013 call each of the three cross-cutting issues had to be addressed together with relevant indicators in a separate field of the application form. All add up to a maximum of 7.5 scores out of 80 for the micro and small and out of 90 for medium and big in the full proposal evaluation phase.

grants on all priority areas for projects implemented in partnership with NGOs from the donor states (no bonus scores in the selection process).

A presentation of the Programme was delivered in April 2013 in Reykjavik, attended by 30 donor states NGOs. Two workshops were organized in Sofia – one in November 2012 before the first Call, and a second one in November 2013 aimed at facilitating partnership project proposals under the 2 Calls in 2014. The 2012 workshop gathered 150 representatives of Bulgarian and 12 of donor states NGOs. The 2013 workshop was of similar interest. The direct effectiveness of the workshops may be judged by the number of foreign partners applying – 5 in each of the 2 calls. The total number of partnership projects that applied was 20 in the first call (9 approved) and 23 in the second call. In the 2013 call for proposals 5 projects for seed money were supported. Two of the resulting full proposals were funded. Two out of the 3 applications for additional funding were approved. In the 2014 call 7 applied for seed funding.

None of the interviewed 4 project promoters that have partners from the donor states have found the latter as a result of the workshops – they contacted them directly or had previous experience working with them. The 4 survey respondents that implement partnership projects have also had previous relations with the NGOs from the donor states. Those of the interviewed that attended the joint workshops share they were beneficial in terms of learning how things are done in a culture and democracy quite different from the Bulgarian one, but the workshops hardly had any practical benefit for partnership project proposal. In fact they did cause a kind of frustration due to the incomparable scales of State recognition of NGOs, financial resources operated by NGOs, support base among constituencies, membership.

Some of the interview and Focus groups respondents share that the donor states partners they approached for partnership (after own or database assisted research) seemed reluctant to get involved, although entirely friendly and ready to cooperate by other means. The main reason, confirmed by interviews with stakeholders, is attributed to the large number of requests these NGOs are receiving, and to a smaller extent to the incapability of Bulgarian partners to meet the remuneration standards of their peers (the quoted hourly rates of Norway experts were € 125 – often more than the monthly remuneration of the project coordinators).

Four interview respondents and one participant in a focus group implemented bilateral partnership projects. In three cases the partners were the corresponding national chapters of international networks. In two of them the contribution was (slightly) increased dynamics of exchange within the network and in the third one it was more significant, as it was the first serious investment of a small patients NGO to draw from international experience. In the fourth case the Programme support helped attract additional expert input for enhancing e-democracy in Bulgaria.

It should be noted that most of the respondents remain curious about the achievements of their donor states peers. They would prefer to have the opportunity to participate in thematically organized workshops for exchange of experience and practical approaches.

2. Complementary action

Apart from participation in Programme related events the Complementary action component was used for addressing more seriously one of the Programme's horizontal concerns, *i.e.* hate speech. A representative survey of the public attitudes was conducted in 2013, followed by "Hate speech and the role of civil society" international conference (November 2013). The conference enjoyed huge interest from national and international (mostly human rights) NGOs and agencies. A series of international events on the same topic were attended by the Operator in 2013 and 2014. It participated together with Programme grantees in the 2014 hate speech conference in Poland.

The experience of the Operator with the Complementary action proved to be beneficial to its capacity in the area of combating hate speech. Of particular value were the trainings organized for the Operators and the participation in the Vilnius Annual Conference of the Fundamental Rights Agency (November 2013). The Operator updated and refined its survey methodology for assessing and analysing hate speech levels and attitudes.

VII. Visibility

The programme is definitely one of the most visible ones in Bulgaria. As may be expected, its popularity is highest among NGOs and their beneficiaries. Due to the overall EEA/N Grants support it is well known by municipalities, cultural institutions, schools and other entities that traditionally cooperate with NGOs. The public image of the Programme in terms of fairness of selection, transparency and reporting seems impeccable. It was never criticized even at the times of most severe attacks at NGOs.

The interviews and focus groups with grantees helped outline three challenges. Firstly, the visibility of the Programme is of rather general nature – little is known about the practical effects of the projects. The phenomenon is quite common for most grant-giving programmes and is due mainly to the difficulties of the grantees in promoting their achievements. A third of the participants in interviews and focus groups believe that the Operator could try and compensate their deficits by facilitating their outreach to media. The common message was “*We achieve a lot and people will be interested in knowing about it, but the media is not responsive*”. Another possible approach to increased promotion of the results of the Programme is increased focus upon proactive development of the corresponding capacities of the project promoters.

The second challenge is the Programme requirement from all big projects to launch a separate dedicated website, and those above €150,000 – to maintain it in English too. While this does not pose serious problems to Project Promoters (they simply include additional costs in the budgets), the launch of 17 new websites will hardly improve the visibility of the Programme – on the one hand quite a lot of time is needed for their proper indexing and on the other one – the public interest is more in the project promoters’ sites. Needless to say, the money for the websites development when not integral part of the supported initiative risk is being wasted.

The third challenge is of a rather technical nature. The compulsory visualization and promotion attributes are extensively listed in the Project Implementation Guidelines and the Communication and Design Manual is publicly available. The issue, minor as it is, comes from the very detail of the requirements and guidelines – for small-scale projects and especially when implemented by small organizations handling the bulk of information is a serious effort by itself. A shorter list of templates for the most popular promotion activities is preferred.

VIII. Conclusions for impact, sustainability and added value

1. Levels of potential impacts

The impact of the Programme on the Operator is to a great extent self-evident. Two of the most respected re-granting NGOs develop the quite complex capacity of managing public money. The processing of a huge number of applications and management of a considerable number of projects provide them with in-depth knowledge and source of research related to the state, needs, ambitions and potential of the Bulgarian civil society sector. Both will increase seriously their comparative advantages in future grant-giving, in bidding for similar services and in their strategic work for strategic development of civil society.

Impact on the organizational/institutional development of the NGOs: the Programme provided for a period of stability and continued contribution of large organizations to pursue their goals with traditional or new means. For smaller and less experienced NGOs the Programme will significantly raise their capacity to access EU funding. For the grassroots it will help achieve concrete local changes and test working approaches. For most of the project promoters the Programme will help their outreach to constituents, collaborators and supporters. The contribution of the programme to the diversification of funding sources of NGOs and the development of income-generation activities is lower.

According to the survey results, the greatest contribution of the Programme in terms of contribution to developing effective civic responses and actions in the priority areas is in the following (among 16) aspects:

- Increased involvement and participation of citizens – 53% of the respondents
- Strengthened capacity of the NGOs – 47%;
- Increased volunteerism and solidarity on the issue – 38%
- Provision of welfare and basic services to defined target groups increased – 36%;
- Empowerment of vulnerable groups – 33%;
- Developed and strengthened networks and coalitions of NGOs working in partnership – 29%;

The areas with little or no contribution are:

- More enabling environment for the work of the NGO sector – 9%;
- Established new mechanisms for consultation of government policies with civil society – 7%;
- Developed and strengthened cross-sectoral partnerships between NGOs and government at different levels – 2%;
- Increased contribution to sustainable development of NGOs achieved, including sustainability
Established new mechanisms for dialogue between civil society and authorities
- Fostered gender equality and women rights – 0%.

2. Added value to civil society

The programme succeeded in providing a long-term and predictable support to the Bulgarian non-profit community. It managed to accommodate support for targeted initiatives in specific field and for specific target groups with support for raising the operational and expert capacities of the NGOs. It provided support in practically all aspects of ensuring continued effectiveness of NGO operations and strengthening civil society – testing new approaches, developing partnerships and networks, reaching out to larger groups of citizens and mobilizing supporters, increasing civic involvement in socially significant causes, *etc.*

Although the Programme is comparable to the EU ones in terms of procedures and administrative burden, its management succeeded in demonstrating that public money can be managed in a user-friendly manner resting upon true knowledge, empathy and commitment. Important by itself, this may have much more serious implication in the future (hopefully renewed) debate about the proper administration of state budget allocations for NGOs – so far the leading argument of the opponents has been that NGOs are not prepared to do it. Of great significance in this respect can be the positive attitudes of public officials towards the Programme management.

The coordination of the Programme with other donors has been limited, mainly on the level of studying the different donor strategies. The (rather small) donor community in Bulgaria knows the Programme well and makes its own decisions how to conform – either to avoid duplication or to provide additional support strengthening the prospects of achieving the grantees goals. This is not the case with the other EEA/N Grants funded programmes. Coordination is practically missing, although the Operator offered its support.

3. Sustainability Prospects

The sustainability at the level of achieved results depends entirely on the commitment and capacity of the Project Promoters. As indicated by them in the survey (and largely confirmed in the interviews and focus groups) the key success factors for the achievement of the planned outcomes are

- Long-term commitment to work on the issue which is close to our mission and core work – 73%
- Good record and high expertise of work on the issue – 69%;

- The high level of trust among the beneficiaries and communities we work with and our ability to mobilize their support – 44%;
- Our organizational and management capacity to carry out the initiative – 42%;
- Partnership with other organizations to optimize the impact of our action – 40%

All respondents in the interviews demonstrated genuine commitment for continued work in their areas. The programme did manage to support partnerships – a third of the project promoters implement their project jointly with other organizations, important NGO networks were supported and a number of grantees aim at working with other NGOs. In terms of capacity, as presented above the programme could further invest mainly in helping small NGOs realize their true needs.

IX. Recommendations

1. Improvement of the current programme

The last Call for proposals will be launched in September 2014. Therefore, we provide no recommendations related to the application process. The applicability of some of the recommendations depends on the time of approval of this report and volume of the remaining portion of the management fee.

(Selection)

- 1.1. Provide for as much communication between assessors as allowed by PIA. Instruct them not to aim of decreasing the cases of more than 30% difference but to fill possible gaps drawing from the experience of their peers.
- 1.2. Request more detailed arguments for budget cuts from the assessors.

(Contracting and reporting)

- 1.3. Discuss with grantees the rationale of the budget cuts. Modify as appropriate.
- 1.4. Allow grantees to request next instalment after spending 70% of the previous one in justified cases, where the Programme staff has verified the critical necessity in terms of achieving the project results. The earlier could be extended after approval of a purposive financial report only (not replacing the subsequent regular one).
- 1.5. Analyse and optimize where possible the number and type of requested documentary proofs for the technical (narrative) reports.

(Enhancing the effectiveness of projects and the Programme)

- 1.6. Study the needs of the grantees in terms of networking and peer exchange. Organize/host (informal) meetings covering a specific theme or priority area.
- 1.7. Analyse the grants (including those of the previous Calls in terms of close similarities in geography, target groups, instruments, and challenges. Send information to grantees about similar projects and encourage informal contacts. (Alternatively) allow grantees to ask for information about projects with similar parameters and facilitate contacts.

(Further strengthening of the project promoter's capacity)

- 1.8. Ask for short self-assessments of the needs of grantees in terms of organizational development together with disseminating the Capacity Building Tool. Process feedback and offer consultancy/advice. In case the demand is too big, select those with most serious concerns/issues or/and those for which capacity increase is critical for achieving the project goals.

(Assessing the impact of the projects)

- 1.9. Organize workshop(s) for grantees dedicated to results based planning and evaluation/self-evaluation.

1.10. Encourage grantees to come up with short analytical papers focused on the concrete results (outcomes, not outputs) of their projects after completion. Edit and publish them (see below, 1.15)

1.11. Conduct external evaluations of a sample of projects with the help of different assessors. Analyse the quality of the evaluation processes and reports and come up with a model for project evaluation to be used in next periods (see below, 2.21).

(Enhancing bilateral relations)

1.12. Analyse and document cases of marked success of bilateral projects, focusing both on the public benefit and the positive effects on the partners. In the process seek for the opinion of all partners.

1.13. Disseminate (with the help of FMO) the best practices of bilateral cooperation among NGOs in the donor states. Encourage these NGOs to share best experience from working with Bulgarian peers.

(Enhancing the visibility)

1.14. Organize workshop(s) from grantees on how to present in writing their work, successes and contribution. Encourage them to post these stories in online editions, social media, etc.

1.15. Recruit volunteers/interns with appropriate background and interests to study and write on the results of the projects or work with the grantees. Disseminate the texts in accessible media. Partnerships in this regard may also be considered. **Cover the travel expenses of the volunteers to reach out to the grass-root level.

1.16. Encourage any forms of public reporting.

2. Changes in the next financial period

(Strategy)

2.1. *(General strategic recommendation)* the main change that will increase the effectiveness of the programme is its shift from support to projects to support of organizations achieving impact in a multitude of areas. This will mean funding strategies and not activities, working with the grantees for achieving best results instead of simply controlling them, assessing impact as an integral part of the supported strategies.

2.2. If project support is completely or partially preserved, sustain (or increase) the number of calls for proposals, keep them identical in thematic coverage. Focus possible support for social services not on direct provision but rather on advocacy for their adoption by the state and development of new sources of funding.

2.3. Provide for maximum flexibility of the programme – emergency response grants, action grants, etc.

2.4. Assume a more pro-active role in capacity building and other forms of indirect support for the NGO sector. Aim at involving NGOs outside the group of Project Promoters.

(General operational)

2.5. Simplify as much as possible the Management and Control System. Define together with the FMO and the auditors reasonable levels of risk to be accommodated by the MSC.

(Application and selection)

2.6. (If 2.1.applied) ask for and assess concepts for strategies. Work individually with approved applicants or organize workshops for the development of full strategy proposals. Provide funding for all of them, assuming part of the responsibility for their effective implementation.

2.7. Involve appropriate staff members in the selection process, keeping the comparative weight of their opinions below 50%.

2.8. Aim at decreasing the number of assessors, each reviewing a maximum number of applications. Update remuneration accordingly.

2.9. See 1.1. If possible in terms of assessors' availability, allow for joint evaluation sessions. Ideally, consider Assessment Boards per programme components.

2.10. See 1.2.

2.11. Assign greater decision-making power to the Selection committee. Provide for pro-active identification of grantees that can support the achievement of the programme goals. A good option suggested by the Operator is the wild card approach – awarding targeted grant(s) to NGO(s) that has not passed the selection threshold.

(Contracting and reporting)

2.12. Develop individual project implementation plans including reporting schedules with the grantees. If conflicting with cash flow planning, offer them a choice of reporting shorter (e.g. 3 months) or longer (e.g. 6 months) periods. Alternatively, consider 1.4.

2.13. Allow small budget shifts between budget items (e.g. up to 10%) without Operator's approval.

2.14. Consider employing a small team/experts supporting grantees specifically in sub-contracting procedures.

(Enhancing the effectiveness of projects and the Programme)

2.15. Work with grantees for defining appropriate results, indicators and sources of verification.

2.16. See 1.6. and 1.7.

(Strengthening of the project promoter's capacity)

2.17. Sustain the Capacity building (CB) grants component.

2.18. For smaller and/or less experienced NGOs:

- In the selection process – focus on assessing NGOs themselves in terms of both current status and potential, design application form appropriately
- After the selection process and before contracting – work with NGOs to improve the planned CB measures, offer assistance in needs assessment
- During the implementation – offer assistance of professionals (pool of experts)

2.19. For bigger and/or more experienced NGOs

- In the selection process – ask for consistent strategies for self-development and achievement of multitude of results.
- Offer institutional support and assess the implementation and effectiveness of the strategies.

2.20. Offer pool of experts to be at the grantees disposal for organizational development. Pay them only after the grantee has reported benefit from the consultations.

(Assessing the impact of the projects)

2.21. Request inclusion of % of the budget for external project evaluation. Offer a model of work and expected report (see 1.11.)

2.22. Come up with own impact assessment based on the project evaluations and additional work.

2.23. See 1.9 and 1.10.

(Enhancing bilateral relations)

2.24. Study areas where bilateral exchange of practices and expertise will be of practical benefit to the partners and to the achievement of project goals.

2.25. Organize thematic/issue based workshops (different from the joint workshops for establishing partnerships) for NGOs from Bulgaria and the donor states. Allow access to NGOs outside the group of grantees.

2.26. Consider introducing other means of mutual learning, *e.g.* internships, peer exchange, job shadowing, *etc.*

2.27. See 1.12 and 1.13.

(Enhancing the visibility)

2.28. Include small allocations in project budgets for innovative forms of public reporting.

2.29. See 1.4. and 1.15.

1.30. Abandon the requirement for dedicated websites if not necessitated by the logic of the project.

2.31. Negotiate coverage of the projects' and Programme's contribution with partner media.

The NGO Programme in Hungary

Jennifer Tanaka

Mariana Milosheva

David Krushe

Introduction

This report was prepared in accordance with the terms set out in the inception report. Three members of CREDA Consulting team made a thorough documentation review and in-person interviews with organizations of the Fund Operator, assessors, selection committee members and grantees from each of the thematic areas supported. These interviews were made in an intense political climate in the summer of 2014, the Hungarian Government Control Office (KEHI) launched formal audit of the Fund Operator.

This situation affected the evaluation in various ways. It was an extremely stressful time for the Fund Operator to reflect strategically, having to organize press conferences and provide ongoing support to project promoters. The selection process of the second round (2014) was also in its final stages during this period. However, all members of the consortium were very responsive and supportive to this evaluation.

Finally, it is the only country where we did not succeed to get the views of the National Focal Point, since it did not actually exist at the time of the evaluation. Later in the process we tried to get feedback from governmental observers of the Selection Committee meetings. Most of the previous observers were no longer working in the ministry, and the observer who was contacted did not provide a response.

I. Context

1. The environment for civil society work in the country

The operating environment for Hungarian NGOs has become more restricted in terms of diversity of funding sources, access to government funding, and the support for approaches grounded in values of pluralism and democracy. In essence, this has put strong limitations on organizations focusing on watch-dog, human rights and democracy work.

With European Union accession, many international donors withdrew, increasingly replaced by highly bureaucratic EU Structural Funds largely for service-oriented projects. The former National Civil Fund used to provide core support to wide range of Hungarian NGOs. It was renamed the National Cooperation Fund and now reportedly supports mostly church based organizations for social inclusion measures.

The rise of the far-right parties in Hungary, politically legitimized through parliamentary representation since 2010, also fills the landscape with more exclusive values. Para-military activities and approaches to Roma in particular also characterize the dominant 'blame the excluded' attitude toward social injustices.

The summer 2014 declaration of the Prime Minister to pursue the model of an *illiberal democracy* is indicative of how the influence of government-promoted ideology also affects NGOs.¹⁹ In particular,

¹⁹ 'Viktor Orban: The era of liberal democracies is over', in Budapest Beacon, July 27, 2014 <http://budapestbeacon.com/politics/viktor-orban-era-liberal-democracies/>

this affects organizations promoting human rights, transparency and accountability work, and organizations advocating and working to advance rights and interests of LGBTQ groups, homeless persons, drug-users, and women for example.

As watchdog and rights-based organizations often receive funding from external sources, the government alludes that the organizations are 'promoting foreign interests' with agendas and values undermining interests of Hungary.²⁰ In this context, the Government Control Office (KEHI) investigations of the EEA Grants' NGO Programme Operator and grantees in the summer of 2014 served a clear sign of intimidation and messaging of the government's stance toward these organizations. The move has created a climate of instability and insecurity among NGOs during the time in which this evaluation was prepared.

By the time this written report was being finalized, the Hungarian tax authority suspended the tax numbers of the Fund Operator. There were also police raids in the offices and personal homes of two of the consortium partners. An appeal signed by 975 NGOs from over 32 countries called on the higher institutions of the European Union to take a stand against the recent anti-democratic actions in Hungary. The raids against the Fund Operator were referred to as 'an unprecedented demonstration of force' within the borders of the European Union.²¹

2. Main challenges and opportunities related to the development of the NGO sector as a catalyst of civil society

The NGO base for human rights, policy advocacy, democracy and social justice is largely centred in the Capitol city – Budapest. These organizations have higher capacity in terms of both management and governance, along with the understanding, value base and programming in the field of work. This gap in civic functions and activities between Budapest and the countryside is also exacerbated by the fact that many of these organizations lack constituencies – groups of citizens with common interests who are effectively engaged and empowered in the work of the NGOs. Overall, the advocacy capacities of the Hungarian NGO sector has become visibly lower over the last years.

This includes even organizations representing interests of Roma. In fact relatively few organizations actually managed and governed by persons of Roma origin are able to access sizeable funding for core rights and advocacy work from EU agencies in Brussels, EEA NGO Programme, or Open Society Institute. As relatively small organizations, there are also few that compete successfully for larger scale EU funds for integration measures.

Overall there is low trust in a highly politicized society, including towards NGOs (although it is still higher than towards some other institutions, according to surveys). This low level trust is also reflected in low-level cooperation among NGOs. There are few cross-sector alliances, and no formidable civic coalitions or alliances around common principles. The strongest tradition has perhaps been the green movement.

The predominant project-driven funding environment influences organization's ability to be strategy- and mission- driven with consistent programming and core goals. The limited sources also create challenges around being independent and in fulfilling civic roles of promoting transparency and accountability of public funding and exercising citizenship as a critical voice in a system of checks and balances.

Amidst these challenges, there are also opportunities. Many organizations are relatively weak in terms of public relations and communication strategies. Therefore the potential to increase outreach and constituency engagement through a stronger on-line presence and use of innovative tools is significant.

The projects currently being supported include a lot of small towns and communities, especially through the micro-projects and the local partners in macro projects. These small groupings of civic life and enthusiasm have great potential to generate more creative energies for taking action toward positive social change.

²⁰ *ibid.*

²¹ <http://www.esurveyspro.com/Survey.aspx?id=ed23ae97-2927-4f60-874f-1313f9a30958>

II. Strategic Relevance

1. Brief description of the strategic framework

The NGO Programme strategy in Hungary is a fairly complex set of measures that together aim to support the overall objective of “*strengthened civil society development and enhanced contribution to social justice, democracy and sustainable development*”.

In approaching systemic change at the NGO sector level, the strategy focuses on seven thematic areas of support that seek to cover the intended outcomes set out in the NGO Programme in Hungary.

These are:

- Human rights and democracy
- Gender and equal opportunities
- Community and organizational development
- Children and Youth issues
- Environmental and sustainable development
- Provision of welfare and basic services to vulnerable groups
- Empowerment of vulnerable groups, including Roma

The grant-making strategy introduces a framework of macro, medium and micro grants, which reflect the varied size and scope of the projects supported through the main calls for proposals.

The macro projects targeted more experienced organizations with higher capacities in terms of programmatic and financial management. In addition to further strengthening the applicant organization itself, each macro project also includes the role to support and transfer experiences to ten to fifteen smaller organizations and groups. This helped to diffuse capacities and experiences, especially to locations outside the capitol. The focus areas were: democracy and human rights; gender and equal opportunities, youth and children rights; community and organizational development. Macro projects were only launched in the first round (2013), since the duration ranges from twenty-four to thirty-three months, with budgets ranging from 50,000 – 140,000 Euro.

When launching the call for medium projects in the second year (2014), the Fund Operator also introduced the role of contributing to overall strengthening of the civil sector in the call for proposals. Here projects should have outcomes that may serve as models for others, and project promoters must proactively seek to develop other groups and transfer their experiences through effective communication of good practices. All thematic areas could be addressed through medium projects, with budgets up to 70,000 Euro, lasting up to twenty-one months.

Each of the main calls for proposals includes support for micro projects, also addressing each of the seven thematic areas. The objective of micro projects is to develop and activate the applicant’s smaller communities (geographical, professional, *etc.*) within their own fields of action. It was stipulated that projects should result in higher capabilities within the organization to mobilize own resources for the sake of local and public goals in the respective thematic area. In the first round (2013), micro projects were up to one year and 10,000 euro, while in the second year (2014) up to twenty-one months and 20,000 Euro.

At the end of 2013, the Operator also introduced a new line of support for action projects. This responded to the need for further addressing horizontal concerns – especially combating hate speech and crime. Action projects are shorter campaigns, or visible one-time civic actions. A more simplified application process allows both the Fund Operator and applicant to respond to current or upcoming issues and opportunities. Through an open call, organizations can apply for up to 5,000 euro for action projects. Applications are reviewed on a monthly basis.

Among the outcomes, the strategy is grounded in the understanding that the *integral role of the NGO Fund is to foster active citizenship*, recognizing that it underpins other outcome areas. Therefore, in addition to this core outcome, the NGO Programme in Hungary intends to realize the following changes:

- Democratic values, including human rights promoted (macro-medium-micro projects)
- Advocacy and watch-dog role developed (macro-medium-micro projects)
- Developed networks and coalitions of NGOs working in partnership (macro-medium-micro projects)
- Strengthened capacity of NGOs and more enabling environment for the sector promoted (macro projects)
- Increased contribution to sustainable development achieved (medium-micro projects)
- Provision of welfare and basic services to defined target groups increased (medium-micro projects)
- Empowerment of vulnerable groups (Roma). (medium-micro projects)

In addition to the particular outcomes, the results framework also includes at least 10% allocation of total programme funding to a) children and youth-driven organizations or activities; and b) gender issues.

The common horizontal concerns of all NGO programmes are also important to note, as cross-cutting issues, which functionally should also be addressed as much as possible by supported projects:

- hate speech, extremism and hate crime
- racism and xenophobia, homophobia,
- anti-Semitism,
- tolerance and multicultural understanding
- Roma inclusion
- Sexual harassment, violence against women and trafficking.

Within the strategy, supporting bilateral relations between Hungary and donor states was addressed so far through a) additional project funding (up to 10%) for exchanges among organizations, b) internships for staff of Hungarian NGOs to host organizations located in donor countries, c) ‘On the Spot’ study visits for young people.

Budget overview:

Overall budget	Grant funds	Management fee	Capacity Building	Complementary Action	Bilateral relations
13,495,000 Euro	Macro: 3,800,000 Medium: 3,700,000 Micro: 3,795,000 Mini/Actions: 285,000	1,266,415	72,316	339,410	272,875

2. Relevance of the strategy

The strategy is designed to pursue the broad functional meaning of the NGO sector, which is ‘to motivate the active participation of civil society, and to channel self-organizing and creative energies, such as volunteering, towards solving social problems and fulfilling social needs’.²² In the current context, the particular importance placed on human rights and democracy has proven highly relevant, as capacities and support for organizations working in these areas are limited. The Operators, grantees, assessors and independent selection committee members all found this to be important. It was noted that the launching of the calls is also particularly timely given that there is an EU programming and

²² Original Bid to operate the NGO Programme in Hungary 2009-2014, pg. 27.

funding gap, so the NGO Programme has an even more critical role to keep organizations and talented, committed people engaged.

The intentional capacity building role among macro-level project promoters, both for their own organizations and other smaller groups and organizations is also of high relevance. This should allow for the adaptation and development among some core organizations, while also looking to expand their outreach and foster developments outside the capital, among smaller groups and organizations.

It should also be noted that the NGO Programme allows for the support of diverse approaches to the thematic areas. Within democratic societies, NGOs should be able to explore and test a plurality of approaches to overcome social injustices, gaps in state welfare services, and blockages that prevent fulfilment of fundamental human rights. The support provided by the EEA Grants helps to maintain pluralism within the sector – a core value of functioning democracies.

Though this is only the mid-term evaluation, it can already be said that there are challenges realizing all anticipated outcomes within the existing strategy framework. On the one hand, the strategy is very ambitious, with a relatively short timeframe for implementation in a relatively unsupportive political and economic environment. Essentially, from the launching of the first call for proposals in 2013, to the end date for spending the funds in spring of 2016, there are 3 years. While one should be able to discern certain trends and results by the end of the programme, it is likely too little time gauge the degree of systemic developments within participating organizations and the overall NGO sector in Hungary. On the other hand, the combination of priority areas, outcomes, horizontal concerns, and 10% funding targets creates a complex framework for reporting the changes generated from the projects.

III. Management Set Up

1. Selection of the NGO Programme Operator in Hungary

The Hungarian Fund Operator was selected through an open call, and is the same Operator consortium as the previous EEA NGO Fund (2004-2009). It is contracted directly by the FMO. At the time, the current Operator was assessed as the only eligible applicant to meet all criteria.

A consortium of four Hungarian foundations forms the Fund Operator. The lead organization is the Hungarian Environmental Partnership Foundation (HEPF), which is joined by the Foundation for Democratic Rights (Demnet), the Carpathian Foundation – Hungary (CF), and the Autonomia Foundation.

2. Profile of the Operator

The four foundations have similar roots, being initiated by US private or public charitable organizations, and each having more than 15-years long experience in grant-making and civil society development. They have comparable organizational cultures and attitudes, grounded in values respecting principles of democracy, human rights and environmental sustainability. This supports their effective partnership and close cooperation, which is described as using the ‘first among equals’ principle with regards to the lead and consortium members. Each member contributes to promotion, capacity-building activities, and grants management of the particular thematic areas for which they are responsible. Detailed tasks are decided upon during the monthly planning and reporting meetings among the consortium members.²³

²³ Bid, page 13.

Thematic areas of responsibility:

Thematic Area and Funding level	Fund level	Consortium Member
I. Human Rights and Democracy	Macro	Demnet
II. Community and Organizational Development	Macro	HEPF
A. Human Rights and Democracy	Medium and Micro	Demnet
B. Gender and Equal Opportunities	Medium and Micro	Demnet
C. Community and Organizational Development	Medium and Micro	CF
D. Youth and Children's Issues	Medium and Micro	CF
E. Environmental and Sustainable Development	Medium and Micro	HEPF
F. Empowerment of Vulnerable Groups, including Roma	Medium and Micro	Autonomia
G. Social and welfare services	Medium and Micro	Autonomia

All aspects within the NGO Programme strategy have been assigned to particular consortium members. For example, DemNet manages the internship applications, the Carpathian Foundation the youth study visits 'On the Spot', the Environmental Partnership Foundation manages the process for Action Projects, and Autonomia Foundation is responsible for a number of complementary actions.

Each consortium member assigns two permanent full time Program Managers for the whole period, with one additional part-time staff for overall programme monitoring from mid-2014 to early 2016. HEPF has four additional part-time persons (Programme Director; Financial Manager, PR and IT assistant, and Communications officers). Not including these additional personnel costs and other specific programmatic responsibilities, the management fees are equally distributed.

The current consortium draws on the long-standing experience in grant making among its members, and their particular area expertise they bring to the thematic areas they oversee. This is particularly helpful given the breadth and complexity of the strategy. The clear division of work and good collaborative working relations, based on trust and common values, provide a solid basis for the consortium to function well.

It is apparent that the management of the programme does take a significant amount of administrative work for the human resource base within the organizations. This is in terms of administering the grants process, reporting quarterly to the FMO, and also dealing with public relations and new issues such as the unexpected state control body (KEHI) investigations.

3. Efficiency and effectiveness in interaction with the FMO

Overall, the Fund Operator found communication with the FMO to be reliable, open and regular. It was recognized that responses for some decisions required more time, given the limited decision-making mandate of the FMO and the need to seek input from the donors on certain issues.

In terms of efficiency, there was a sense that the donors were continuously developing and adapting the program requirements. This included some aspects such as relatively late introduction of the capacity-building matrix, specifications of using DoRIS database, the need to arrange for translators at Selection Committee meetings, and changing requirements for the summaries of minutes. While not overly burdensome, given the relatively ad hoc introduction and new expectations, they did create some strains on human resource planning and time management.

4. Efficiency and Effectiveness of the interaction with the National Focal Point (NFP)

There was generally minimal interaction with the NFP, since the NGO Programme in Hungary was contracted directly with the FMO. The NFP had observer status in the Selection Committee meetings, and was regularly attended by government representatives of the NFP. Based on review of all full records of the selection committee meetings in 2013, no comments or feedback by governmental observers was made with regards to the procedures.

IV. Grant Systems and Processes

1. Application process

The NGO Programme and call for proposals was announced through the main website (<http://norvegcivilalap.hu>), media press releases, NGO portals, newsletters, networks and in person information days in each county. The Fund Operator also offered individual consultations upon requests, and provided e-mail and telephone responses to questions. According to the survey conducted among all applicants in the first round (2013), the website was the most used source. Less than half of the respondents used other possibilities, including the personal consultations and info days. However, those that did use them, found them to be helpful²⁴. While many channels and opportunities exist, the Fund Operator considered that it is still a challenge to get people to use the consultations more widely and effectively.

The Fund Operators employed a capacity building approach to outreach by adapting the original idea of information days to sessions that serve as a process for learning how to develop a project idea.

Design of the calls

At the time of this mid-term evaluation, the NGO Programme had fully realized the first call for proposals, contracting and Annual Programme Report (2013), and was in the process of concluding the second round application and selection process in the summer of 2014. Therefore, the findings here largely reflect the 2013 process, though not exclusively.

In the applicant survey conducted during the first call for proposals, 90.2% of respondents indicated that they found the guidelines clear and easily understandable. Even so, the Operator made some adjustments in the second round to add further clarity on expectations. This includes compulsory indicators within each thematic area of support, explanation of crosscutting issues, a separate annex on horizontal concerns, and a detailed explanation of the payment structure for projects of different durations.

Some areas that can continue to be fine-tuned and communicated are around the concept and understanding of *innovation and community rootedness of the NGOs*. The Fund Operator stressed these as important expectations that organizations and networks do something new or in a different way with the strong involvement of their constituencies. At the same time, innovation only accounts for 5% of the selection criteria published in the call and applied by evaluators.

One- and two-step application procedure

The two-step application process was applied for macro projects in the first round (2013), and both medium and micro projects in the second round (2014). The Fund Operator, applicants and selection committee members viewed the process positively since it allows for intermediary consultations and pre-selection on the level of concept paper. This was particularly effective for macro projects, where expectations and ideas could be sharpened and clarified through consultative interactions. It does require more time, with around 6 months from launching the call to finalizing contracting. Given time constraints due to delays in finalizing agreements and launching the NGO Programme in Hungary, future processes may consider different approaches, depending on scale and timing. The monthly review of action projects is one good example of an alternative 'quick turnaround' procedure for small initiatives.

The project promoters generally shared that they found the guidelines clear, the system and Fund Operator to be open and friendly, and a less burdensome process than EU Structural Funds. The staff of the Fund Operator also seemed to strike a good balance in providing support and clarity for applicants to make their own decisions without giving or evaluating actual project ideas.

²⁴ See <http://norvegcivilalap.hu/en/node/4424>

2. Selection process

The evaluation team thoroughly inquired about the selection process of the Fund Operators. In general, the selection procedures are already described and agreed upon in the PIA provisions, Article 5.4. Briefly the process is as follows:

- The Fund Operator reviews for compliance with administrative and eligibility criteria. Each consortium partner handles this stage of review for its respective thematic area(s).
- Two independent and impartial experts appointed by the Fund Operator review eligible applicants and score on a scale of one to three according to the published criteria. External assessors are individuals who were invited by the Fund Operator to serve as expert assessors. They have good knowledge of the field and the relevant thematic area, and are not involved with NGO Programme in any way. Finding well capacitated individuals, not involved with the NGO Programme, and available to dedicate significant time for reviewing concept papers and applications is an ongoing challenge. Assessors could pose clarifying questions to applicants when needed. A few pre-monitoring visits were made by the Fund Operator, but time and resource constraints prevent this happening on a larger scale.
- In case of a 30% difference between the two experts, then a third expert was commissioned, and the average of the two closest scores is taken. In the 2013 selection of micro projects, out of 954 applications assessed around 19% required a third assessor. Among the macro projects, 14% in the first round of 181 projects and 7% of the 42 applications assessed in the second round required a third assessor. In the 2014 call for proposals, the number of concept papers and applications where a third assessor was needed increased. Overall, among both micro and medium level projects, a third assessor was used in about 38% of project concepts and applications combined (but also, in the second call, the 30% rule was applied differently, *i.e.* 30% of the higher score given, and not that of the maximum).
- The Selection Committee reviews the ranked list of projects. Separate Selection Committees are organized for each thematic area, so there are a total of seven (plus two separate ones for the macro call). Each committee is formed of three persons possessing relevant sector expertise, where at least one is external to the Fund Operator. Unlike the assessors who are assigned a limited number of projects, the Selection Committee members have the role of reviewing all assessed projects in the context of the whole portfolio. This helps to avoid overlaps in projects or locations within a particular thematic area. Project assessors were also invited to participate in the Selection Committee meetings. They presented their overall impressions and were available to explain in more detail their scoring, and respond to questions. Representatives of the Norwegian Embassy, the FMO and the NFP also participated as observers.
- As stated in the PIA: The Selection Committee may *'modify the ranking of the projects in justified cases. The justification for modifications shall be detailed in the minutes of the meeting of the Selection Committee...If such as modification results in a rejection of a project that without modification would have been approved, the affected applicant and the FMO shall be informed in writing ...'* In most cases each selection committee had concepts and projects which would have been approved, but after more thorough discussion and analysis, were not selected for funding. In this way, the committees played an extra oversight role to ensure for example, strong alignment with objectives of the call, adequate organizational capacity, innovation, and cost effectiveness.
- The final decisions on selected projects are taken by the Approval Board, which is formed by representatives from each consortium member of the Fund Operator. This body has a complete overview of all projects, which is useful in avoiding duplication of projects or locations.
- Budgets are checked throughout the whole evaluation process: evaluators in their written opinions can suggest deleting certain budget items (if deemed unnecessary or inflated), and the Selection Committees' recommendations also include the project budgets, Last, but not least, the Approval Board confirms the budget. In cases where there were concerns about unjustified, over inflated or unclear costs, then it was generally approached without cutting. When budgets were cut, this was due largely to issues of too low organizational capacity or excessive costs in

comparison with like projects and activities of other organizations. In most cases, the Fund Operator sought clarifications on budgets, and tended to work with project promoters to make adjustments within the overall amounts recommended by the Selection Committees.'

The 2-stage application process for 2013 macro projects and for the 2014 calls is considered effective and fair. The deliberative process among Assessors and Selection Committee members during meetings helps clarify understanding and rationale for ratings. It also helps to align understanding and applied standards given that each individual assessor has unique perspectives that contributed to variations over 30% in the ratings. The sharpening of language on indicators in the second call also strengthened communication of expectations and framework for reporting on anticipated outcomes.

While the process is effective, it comes with the cost of the time needed for the two-stages, let alone additional pre-monitoring of applicants.

The minutes of the Selection Committee meetings document 'justified reasons' for not following the recommendations and scores of Assessors and/or Selection Committees in the final decision of the Approval Board. The Fund Operators could prepare a more explicit document citing types of 'justified reasons' in applications, which could be shared with Assessors for learning. Communication to the applicants is also set out in the contractual agreement, and represents an important responsibility in terms of transparency. Clear guidance and expectations on the part of the FMO in this regard could also be beneficial for the Fund Operator in terms of ensuring that there is agreement from all sides.

3. Contracting and Reporting systems

The project promoters visited generally found the Fund Operator to be very supportive during the contracting and reporting process. Particular mention was made of the availability and responsiveness of the staff of the Fund Operator when questions arose, and the flexibility to make necessary changes in the project implementation.

Some grantees noted that the conditions of 10% own funding, of which ½ is a cash contribution, was challenging, especially for small organizations. Reporting is done on a 4-monthly basis, which for some seemed appropriate, and for others seemed excessive given that one barely finished one quarterly reporting process before starting the next. Overall, the experience with reporting was however much less bureaucratic than EU Structural Funds. Project promoters stressed that the good communication and flexibility of the Fund Operator meant that project adaptations for greater effectiveness and efficiency could be made relatively smoothly.

4. Learning and monitoring systems

In terms of the learning and monitoring practices and systems, the more intensive work is only starting towards the end of 2014. The Fund Operator has its own online database and system for reporting, and storing all project-related outputs, evaluations and photos.

In relation to reporting to the FMO, it was noted that there is no alignment in data fields between the Fund Operator database and the FMO database DoRIS. One suggestion was to provide clear indications, in advance, of the data needed for reporting, so that the Fund Operator's system could be designed accordingly. It was also noted that DoRIS is quite inflexible - it requires a lot of information related to a project in a specific way though not all projects fit into its framework (e.g. drop down menu for 'target group' does not include *citizens*). Also the horizontal concerns are structured in differently in DoRIS than they were at the start of the programme.

In the contracting process, the Fund Operator staff work with the project promoters to create implementation plans and agree on reporting indicators. This is important in setting a clear framework for reporting expectations. In general, some form of regular communication or exchange happens on a monthly basis. Some of the project promoters also come together in sessions convened by the Fund Operator. Onsite monitoring of a selection of first round micro projects was realized, though the bulk of monitoring, reporting and analyses will only start in the second half of 2014.

V. Effectiveness of the NGO Programme

1. Outreach and applications

There was high level of interest in the NGO Programme among Hungarian NGOs, exhibited through the response to the call for proposals. In the first round (2013), there were more than 300 project concept notes for macro projects, and more than 1,000 proposals for micro projects. As a result of the selection process, 23 macro projects and 105 micro projects were approved. This means around 8% of macro projects from the original concept papers were funded, and around 10% of micro project applications on average. Of the originally planned amount for macro projects, a total of 1,294,614 Euro were not granted in the first round, due to insufficient quality proposals. The funds were therefore reallocated to the next calls.

Thematic Area Call I – 2013	Macro Concepts	Macro Invited	Macro Approved	Micro Applied	Micro approved
A. Human Rights and Democracy	105	25	14	37	8
B. Organizational and Community Development	205	18	9	236	20
C. Gender and Equal Opportunities				36	6
D. Youth and Children				203	16
E. Environmental and Sustainable Development				232	23
F. Social and welfare services				170	14
G. Empowerment of vulnerable groups, including Roma				115	18
TOTAL	310	43	23	~1000	105

In the second round (2014) a record number of 1731 concept applications were received. 1554 passed the general administrative screening, and 289 were pre-selected to apply with a full proposal. Overall, the approval rate of projects to the initial concept applications was roughly 8%.

Thematic Area Call II – 2014	Medium Invited	Medium approved	Micro invited	Micro approved
A. Human Rights and Democracy	21	11	15	9
B. Organizational and Community Development	10	6	11	7
C. Gender and Equal Opportunities	14	6	39	16
D. Youth and Children	21	6	34	18
E. Environment and Sustainable Development	9	5	24	13
F. Social and welfare services	13	6	34	15
G. Empowerment of vulnerable groups, including Roma	17	7	27	11
TOTAL	105	47	184	89

The overall approval rate average of around 8-10% indicates that the Assessors and Selection Committees were relatively thorough in ensuring that projects were well aligned with the objectives of the call and met criteria and standards. By the end of the second call, 70% of the total programme fund had been allocated.

In terms of areas covered by the supported projects, each thematic area is well covered most notably human rights and democracy for macro and micro projects, and youth and children micro projects in both rounds. An exception is gender, which is traditionally a weak area.

2. Geographic distribution

With data available from the projects supported up to June 2014, we see overall distribution among the supported organizations is: 56.76% based in Budapest (proportionate to the share of applicant NGOs). On average this does not represent a significant variation. However, within these, one can observe a discrepancy in terms of thematic areas. For example, supported organizations in thematic areas such as: (A) Human Rights and Democracy and (F) welfare and basic services are mostly from Budapest – 87% and 86% respectively. Alternatively, supported organizations in thematic areas: (C) Community and Organizational Development and (E) Environment and Sustainable Development are predominantly local organizations outside Budapest – 85% and 74% respectively.

All fourteen macro projects in Human Rights and Democracy, while five out of nine macro projects in Community and Organizational Development are located in Budapest. They do work with some 500 other local NGOs and groups mostly outside the capitol, so in these cases the location of the direct project promoter is not fully indicative of the location of work.

3. Emerging and potential effects towards the different clusters of outcomes

3.1 Building strategic capacity among civil society organizations (Sector Strategic Outcomes)

Among the projects supported, the macro projects are those that are most likely to have a visible contribution to overall sector outcomes of civil society capacity building, including networks, partnerships and coalitions. All supported projects have elements of own organizational development and development of other smaller organizations or informal groups/networks. A core principle for support of a project was the clear identification of plans for: a) the long-term development of the organization, and b) the development of groups or the sector.

In some cases, the development of other groups, including knowledge transfer and capacity building is less natural than for others. For example, organizations with a stronger track record in training organizations and communities are much better placed to realize this than some human rights and transparency organizations with relatively little experience in capacity building.

Still the development of networks figures relatively strongly, especially in the Human Rights and Democracy macro projects. Given the fact that sustainable networks take time, energy and commitment of members to develop and grow, it is still early on in the process. The multi-year duration of the projects however, provide good prospects for this ongoing work. Some examples include networking among:

- Organizations working on youth volunteerism and community service to support exchange among professionals, ideas generation, and creation of a methodological knowledge centre.
- Local organizations (women, youth, Roma, social services) to provide professional training, mentoring and coaching in the field of preventing and working with victims of domestic violence.
- Membership-based organizations from different sectors (environment, minorities, equal opportunities, LGBT, sports and recreation) in order to support each other through processes of working and advocating NGO policies in the current legal framework, medium-term strategy development and fund-raising.

From the point of view of developing and implementing *new* organizational strategies, partnerships and networks, all the macro projects have this element of innovation.

There was no explicit capacity building outcome expected for the micro projects, and so the impact here is less prominent. However, there are projects that directly improved the project promoter's own capacity. For example, an organization supported under Welfare and Basic Services working in the field of home hospice care was able to expand its operational capacity through recruitment and training of some 18 new volunteers, thus increasing its volunteer base by nine times. An organization working with young Roma volunteers could develop new methods and a module for its tolerance building activities targeting Hungarian high school students.

Roma individuals, communities and NGOs participate as local partners or beneficiary groups in macro-projects and micro-projects to a significant degree. Roma-led NGOs figure less as lead project

promoters however. There is one macro project in the field of human rights and democracy, focusing on citizen's journalism, news services and grassroots campaigning. A handful of other Roma-led organizations have projects mainly situated within the thematic areas: Empowerment of Vulnerable Groups, including Roma. The situation reflects a need to continue to support capacity building of Roma NGOs. Potential elements could include management, communications and fundraising, and incentives for attracting and maintaining new human resources within organizations, especially those located in rural areas heavily populated by Roma.

3.2. Citizens interests, representation and voice (Influence Related Outcomes)

The context for public policy advocacy and citizen's interest representation has changed substantially over the last four years. As noted above, the overall capacity and function within the sector has been in decline. One grantee noted that the organization's ability to advocate has completely changed:

- Governmental consultative bodies no longer function as previously.
- Mass media, especially visual, is much harder to access resulting in less coverage and means of outreach for raising public awareness and garnering support.
- It is no longer possible to get face-to-face meetings with governmental decision-makers in ministries.
- New practices for open consultations on laws are unrealistic – for example, a draft laws is sent out to the NGO on Friday asking for feedback by Monday, and it is voted on and passed in parliament on Wednesday.

In these circumstances, effective civic-led national level advocacy is generally less prevalent, and organizations are limited in the channels of influence they can leverage and exercise. There are organizations being supported however that serve watchdog functions within Hungarian civil society and aim to influence national policies. These include especially many of the macro projects in Human Rights and Democracy thematic area: investigative reporting work on transparency and accountability of public spending, human rights monitoring and legal advocacy, constituent representation and interest-based advocacy (e.g. women, drug users, homeless persons, marginalized local communities). Some micro projects also aim to contribute to advocacy efforts in certain policy areas, either now or in the future, for example in relation to media policies and national water conservation strategy. Given the overall national context, there are indications that the local community level for constituent education and advocacy organizing is gaining increasing relevance and focus of some NGOs.

In addition to these watchdog accountability and interest representation functions within civil society, there are other projects that build on *collaborative and supportive relations with governmental authorities, especially at local levels*. This is not one of the specific outcomes set out in the Hungarian NGO Programme strategy though it can be observed in some projects, and is worth noting. In the thematic area of Community and Organizational Development and, in part, Environment and Sustainable Development this is most visible. Local authorities are much more part of the rural and small town communities and some of these community-based initiatives enjoy the support of local governments. For example, in one project the local government provided an old school that was renovated into a civil house for local NGOs, while in another village there is cooperation for the creation of a new open-air community 'love park' to stimulate better community relations, especially among Roma and non-Roma. In another, local governments support introduction of composting and eco-farming. One macro project in particular involves a local NGO working collaboratively with the municipality to implement its strategy for setting up civic service centres that function as a network of networks that span the city and provide the structure for decentralized citizens engagement in public services.

3.3 The value propositions that NGOs are bringing to society (Impact Related Outcomes)

The range of projects being supported across the thematic areas are bringing important value propositions to Hungarian society, in line with the overall NGO Programme priorities, anticipated outcomes and in addressing horizontal concerns. The underlying core outcome area of active citizenship is at the heart of the program, discernible across all thematic areas being funded. It manifests in activating people to come together for volunteer actions for community planning and sustainable development within local communities; strengthening multi-cultural understanding within

classrooms, especially regarding Roma; and fighting social exclusion by augmenting limitations in public welfare service provision.

It also encourages the managers, volunteers and supporters of local and national Hungarian NGOs to develop and pursue activities in line with principles of democracy, human rights, social justice and inclusive societies. The projects being supported address critical thematic areas that otherwise would be largely neglected within the public support system in Hungary. These include giving voice to homeless persons and pursuing legal and administrative remedies to reduce exclusion; representing and advocating effective strategies for improving both drug prevention and harm reduction strategies among users; raising awareness, pride and acceptance of LGBTQ communities; improving professional approaches to addressing domestic violence; advancing women's rights; and supporting citizen-led transparency and accountability reporting.

3.4 Reporting against target outcome areas and indicators:

By April 2014, the Fund Operator could report on the following outcomes and outputs from the first round of supported projects. As this is a progress report, many of the projects were still underway at the time of reporting, and fulfilled indicators were based on the proposals and intended outcomes and indicators, rather than the final achieved numbers. As can be seen, considerable progress has been made, with good forecast generally for achieving intended outcomes, given that an additional two rounds of funding for medium and micro projects will be added. In some cases, as can be seen below, targets have already been met or are sure to be surpassed. At the time of this report, there is still considerable targets to be met in 'understanding changes in attitudes within the NGO sector toward cooperation and sustainable platforms; NGOs reporting increased outreach to citizens and engagement of youth; and NGOs providing welfare and basic services who take 6-month feedback from beneficiaries' (as more proposals are expected addressing these outcomes in the second and third calls).

Outcome: Democratic values, including human rights, promoted		
Indicators (standard and output)	Number achieved / engaged so far	Overall target
Projects Supported	15 (7 macro + 8 micro)	10 macro, 15 medium, 35 micro
NGOs that directly include human rights issues and promotion in their work plans and activities	28	50
Other organizations and informal groups engaged and outreached	134	100
Citizens who secure access/redress through their work	33,065 (15,467 macro; 17,598 micro)	110 citizens
Focus on minority groups (including LMBTQ, drug users, homeless people, Roma, people with psycho-social disorders)	7 (4 macro, 3 micro),	20
Outcome: Advocacy and watch-dog role developed		
Indicators (standard and output)	Number achieved / engaged so far	Overall Target
Projects Supported	13 (7 macro + 6 micro)	10 macro, 15 medium, 35 micro
Number with increased capacity to monitor and engage with national, regional and local authorities on policy and practice issues, including public campaigns, policy briefing development and policy dialogues".	117 organizations and informal groups	110
Number addressing legislation/policy initiatives and practices addressed by NGOs (including anti-corruption and transparency; women and gender rights; elections; public participation; Roma)	13	20
Outcome: Developed networks and coalitions of NGOs		
Indicators (standard and output)	Number achieved/ engaged so far	Overall Target
Projects Supported	24 (4 macro + 20 micro)	15 macro, 15 medium, 35

		micro
Number of smaller organizations and informal groups engaged for working in partnership	74	75
Improve local communities	74	42
Changes in attitudes in NGO Sector toward cooperation and the development and sustainability of platforms	20	50
Outcome: Strengthened capacity of NGOs and an enabling environment		
Indicators (standard and output)	Number achieved / engaged so far	Overall Target
Number of smaller/grassroots organizations demonstrating increased capabilities in relation to sustainability and extension of activities	99 NGOs and informal groups included so far	75
Smaller NGOs that receive training, mentoring and technical assistance to develop their outreach and networking capacities	99 NGOs and informal groups included so far	100
Outcome: Active citizenship fostered		
Indicators (standard and output)	Number achieved / engaged so far	Target
Number of NGOs reporting increased outreach to citizens; 'engagement in citizens actions; increased participation of young people	16	50
Number of people from vulnerable groups benefiting from improved access to social services, disaggregated by gender	800 (estimated 40-60% M/F ratio)	700/800 (M/F)
Outcome: Increased contribution to sustainable development		
Indicators (standard)	Number achieved / engaged so far	Target
Number of NGO projects that both contribute toward sustainable development locally, regionally or nationally and engage citizens	23	55
Outcome: Provision of welfare and basic services		
Indicators (standard and output)	Number achieved / engaged so far	Target
Number of NGOs providing basic and welfare services who take at least six monthly feedback from beneficiaries	14	45
Number of individuals reporting access to welfare/social services that are responsive to their needs (M/F)	5,500 though further analysis needed to reveal needs-based access not just outreach	1200/1500 (M/F)
Outcome: Empowerment of vulnerable groups, including Roma		
Indicators (standard)	Number achieved / engaged so far	Target
Number of NGOs providing basic and welfare services who take at least six monthly feedback from beneficiaries	18 (13 of which work with Roma)	50
Number of beneficiaries engaged in strategy planning/implementation of activities	1,863	300

4. Effectiveness of addressing the horizontal concerns

Attention to addressing horizontal concerns²⁵ was included in both calls for proposals though in the second round the details were put into a footnote, with reference to consult the guide to horizontal

²⁵ 1) Hate speech, extremism and hate crime 2) racism and xenophobia, homophobia 3) anti-Semitism 4) tolerance and multi-cultural understanding 5) Roma inclusion 6) sexual harassment, violence against women and trafficking.

concerns. This was in an effort to make the guidelines and strategic framework simpler and easier to follow.

Horizontal concerns are relatively well covered in certain macro projects focusing on Roma inclusion, combating violence against women, promoting tolerance and understanding within local communities, and efforts to counter homophobia. Among micro projects, horizontal concerns are more prominently addressed in thematic area (G) Empowerment of Vulnerable Groups, including Roma, followed by (D) Youth and Children, and also (C) Community and Organizational development. Over twenty projects address concerns in the areas of Roma inclusion, tolerance and multi-cultural understanding, and anti-Semitism. Around six to seven of these projects address hate speech directly or indirectly.

Given the importance of the horizontal concerns, additional complementary activities within the strategy were approved in the amendment from September 2013. The NGO Fund Operator has developed a web-based information source, including visuals and examples of the types of projects that address horizontal concerns. Additionally, the introduction of small action projects is also a positive attempt to encourage visible, campaigning actions that address horizontal concerns. Until now, eleven such action projects have been supported in the context of this ongoing open line of funding.

5. Capacity building approaches

The Hungarian NGO Fund Operator employs a capacity-building approach to its grant making in a number of ways. This is in line with safeguards to its aim of encouraging innovation, contrary to other more prescriptive grant making schemes currently around. In the pre-application phase, information sessions are combined with project planning workshops for potential applicants. The staff of the Fund Operator maintains an open door, responsive to questions or inquiries during the application process, and throughout the grants management cycle. Mentoring and coaching on professional content are provided as much as possible, along with regular reporting, and related flexibility in project implementation. Convening of grantees, especially macro project promoters, are planned for learning and fostering mutual support. Additional training and opportunities for convening are planned within complementary activities in the latter half of the NGO Programme cycle. Resources and planning of such activities would be important to continue and potentially expand in future programming.

In response to the request from the FMO, the Fund Operator introduced the Capacity Building Matrix to macro project promoters, who in turn realized it with their local partners. In most cases this took the form of interviews followed by completing the matrix. The matrix was slightly adapted and translated into Hungarian. Overall, there is agreement that the timing of the matrix, after the call and selection of proposals, was unfortunate.

Since there was no clear expectation of this particular framework for NGO capacity building, projects were not designed having them in mind. Some project promoters were still wondering whether they would be evaluated against these measures, even though they did not figure in their original proposals. While useful for some more established NGOs, many more found it hard to even comprehend, difficult to communicate to local partners, and irrelevant for their current situations. The introduction of the capacity building matrix seems more imposed from outside than supportive, which risks therefore being counterproductive to its intended function. One interviewee noted that the organizational structure is important for democratic values within organizations, but right now it is more urgent *'to encourage people to be active; to focus on the civic organization's mission, and to develop and pursue one's dreams'*.

The level of interaction and intended coaching on the part of the Fund Operator is supportive for capacity building of applicants and project promoters. It is important to be clear on expectations from the start, especially when introducing some form of measurement tool. Likewise, steps to ensure that it is contextually relevant would increase effectiveness through a better fit with the current state of affairs. Finally, NGOs should have the resources for potential external facilitation and plan the 'internal time' to devote to organizational renewal, training and strategy development.

VI. Bilateral relations

To encourage bilateral relations among NGOs in Hungary and donor states, the Fund Operator provided support in finding partners in donor states, financial incentives to project applicants, internships in donor state NGOs and youth study trips.

At the launching event there were thirteen Norwegian and Icelandic NGOs represented. ‘Speed dating’ sessions were organized to meet interested Hungarian NGOs. The Fund Operator also introduced support through a former colleague located in Norway, who researched NGOs and tried to find suitable matches for Hungarian NGOs. Financial incentive was a 10% increase in the budget limit in case bilateral cooperation was included as part of the project. In the first round of support (2013), seven macro projects and two micro projects have Norwegian partners. Cooperation is largely based on experience exchange, mentoring and training on topics that contribute to strengthening the project promoter’s capacities.

Leaders and activists of Hungarian NGOs could also apply for three to six month internships to learn about the work of NGOs in donor states and to bring back experiences, insights and new methods. To date, a total of eleven interns from two calls have been supported to gain experience different fields, including community organizing, communications, professional development and fundraising.

In supporting youth, bilateral relations and efforts to address horizontal concerns, the Fund Operator introduced study trips for youth in the ‘On the Spot’ reporters funding scheme. In the program, young people to visit the Donor States (alone or in pairs) for a minimum of two weeks and explore good practices and examples that could be used to tackle different social problems of Hungary. There is an explicit social awareness-raising component as the practices are to be shared and promoted in an easy-to-understand way via modern communication tools, such as blogs, video sharing, Facebook and other social media tools.

The first call was in March 2014. Out of seventy-two applicants, five were awarded study visit grants. The topics which are being studied and reflected upon include: intercultural approaches, tolerance and combating ‘othering’, inclusion of children with special needs in kindergartens, working with migrants and minorities, sex education and combating homophobia. Another call is scheduled at the end of 2014.

Overall, bilateral relations within the NGO Programme are present, though partnerships among organizations proved challenging. It was difficult to find organizations in donor states, and there was a sense that there are too few motivating factors on the part of donor state NGOs. It would be more beneficial perhaps to have stronger *focus* on particular areas of work that could benefit both the donor states and Hungary, place greater emphasis and planning on *facilitating contacts*, and provide more *funding* for study visits and exchanges.

Though not an overly high number of participants, both internships and youth study trips seem valuable contributions to exposing organizational staff and youth to practices and experiences in donor states.

VII. Visibility

The NGO Programme support is visible through the project-related products and websites of the project promoters, as stipulated in the contractual agreements. In 2014 greater visibility to the NGO Programme has revolved around the government allegations in the media and related KEHI investigations. The NGO Fund Operator has responded with its own press statements and conferences, and a few project promoters as well.

In the second call for proposals (2014), communications and visibility of the projects received greater emphasis in the selection criteria. Applicants were thus clearly encouraged to plan and foresee communications in the public space. This is an important area to concentrate on in future rounds, including capacity building for organizations and groups to attract media, formulate messages, and use diverse and modern social media tools.

VIII. Making a difference: prospects for impact, sustainability and added value of the NGO Programme

1. Levels of potential impacts

Potential impact on the Operator: Within civil society, the role as Fund Operator allows the four organizations participating in the consortium to use their expertise and long years of experience as grant making foundations. They have the reputation of the most experienced and independent grant makers in Hungarian civil society. The NGO Programme work demands significant administrative capacities of the organizations. Serving as Fund Operator has been in strong alignment with the values of the organizations administering the funds, allowing them to maintain their grant-making function within civil society.

Potential Impact on the organizational development of the NGOs: For smaller organizations, many of which are constituent-based, the grants allow them to develop meaningful activities, advance their goals, and activate people. They generally have fewer funding opportunities yet produce very meaningful work, visible for locals and usually involving volunteer work. For larger organizations, the grants have provided for a strategic renewal process, and in some cases an important 'lifeline' for maintaining a certain scale of activity and retaining staff. Prospective strategic development includes building grassroots constituencies and national networks, implementing new programmatic strategies and methods, and adding new profiles of work such as policy and legal advocacy.

2. The added value of the NGO Programme to Hungarian civil society:

The NGO Programme brings strategic added value in helping to maintain a plurality of approaches to solving social issues and improving community relations in participatory ways. It is a lifeline for independent thinking and citizen-led action. The support toward the EEA NGO Programme's priority areas must also be seen as added value. This is due to the current context where there is very limited support for human rights and watchdog functions, policy advocacy, legal advocacy, coalition building, citizens organizing and interest representation. The crosscutting functions of addressing horizontal concerns are also of immense value. The NGO Programme provides resources to support the work of dedicated staff and volunteers in organizations with missions that align with core values of inclusion, diversity and tolerance.

3. Sustainability Prospects

There were very few stakeholders that spoke confidently about the sustainability prospects of the organizations and their work. This may be due, in part, to a general climate of insecurity and resource scarcity among NGOs visited. However, there are promising elements within the current strategy and organizations being supported that should be mentioned. The Fund Operator looked for real embeddedness of projects, ones that used untapped local resources and relied on citizen's participation and engagement. One macro project on community foundations could serve as an important model in Hungary for fostering local philanthropic practices to address social issues and support development in collaborative ways. Such initiatives should contribute to sustainable relations and local resources. The macro projects' seeding of new organizations and initiative groups in the countryside is also encouraging as this can lead to new civic formations and development of new projects or services.

Within the overall strategy, there seems a need to address current human resource shortages for more in-depth mentoring and coaching that can provoke thinking and inspire new ideas for increasing organizational sustainability. More organizations should be exposed to

The *Community Foundations in Hungary* project is about bringing local people together for the common good. In times when societies are seemingly more and more divided, this approach brings people from different sectors in a community together for both raising and giving money locally.

By cultivating a philanthropic culture, structure and practices in a community, the community foundation has good potential to be a sustainable model. In addition to supporting the establishment and support of local community foundations, the project will also set up a national organization to manage and network the community foundations. Funding from the NGO Programme has served to leverage follow-up core support for community foundations from the Charles Stewart

diverse fundraising strategies and methods, beyond grant writing. The position of ‘development director’ is absent within Hungarian NGOs, and organizations lack unrestricted funding to support such positions. This would seem to be an extremely supportive measure.

IX. Conclusions and emerging lessons on factors and challenges for achievement of planned outcomes

- (1) *The selection of the current Fund Operator in Hungary has been an excellent one.* The consortium draws on the most experienced independent Hungarian grant making organizations who work in close collaboration. Together they combine strategic vision and a value-driven approach with some of the most innovative elements among the 15 NGO Programmes assessed across Europe. The model provides the basis for some of the best practices presented, especially in terms of supporting active citizenship, addressing horizontal concerns and in promoting bilateral relations. As noted earlier, serving as Fund Operator has proven to be a high risk in terms of endangering the reputation, overall stability and legal status as registered NGOs. Despite extreme pressure throughout the months of investigations, the Fund Operator continued to show high level professionalism and commitment to realize intended goals and NGO Programme program implementation.
- (2) *The design of the strategy is comprehensive and varied in approach.* The 7 different thematic areas of funding provide a good framework for meeting the intended outcomes. The specific condition for macro, and to lesser extent medium projects, to transfer expertise and build capacity among smaller organizations and groups responds to a particular gap between the capital-based organizations and those in the countryside. The complexity of the approach allows the grants to have a wide outreach addressing the main priorities of the NGO Programme. Effectiveness is still too early to tell, but the intent is clear and being tested.
- (3) This assessment concluded that *the selection process in all components of the programme have been organized in a professional and transparent way*, in compliance with the EEA Grants procedures. Projects were assessed based on publicly announced criteria to ensure alignment with objectives of the call, adequate organizational capacity, innovation, and cost effectiveness. Selection and grants processes organized by the NGO Programme in Hungary can serve as a good model of effective grant-making with public funds.
- (4) *The two-stage application process seems effective.* It encourages organizations to apply yet saves time for both applicants and reviewers when ideas or capacities do not fit the overall objectives and threshold criteria. It also created a reasonable volume for consultations and interaction in between the two phases, especially with macro project applicants given the more complex nature of these longer-term grants.
- (5) The NGO Fund Operator has an *effective strategy with sound policies and practices.*
- (6) Approval rates from initial concepts to contracted projects indicate that the *selection process was competitive with high standards.* Therefore, most of the approved projects are well grounded, have strong coherence with objectives, and clear prospects for realizing intended outcomes. Many of the project promoters expressed deep commitment to their causes. By introducing new activities and methods, they create important opportunities for people to come together and to make visible contributions in pursuit of the outcomes.
- (7) All project promoters interviewed stated that the Fund Operator’s guidelines and procedures were clear; that the system is generally user friendly, and lines of communication are open and supportive. There is also flexibility to adapt projects in a timely manner. Such *quality and level of communication* is conducive to capacity building, adaptation for maximizing results, and improving reporting during implementation.

All that said, the NGO Programme is not without its *challenges* in terms of realizing the intended outcomes:

- (1) The NGO Programme strategy is ambitious, yet the Fund Operator is *confronted with time constraints* due to the late launch of the program. The two-step application process and heavy

workload of external reviewers also takes time, which does not allow for more pre-monitoring of organizations, which would be ideal.

- (2) The anticipated spending on macro projects in the first round was over ambitious. This resulted in a reallocation of funds to future rounds. As a result, fewer projects of longer term scope and capacity building elements for smaller groups and NGOs were supported than originally intended.
- (3) The general *context is not supportive of pro-democracy initiatives*, such as watchdog activities, citizens' advocacy organizing and campaigning, investigative reporting, nor fighting anti-Semitism, anti-Roma and homophobia.
- (4) The *results framework is too complex* and difficult to actually report against as many areas overlap. Basically the Operator and project promoters must discern and report on programmatic priorities, horizontal concerns, anticipated outcomes, 10% funding allocation requirements and 'special attention to Roma'. The database of the Fund Operator is also not aligned or connected with that of the FMO, which creates double work on the part of the Operator.
- (5) Generally, *organizations working in the priority areas are unstable*; they do not have secure funding to pursue core strategies. Last, but not least, the *government accusations and pressure* through media attacks and investigations draw more time and energy from all those involved, while creating even greater uncertainties over the future functioning of the Fund Operator and many project promoters. This climate strains efforts to foster civic courage and creative thinking for advancing human rights, democracy and social justice.

X. Recommendations

1. For improvement of the current programme:

- 1.1 It is of critical importance that the NGO Programme in Hungary continues its implementation independently from the Government and operated by the current consortium.
- 1.2 Many adaptations were already made in the second round in 2014, and some new measures have been introduced, such as action projects to augment activities addressing horizontal concerns.
- 1.3 The Fund Operator could support learning among Selection Committee members and Assessors by sharing the results of monitoring and reporting on the impact of supported projects. This may help their future evaluation work.
- 1.4 Look into possibilities to assign resources for additional complementary activities on convening sessions for capacity building in methods and approaches, and in strengthening public relations and communications.

2. For the next financial period

Strategic recommendations (related to content, strategy approaches and priorities)

- 2.1 It would be important to maintain priority on democracy and human rights. Here capacity building for constituency organizing and interest representation will still be highly relevant.
- 2.2 Youth issues and empowerment of Roma are still very important, and both require capacity building for self-organizing and for leading their own initiatives.
- 2.3 Funding strategies should seek to foster local attitudes of responsibility for at-risk groups, including children, youth, elderly, Roma, and people with disabilities.
- 2.4 Local community level is an important location of change for promoting and supporting democratic practices and active citizenship.
- 2.5 Explore potential multiplication of experiences with community foundations that support sustainable citizens groups and local charitable giving.

2.6 Consider adopting a regional approach among participating countries for cross-border support among those working hard to address democratic deficits; see how they can support each other, share experiences and inspire each other with ideas.

2.7 Balance support for innovation, creativity and adaptability with support for organizations to develop and pursue multi-year strategies.

2.8 Include focus on building capacities for effective public and media communications. It should be savvy, catchy, fitting and effective for communicating the purpose of the NGO Programme and role of the Operator and project promoters through their work. The methods should respond to the need to find channels to reach the general public other than traditional media outlets.

2.9 Consider alternative tools and means to measure capacity building results, including those that may reflect informal groups and small organizations.

Operational recommendations (related to management set up, procedures etc.)

2.10 Ensure that the NGO Programme is run by a Fund Operator which is independent from Government and directly contracted by the FMO. There is a risk that the funds come under government control, which would greatly decrease the diversity of NGO approaches, and likely cut off core work on transparency, accountability, and human rights.

2.11 Consider a direct invitation to apply as Fund Operator in the case of satisfied management in current and previous programmes. This may save time lost in negotiations that ultimately affect ability to realize outcomes.

2.12 The selection process with multiple layers is good. The current set-up provides for extra safeguards in standards and for quality assurance within and across the different thematic areas. Given the experiences so far, something like a reference guide and documented learning on 'justified cases' for revising recommendations of external Assessors would be helpful for all and improve transparency. In case of concerns, then the FMO should provide clearer guidance or parameters.

2.13 Consider increasing the management fee or the breadth of complementary actions, so that the Fund Operator has adequate resources for mentoring and coaching new groups with less experience. This would encourage fostering of new initiatives among people with good ideas, but poor conceptual and grant-writing skills.

2.14 Engage more closely with other donors, and consider organizing regular forums for coordination of strategies and support around the programmatic priorities.

The NGO Fund in Latvia

Zinta Miezaine

Introduction

The evaluation in Latvia was implemented in accordance with the methodology developed by the CREDA team and agreed upon by the FMO. In total 65 people participated in the evaluation by semi-structured interviews or focus groups discussions. Out of them 41 were project promoters supported by the programme (or 28.4% of all supported NGOs). This does not include the 18 NGOs which responded to the online survey²⁶. The other 24 participants were different stakeholders including representative of the Embassy of Norway, of the NFP, staff of the PO, four evaluators, two FMO officers, a PSMC member, NGO experts and representatives not grantees of the programme

In total four focus groups were organized. Three of them were focus groups with supported NGOs. They gathered 36 participants selected to represent different aspects of the Programme²⁷. The methodology for the focus group discussions was developed to allow for individual contributions of each participant (individual work, contributions on post-its and filling out work sheets) which were then discussed in the group. Controversial issues were discussed until the group reached consent. Findings of the survey and findings of previous group discussions were also tested during focus groups. For setting the group priorities DELPHI method²⁸ was used.

The fourth focus group was a stakeholder's discussion on strategic relevance of the foundation's programs and the future needs of civil society organisations. Its participants were a representative from Riga City Council working with NGOs on social issues (former officer of the Ministry of Culture responsible for Civil Society development policy), a manager of a community foundation movement (Member of the Council of the PO), Secretary of the NGO - Cabinet of Ministers Memorandum Implementation Council, Officer of the Over-institutional Coordination Centre (working on consistency of civil society development measures at the National Development Plan and government programs, former consultant on civil society development issues), officer of the PO, three representatives of leading umbrella NGOs in Latvia and a representative of an NGO which is not a grantee of the PO.

I. Context

1. The environment for civil society work in the country

In the latest report of Freedom House²⁹ Latvia has scored high. It has gained the highest possible scores in areas as electoral process, freedom of expression and belief, associational and organisational rights. At the same time there are number of areas for improvement, in particular:

- *Political pluralism* - approximately 14% of Latvia's residents are noncitizens with no voting rights in elections. Building a coherent loyal society is still an issue.

²⁶ As explained in the introduction, due to technical mistake the online survey was sent to less grantees, which explains the low response rate as compared to other countries.

²⁷ From the NGOs participating in focus groups 13 were 1st time grantees, 23 had received support under the Activity Support Measure, 8 were supported by the Project Measure; 14 were promoting micro projects, five – mezzo and 16 – macro projects; 13 NGOs had received support for capacity building element. 4 organisations had been successful getting assistance for bilateral cooperation; 5 organisations stated their support goes for development of services and 10 organisations claimed that support goes for advocacy. There were organisations in each group who had failed to receive a PO grant for one application but had received funding for another.

²⁸ Wikipedia, retrieved November 21, 2014, from http://en.wikipedia.org/wiki/Delphi_method

²⁹ Freedom House, Latvia. Freedom in the world 2014. Retrieved July 31, 2014, from http://www.freedomhouse.org/report/freedom-world/2014/latvia-0#.VBk_N5R_vFE, 2014

- *Functioning of Government* – Corruption perception in Local and central government institutions is high.
- Rule of law – Corruption in police and courts system is perceived as high. There are also issues related to detention places and prisons.

There are number of issues related to *personal autonomy and individual rights*:

- Same-sex marriage is not allowed, members of the LGBT (lesbian, gay, bisexual, and transgender) community feel discrimination.
- Women enjoy the same legal rights as men, but they often face employment and wage discrimination. Domestic violence is not frequently reported, and police do not always take meaningful action when it is.
- Latvia is both a source and destination country for women and girls trafficked for the purpose of forced prostitution.
- Gender issues – there are few strong voices putting gender issues on the policy agenda and in the public debate. At the same time there is also a misunderstanding in general population and perception of gender equality as a threat to “traditional values”.

Poverty is still a serious issue although the Eurostat data for the last two years shows a downward trend indicator. 2011 - 40.1%; 2012 - 36.2; 2013 - 35.1³⁰ Income inequality in Latvia is still high, and the country has the fifth-lowest minimum wage in the EU³¹. Welfare and tax policies have not succeeded to bring about social security for more than a third of population. Poor economic conditions and high unemployment have prompted many young and highly educated people to leave Latvia. Roma – historically not a large Roma population of 8291 individuals or 0.3% of the whole population³².

Priority areas (thematic sectors) for intervention of the NGO fund for the future named by stakeholders³³ are:

- Equal opportunities (incl. gender, non-discrimination, LGBT, people with disabilities, Roma);
- Coherent society (inter-ethnic relations. loyalty of the people living in Latvia to the Republic of Latvia and the EU);
- Eliminating poverty risks (incl. health care).

Based on the opinions expressed in the focus groups and interviews of this study as well as most recent research on NGO sector development in the country³⁴ **Latvia has set favourable conditions for civil society development:**

- Civil society development has been on the Government agenda since 2000. *Policy Guidelines for National Identity, Civil Society Development and Integration 2012 – 2018* are in force. The responsible institution for implementation of the Guidelines is Ministry of Culture.

³⁰ Eurostat (2014) Retrieved July 31, 2014, from http://epp.eurostat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/data/database

³¹ Eurostat (2014), Retrieved July 31, 2014, from http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_mw_cur&lang=en

³² Population register (2013)

³³ Based on focus group discussion of stakeholders, Riga, July 22. ,

³⁴ Open Government Partnership, Independent Reporting Mechanism, Latvia, Progress report 2012-13; Retrieved July 31, 2014, from <http://www.opengovpartnership.org/country/latvia/progress-report/report>; *Pārskats par NVO sektoru Latvijā* (2011). Retrieved July 31, 2014, from http://www.sif.lv/files/pics/Atbalstītie_projekti/EEZ_Norv_fin_instr/BISS-NVO_sektors_BISS_27_04_final.pdf;

- There are regulations already in force that provide effective consultation mechanisms on issues of civil society at the level of the Cabinet of Ministers., *e.g.* the Council for Implementation of the Cooperation Memorandum between Non-governmental Organizations and the Cabinet of Ministers. Policy development process is transparent and information sources for participation are constantly developed and improved.
- Unemployment and emigration have brought new developments in NGO sector affecting volunteerism as well as tendencies to “exploit” NGOs for goals of business promotion or fulfilling functions of government and local governments.
- Volunteerism and NGO work have evolved into an opportunity for those who have lost their jobs to survive or find a new occupation. The NGOs addressing social issues are more and more perceived as the institutions capable to effectively meet social challenges.
- In some instances the government is ready to transfer the responsibilities to the NGOs although with no financial resources to fulfil them in many cases. Sometimes the NGOs are also misused by Local Governments as fundraising tools to finance part of their functions where budget is limited *e.g.* developing schools, educating teachers and fulfilling social functions.
- Some stakeholders and evaluators have outlined a tendency by a number of business structures to create their NGOs for marketing purposes – *e.g.* in medicine, sports infrastructure, commercial culture (*e.g.* popular music), to market healthy lifestyle products, services of psychotherapy *etc.* Professional Associations are successful using existing consultation mechanisms provided for NGOs in order to lobby for the interests of their members.

Currently, there are no sustainable funding sources for civil society in Latvia. At the same time there are areas which attract individual and corporate donations, as well as grants of political parties. Physical persons donate for charitable purposes - to address problems of children in need, people with special needs, for surgeries, for people in crisis. Companies donate predominantly to sports and culture. While individuals get less incentives for donations (their income subject to taxation is reduced by the donated amount), companies benefit from more generous tax deductions if they donate to public benefit organisations. Companies benefit from 85% tax credit and can donate to public benefit organizations up to 10% of their income. This is the most generous tax regime among new member states of the EU³⁵. Political parties sometimes redistribute funding to NGOs in accordance with their interests of political influence. Few NGOs receive funding from Russia.

Many organizations depend on EU or other international funding. NGOs are dependent mostly on project funding. Social entrepreneurship has started to develop lately. Membership fees are very small source of income since the majority of the organisations tend to be small – up to 15 members³⁶.

The main actor for funding NGOs promoting values related to human rights and democracy is the Society Integration Foundation (SIF). It operates Latvian and other government-funded large scale programmes, including the EEA Grants for NGOs. SIF is the NGO Programme Operator for the second programming period, as well as the grant administrator within ESF, the Swiss-Latvian Cooperation Programme and other budget programs. No other foundations provide grants for NGO core funding, institutional development, advocacy and membership in international organisations. This support is granted within the framework of EEA Grants. Resources are scarce and competition for this funding in accordance with the data on funded applications is very high.

³⁵ International Center for Not-Survey of Tax Laws Affecting NGOs in the Newly Independent States, International Center for Not-for-Profit Law, July 2009 Retrieved July 31, 2014, from http://ec.europa.eu/invest-in-research/pdf/download_en/01_pp_bullain.pdf and Nilda Bullain Views from New Member States Views from New Member States, ECNL (2010) Retrieved July 31, 2014, from Tax Environment for Philanthropic Giving; <http://www.icnl.org/research/library/files/Transnational/TaxSurveyEng.pdf>

³⁶ *Pārskats par NVO sektoru Latvijā* (2011). Retrieved July 31, 2014, from http://www.sif.lv/files/pics/Atbalstītie_projekti/EEZ_Norv_fin_instr/BISS-NVO_sektors_BISS_27_04_final.pdf

The Latvian Government has started to develop a concept for the creation of a National NGO fund. It is planned to start operating in 2016, and it is anticipated that financing of projects will commence in 2017³⁷.

Based on the discussion of the focus group of stakeholders³⁸ the following priority types of support (measures) for the future intervention of EEA NGO fund in the thematic areas mentioned above were outlined:

- Funding for advocacy in public benefit areas;
- Institutional (core) funding;
- Funding for small scale *ad. hoc.* projects reacting on needs, including those of initiative groups.

2. Main needs, challenges and opportunities related to the development of the NGO sector as a catalyst of civil society

Data of the Enterprise register suggests that there are 14,573 NGOs (13,537 associations and 1,036 foundations) registered and 565 NGOs excluded from the register³⁹, which do not operate at all but technically still appear as registered. From this perspective legally there are around 14 000 NGOs that are operating in Latvia. Nonetheless the research suggests that in average around 10–15% of them are active⁴⁰.

There is no precise data or analyses of the current state of civil society. Detailed analysis of NGO sector developments was published in 2011 and is based on data mainly from 2009⁴¹. A comprehensive research of civil society in the country based on data from 2011-2013 is a part of the pre-defined project funded by the NGO Programme which was not ready by the time of drafting this report. The results will be published in November 2014. This research will provide much more updated picture of the NGO sector and can further inform the decision making on specific measures for civil society development for next financing periods.

Based on the focus groups and interviews with representatives of NGOs the following **main strengths** of the NGO Sector can be outlined:

- The NGO sector has developed few large networks and umbrella organisations that advocate for the interests of NGOs in dialogue with state – Civic Alliance Latvia, Latvian Rural Forum, Movement for Independent Life, Association of organisations of People with Disabilities SUSTENTO, Latvian Association for development assistance LAPAS;
- There is an established infrastructure of NGO Resource Centres and community foundations that outreach to smaller local NGOs but have no sustainable local resource base;
- Experienced organisations have emerged, specializing in managing direct EU funding;
- There is established trust between NGOs which have shown themselves as independent and able to contribute to constructive debates and Government institutions.

The main weaknesses can be grouped as follows:

- Poor cooperation among NGOs, especially in rural areas;

³⁷ Based on presentation of the representative of the Over-institutional coordination centre (Pārresoru koordinācijas centrs) during the Stakeholders discussion, Riga July 22

³⁸ This group included funded and not funded NGOs, representatives of policy making institutions, as well as the Operator (an employee and a Member of the Council)

³⁹ Enterprise Register. Retrieved November 10, 2014, from <http://www.ur.gov.lv/?a=1091>

⁴⁰ *Pārskats par NVO sektoru Latvijā* (2011). Retrieved July 31, 2014, from http://www.sif.lv/files/pics/Atbalstītie_projekti/EEZ_Norv_fin_instr/BISS-NVO_sektors_BISS_27_04_final.pdf

⁴¹ *Pārskats par NVO sektoru Latvijā* (2011). Retrieved July 31, 2014, from http://www.sif.lv/files/pics/Atbalstītie_projekti/EEZ_Norv_fin_instr/BISS-NVO_sektors_BISS_27_04_final.pdf

- “Project led” rather than mission-driven approach in solving society problems. NGOs depend mostly on project funding which results in growing orientation towards project outputs. This way the NGOs are becoming less driven by outcomes and missions which are based on the needs of their target groups.
- Traditionally the NGOs in Latvia are small groups, not striving for wide membership. This reduces the number of people directly involved in NGOs as well as providing support to civic initiatives.
- The level of trust and support to the NGOs is uneven. The government institutions increasingly tend to rely on NGOs for social service provision and for attracting additional resources from other sources, not from public funds. There is also a growing willingness to involve NGOs in decision-making and oversight of government policies but without providing resources for that. On the other hand the society at large is not aware of the NGO work.

Based on the focus groups and interviews the major needs for strengthening civil society in the country are:

- Resources for advocacy (expert time monitoring policies, evaluating them, doing research, communicating the results to politicians and other relevant target groups, *etc.*) in public benefit areas⁴²;
- Resources for institutional support to keep organizations driven by mission and outcomes (not only project and output oriented);
- Developing of savings and economic activities to ensure continuation of advocacy activities between projects;
- Resources (expert time to prepare and participate in meetings, review documents and give comments, involve members and constituencies in preparing opinions of NGOs, *etc.*) to use government offered opportunities in policy dialogue – participation in consultation mechanisms, monitoring of policies;
- Resources for learning and promoting needs of clients and constituencies.

II. Strategic Relevance

The objective of the NGO Fund Programme in Latvia is to strengthen civil society development and to enhance its contribution to social justice, democracy and sustainable development.

The Programme is organized in two measures and one Predefined project which is contributing to four outcomes (desired changes):

Program measures and priority areas	Outcomes
<p>1. The NGO Activity Support Measure (40% of re-granting amount) provides institutional support to mainly advocacy NGOs in six priority areas:</p> <ul style="list-style-type: none"> • Democracy and participatory democracy; • Human rights, including minority rights (ethnic, religious, linguistic and sexual orientation); • Good governance and transparency; • Anti-discrimination and combating racism and xenophobia 	<p>1. <i>Active citizenship fostered</i></p>

⁴² Public benefit areas are defined by Law of Public Benefit Organisations in Latvia, they are environment, culture, social issues, children, sports, education, civil society development. A public benefit organisation should work for the benefit of socially vulnerable groups or society at large, not promoting private or political interests of its members.

<ul style="list-style-type: none"> • Gender equality and reduction of gender-based violence; • Environment and sustainable development. 	
<p>2. NGO project measure (60% of re-granting amount) Provides project support in two core areas:</p> <ul style="list-style-type: none"> • <i>Social sector activities</i>, including provision of welfare and basic services, local and regional NGO initiatives to reduce social inequalities and to promote social inclusion and gender-equality (50% of re-granting amount) • <i>Development of cohesive society</i>: intercultural dialogue and integration of national minorities, including strengthening of human rights and national identity, informative awareness raising measures. (10% of re-granting amount) 	<p>2. <i>Provision of welfare and basic services to defined target groups increased;</i></p> <p>3. Democratic values, including human rights promoted;</p>
<p>3. Predefined project “Support to sustainable civil society development and improvement of the monitoring system in Latvia</p>	<p>4. Strengthened capacity of NGOs and an enabling environment to the sector promoted</p>

The large percentage of the NGO Programme’s financing to social projects is explained by the agreement between the Government of the Republic of Latvia and the Donor countries to channel the assistance aimed to address social issues in Latvia through the NGO fund, not through the Ministry of Welfare. It resulted in doubling the resources of the NGO programme and also setting a condition to implement projects addressing social issues from these resources. The programme is divided according to MoU (so 50% of the budget is allocated to social sector activities). In the elaboration process the programme was coordinated not only with the Ministry of Welfare and Ministry of Culture, but also with other national level stakeholders and NGOs in order to avoid any double funding.

A very interesting approach is the NGO Activity Support Measure. Its aim is to strengthen the Latvian civil society and support the activity of mainly advocacy NGOs in the areas above. The main approach is providing three year core support for strengthening institutional and human resources capacities and ensuring regular and long-term participation in processes of policy development and decision making. It allows for up to 3 year financing at micro (local) level – up to 1500 Euro/Month as well as macro (regional and national) level – up to 2000 Euro/month. Selection takes 2 steps and is based on 3 years strategy of the organisation and annual activity plans.

The NGO Project Measure provides project support in two core areas: Social sector activities and Development of cohesive society. It addresses the community needs and is implemented in three project calls. The measure allows for small, medium and large scale projects in the respective areas.

Horizontal concerns are present in all measures and give projects additional points in the evaluation.

Capacity building is included as an option for NGOs up to 15% of the project budget in both sub-measures. These activities entail trainings, participation in activities of other NGOs, development of planning documents and technologies, study visits and exchange of experiences. There was a separate Capacity Building programme under the 2004–2009 EEA Grants. However, as it was shown in previous assessments, the results of this measure were very low (*e.g.* there were several projects, where „capacity building” included only repair of premises or purchase of materials not always directly related to other project activities). Therefore it was decided not to have a separate Capacity building measure in Latvia for the current period.

The pre-defined project is implemented by the two largest umbrella organisations (Civic Alliance Latvia and Latvian Association of Development Assistance LAPAS) in accordance with their spheres of expertise. The project will provide new approaches in measuring development of NGO sector, a study on development of a National NGO Fund as well as on Human security concept in Latvia.

The project promoters were directly invited, not selected by an open tender. The pre-defined project was evaluated in 3 rounds. First it was approved by the Government (while approving whole programme). Then it was approved by the donors and later included within Memorandum of Understanding. At the end, after approval of the programme by the donors and approval of the

separate Cabinet rules by the Government, the project promoter submitted a detailed project description which was evaluated by the Project Selection and Monitoring Committee.

Relevance of the strategies

The strategy of the NGO fund was evaluated as highly relevant by the majority of NGOs and stakeholders but criticised by those whose thematic areas were not included as a specific priority in the Project Programme (*e.g.* environment)⁴³.

Especially relevant and innovative is the NGO Activity Support Measure. Providing institutional support is invaluable investment in sustaining and developing advocacy NGOs. In order to be equal partners in policy debates to ministries and local government institutions as well as at EU level advocacy NGOs need resources for hiring experts in policy analysis, for organising public debates, for developing consultation routines with their members and constituencies, for running communication campaigns in social media, lawyers. In order to be heard they need to engage in coalitions and partnerships as well as in international networks. Organisations also need resources to build and sustain their internet based communication tools as well as to cover their basic costs for infrastructure. The NGO Activity Support Measure is aimed for this purpose.

The Project support measure was also well perceived by the stakeholders. Both directions – addressing social issues and building the cohesive society are the areas NGOs need resources to serve their clients (people who need social services and can also be members of the service provider NGO) and constituencies (the group whose interests are represented by the NGO and can also be members of the NGO). The highest competition rate⁴⁴ was for projects in area of building the cohesive society. In view of the processes described earlier it is obvious that there is a need for more resources in this area.

No disagreements were found on the relevance of the strategy between the operator and donors' representatives (the Embassy of the Kingdom of Norway in Riga).

The stakeholders had some objections regarding some evaluation criteria of the Project measure, *e.g.* innovation. As the resources for NGOs in Latvia are scarce, NGOs claim they need funding for what they are already doing, not radically changing their agendas or tools to achieve the goals of the Programme, and thus being “innovative”. As in other countries, fight for survival of NGOs to keep their basic work with scarce resources is blocking space to develop innovation. At the same time some of the respondents praised the programme for opportunities to test new approaches, especially in the social sector. However, they consider that innovation will be more feasible if it is combined with institutional support which will help organizations get out of the fight for survival and provide space to think in a more innovative and strategic way.

Strategic positioning of the NGO Programmes

The EEA Grants programme “NGO fund” is the only long-term resource for advocacy NGOs in Latvia. Therefore competition for funds is relatively high – only 19% of the applications get funding. The fund is accessible to administratively skilled organisations. According to the rules, projects can be submitted both by national and local level NGOs, therefore also small organisations with an appropriate and good justification can receive funding if they are administratively strong. However NGOs participating in the focus groups and interviews⁴⁵ shared the opinion suggested by some grantees that the funding comes together with high an administrative burden (it was characterised as “the most expensive money” during one of the discussions). In many cases the small organizations though eligible might not have the needed capacity for administration of projects meeting the

⁴³ Separate area of support „environment” was included within „NGO Activity Support Measure” after consultations with the donors and NGO sector. There is also a grant programme „National Climate Policy”, <http://tap.mk.gov.lv/mk/tap/?pid=40236725>, where NGOs also can apply (Coordinated by Ministry of Environmental Protection and Regional Development).

⁴⁴ Annual Programme Report, EEA and Norwegian Financial Mechanisms 2009 – 2014, Latvia, Not published.

⁴⁵ Focus group discussions and interviews with NGOs. There was consent on the issue.

requirements of the Programme. Also, the design of the funding is not suitable for short-term *ad hoc* solutions/reaction to hot issues of society.

The Society Integration Foundation works closely with a number of stakeholders, including the Ministries responsible for civil society development. It incorporates feedback from the grantees. Funding policies are coordinated at Government level with the agencies responsible for civil society development – the Ministry of Culture, the State Chancellery and the Council for Implementation of the Cooperation Memorandum between Non-governmental Organizations and the Cabinet of Ministers. SIF has developed a network of NGO grant providers. Meetings take place every six months. At the same time the Operator does not see any other foundation as possible partner for running joint programmes⁴⁶.

The rest of the EEA Grants programmes in Latvia are implemented in partnerships with ministries, local governments, businesses and social partners. NGOs are eligible for funding at National Climate Policy Development programme.⁴⁷

III. Management set up

1. The Operator

The NGO Fund Programme operator is the Society Integration Foundation (SIF), the same operator which has managed the NGO Fund in the previous Funding period. It was appointed and contracted by the NFP without open tender.

The Society Integration Foundation is a **public foundation** established by Law in 2001. It has more than 13 years of grant-making experience, including working with NGOs as grantees. The Foundation runs several operating projects *e.g.* National Integration Centre.

The decision making body of SIF is the Council, which consists of six Ministers (Minister of Foreign Affairs, Minister of Education and Science, Minister of Culture, Minister of Welfare, Minister of Environmental Protection and Regional Development, as well as Minister of Justice), six NGOs, a representative of the President and 5 representatives from planning regions (Kurzeme, Vidzeme, Latgale, Zemgale and Riga). It approves the strategies and the decisions of the Selection Committee of the NGO Fund Programme.

The overall budget of the Operator has been from €5.7 to 8 million in a year from 2012 to 2014. EEA Grants programmes constitute 2% (2012), 35% (2013) and 51% (2014) of its annual budget.

The number of staff is 52. Out of them 14 full time officers, 3 part time officers work for the EEA grants programme.

The Operator has developed clear detailed project application/ implementation processes. Procedures manuals are publicly available. Suggestions of grantees and evaluators are taken into account for improving procedures. SIF has skilled human resources who are helpful assisting NGOs to obey the procedures. At the same time the application and project implementation procedures are characterized by the grantees as heavy and disproportional in some instances.

The management setup has the following advantages:

- Society Integration foundation has a long-term experience in programme and project implementation, supervision and in co-operation with NGOs and other stakeholders.

⁴⁶ Interview with employees of SIF, Riga, July 7.

⁴⁷ Latvia has joined the following EEA and Norway Programmes: National Climate Policy Development, Cultural and Nature Heritage (Aimed at protection of Wooden Architecture), Research and Scholarships (Aimed at Doctoral students), Innovation for green Technologies (Aimed at business entities), Capacity building of Government institutions and the Reform of the places of Detention.

- Mutual professional trust between the Operator and the NFP which leads to smooth decision making about the operator, funds are distributed in a timely manner;
- Government provides for 5% of co-financing and gets co-responsible for the successful implementation of the programme;
- State budget provides Pre-financing necessary to run the programme;
- The National Auditing Institution's advice and services are available to the Operator.

The disadvantages of the setup are:

- Two authorities to report to – doubled administrative burden for the Operator;
- Monopoly status of the Operator. SIF is almost the only foundation providing financing for NGOs in Latvia. It has been designated by the Government, not selected in an open tender like in most of the other beneficiary countries.
- Heavy administrative burden for the project promoters. Although the Foundation has implemented some serious steps in accordance with the Regulation for the EEA Financial Mechanism 2009-2014 it has introduced the flat rate for indirect/administrative costs) as well as and risk- based approach in project supervision⁴⁸, it is not always oriented towards the needs of clients, *e.g.* in advocating for changes in terms of lessening the administrative burden on grantees.
- Although several of SIF's employees have previously worked in the NGO sector, the foundation is not an NGO itself, but a public fund established by the Government. From this perspective it lacks insider's experience of the civil society sector.

2. Efficiency and effectiveness in interaction with the FMO

The communication with the FMO was reported as good though there were some remarks for improvements:

- Documentation has to be translated into English. Minutes of each Selection Committee meeting should be translated although the FMO representatives and a representative of the Embassy of Norway can participate at the meetings and also a Summary of the selection process is made.
- Documentation of Project Calls (guidelines) should be translated 4 weeks before its announcement, although it is based on already approved programme. It creates additional and unnecessary workload
- The FMO not always provides timely answers to the questions of Operator. There are no rules of communication set such as answering questions in a timely manner.
- The Operator representatives report that sometimes the FMO gives different answers to the same question to different Operators. They suggest that the communication on technical issues with one operator is made available for all the other operators.

⁴⁸ The Operator has divided approved projects in three groups of low, medium and high financial risks. Risk based approach does not lessen the amount of documentation to be prepared, but the portion of documents to be submitted to the Operator. The other part has to be kept at the Office of the NGO implementing the Project and available for auditing. NGOs were not aware why they belong to one or another group. In case of one organisation one of their projects was of a high risk and another of a low risk.

3. Efficiency and Effectiveness of the interaction with the National Focal Point (NFP)

The National Focal point is an integral part of the Ministry of Finance which defines policy and laws regulating management system of the EU and EEA assistance. They do not think that NGOs should enjoy different monitoring and/or reporting requirements than grantees from any other sector – public institutions and/or businesses⁴⁹.

Both the Operator and the NFP noted that cooperation and communication is smooth and professional. NFP noted that the Operator is the most reliable and the best among Operators running other EU and EEA funded programmes where NGOs can apply for support.

IV. Grant systems and processes

By 30.06.2014 SIF had carried out two calls. The first included a call for NGO Activity Support measure and a call for NGO Project measure (including both medium and macro project selection in two stages and micro project selection in a single stage). The second call was for the NGO Project measure (including both medium and macro project selection in two stages and micro project selection in a single stage). The third call for NGO Project measure micro projects is scheduled to be launched in the fall of 2014.

The Predefined project has brought about the first results (draft reports) which are reviewed by the Operator.

1. Application process

The Operator conducted a number of promotion activities. Information about project calls was published in the two largest newspapers (Latvian and Russian). Information was spread also using the mailing lists of the Operator, the NGO Resource Centres in Riga and the regions, the Government operated Regional Planning Agencies and the Information resources of other EU funding agencies in Latvia. The information was available on the Foundation's web-page. It was also disseminated by Social networks (Facebook, Twitter).

The Programme launch and partner search event gathered more than 300 NGO representatives.

Guidelines and selection criteria led to submission of the project applications aimed mainly at the desired outcomes. Few criteria were reported as unclear by evaluators and NGOs. The project applications were selected in two step process for medium and large projects in the NGO Project measure as well as for all the projects in the NGO Activity Support Measure

The Operator held 14 information and consultation seminars and delivered 221 individual consultations by phone and e-mail). Sub-page for the programme on the internet site of the Society Integration Foundation was developed in Latvian, English and Russian. It contains descriptions of the procedures, the evaluation criteria and seminar materials. The feedback from NGOs is positive. They appreciated the assistance as professional and timely.

In most cases there is a significant time period in between the project planning stage and the start of the implementation, especially for long-term projects. NGOs claim that too detailed information is asked to prepare the application – including thorough description of all the activities and the detailed prices based on market research. An application may reach up to 80 pages. It may turn out that in a year when the project is approved and the activity is due the needs, prices and human resources have changed.

NGOs rate the application process less bureaucratic than that of some other Latvian Ministries distributing EU funds (*e.g.* Ministry of Culture). At the same time it is much more bureaucratic than *e.g.* the Rural Support Service distributing EU funds.

⁴⁹ Based on interview with representatives of the National Focal Point, Riga July 7.

2. Efficiency and effectiveness of the selection procedures

2.1. Organization of the selection process

The selection is done by 24 external evaluators for all the components. They are split by the areas they are able to evaluate. For example, there are evaluators, who evaluate only social sector micro/ macro projects under NGO Project Measure Area of Support.

Evaluators were selected in an open tender at the beginning of the NGO programme. Each evaluator reviews in average 15 projects which are distributed on a random principle. In case of two stage application, the evaluators interviewed usually did not assess the same project during the second stage although in 14% cases it had happened. Based on information of the Operator, in order to ensure consistency in the assessment the applications in second stage were given to the same evaluators as often as it is possible. The 3rd expert had been invited in 119 occasions. The experts are not allowed to exchange their opinions with each other. The evaluators receive a manual for evaluation as well as an introductory training. They score projects in accordance with the given criteria. The Operator's Programme officer makes a summary of evaluation results.

For each area of support of the different measures a Project Selection and Monitoring Committee (PSMC) has been established. For the NGO Activity Support Measure the PSMC consists of one representative of the Ministry of Culture, two representatives of the Operator and two NGO representatives (selected in open tender). For the NGO Project Measure Area of Support "Social sector activities" – one representative of the Ministry of Welfare, two representatives of the Operator and two NGO representatives. For the area of support "Development of Cohesive Society" - one representative of the Ministry of Culture, two representatives of the Operator and two NGO representatives. The PSMC reviews the scoring and the comments on individual projects of the external evaluators and approves the evaluation results. If the difference between the scores given by the two experts is more than 30% of the higher score, a third expert is commissioned by the Programme Operator to score the project independently.

In two cases the PSMC has used the right to modify the ranked list of the projects suggesting to approve two projects that will contribute better to the programme outcomes.

"The relevance to the aims, objectives and the results of the sub-programmes" has the highest importance weight in both measures of the programmes among the selection criteria. Innovation is an unclear concept for both the evaluators and the applicants. It is perceived as a requirement of donors which does not respond to the needs of the sector in Latvia. It gives no points in NGO Activity Support Measure and 1 point in NGO Project Measure. In the case of a two stage evaluation (project ideas and project proposals) it takes eight months from the submission of the project application till signing the contract.

2.2. Effectiveness of selection procedures

If the project application is rejected according to eligibility and administrative check, the project promoter can submit within 10 working-days an appeal to the SIF. In such cases a separate Appeal Committee shall be established within SIF. It consists of representatives from Project Department, Department of Open Calls for Proposals and Programme Monitoring Department. The Appeal Committee evaluates project application repeatedly and informs SIF Council if the previous decision was correct or must be annulled. In the case of annulations project application are forwarded to quality evaluation. The project promoter can appeal the decision concerning quality evaluation in accordance with the Law on the European Economic Area Financial Mechanism 2009-2014.

The applicants among other appeal procedures have a right to apply to the Administrative court of the Republic of Latvia arguing their proposals were better than those approved. In accordance with the data provided by the Official Portal of Courts⁵⁰ there have been six cases when NGOs have sued the Society Integration Fund appealing the decision to reject their project proposals. Three of them

⁵⁰ Official portal of Latvian Courts. Retrieved November 21, 2014, from <http://www.tiesas.lv/nolemumi>.

concerned the EEA/Norway NGO grant programs – one from the current financing period and two from the previous. In all six cases the appeals were rejected and the decision of the Society integration fund was justified by the court. It could be the reason why the Operator has developed strict application procedures in order to have written proofs to possible court proceedings. The same applies to the willingness of the Operator to be on the safe side *vs.* auditing institutions. This is among the reasons for the requirements to submit very detailed information during the application process, developing detailed manuals and allocating skilled administrative personal to serve the system.

As a result the NGO representatives also had to become professional project, report and account writers. Several of them said they have quit their previous occupation (*e.g.* as a social worker) to become a full time project manager. Others say they would rather not apply for funding any more. In one case two employees had left the office for another job because of resource consuming and “meaningless” paper work in administrating an NGO Fund supported project.

In one case the SIF had supported an organisation which presented “traditional family” values as gender equality values. The Evaluation criteria and procedures did not allow for “catching” the project in evaluation phase. It was approved and the contract was annulled by the operator only in a later stage when the organisation argued for their values publicly.

2.3. Clarity and transparency of the selection process

In general, the selection process is seen as comprehensive and transparent.

At some instances rejected applicants have required and received details on the decisions of evaluators. NGOs suggest that sometimes evaluators (*e.g.* social workers) have too strong opinions on the “right” ways of solving particular social issues and are against innovative approaches⁵¹. Both NGOs and evaluators mention that in some cases new ideas are “killed” because of too “rigid” administrative criteria as phrased by the participants in focus groups. At the same time applicants for both stages of calls for proposals can seek assistance (consultations) of the foundation in developing the project. Not all the applicants who could benefit from it have used this opportunity.

Evaluators suggest that they would like to receive some initial training not only about the procedures and criteria, but also about the latest developments in area – *e.g.* latest developments in social or civil society development policy, international best practices, *etc.*

Some of the selected projects are aimed at doing similar activities at the same region. Though the selection system allows for avoiding overlap and stimulating synergies⁵², in practice in some cases those were not found.

3. Contracting and reporting systems

According to NGOs the contracts are detailed. One organisation had proposed changes in the standard contract and these were made by the operator.

Detailed reporting information should be prepared every 4 months. Progress report and financial account are a prerequisite for the next payment. Reports can be submitted either electronically or by mail or brought to the office of the Operator. There are three financial risk groups: low risk/ medium risk and high risks. The documentation that has to be submitted with the project report depends on the risk group. If the project is in a low financial risk group, not all the documents have to be submitted. They can be kept at the office of the organisation. This means that the same amount of documents has to be prepared and kept ready for auditing anyway.

The NGOs consider that the requirements to collect and submit justification documents are too detailed. The Picture below is a clear illustration.

⁵¹ The issue was raised in a focus group by NGOs and the discussion with the evaluators confirmed that one of the evaluators interviewed had a strong opinion that social services should not be delegated to NGOs.

⁵² The SC reviews the ranked list of all the projects and may modify the ranking list in justified cases which allows for a general overview to avoid overlap or to stimulate synergies



This is a three month Progress report of a high risk project with amendments containing 369 pp. initialized and sealed. The project manager brought it with her to the focus group since she was on her way to the Operator. She had to leave the meeting early in order to bring the report to the office. To submit the account electronically she'd need to scan almost 1/3 of the report.

In order to prepare the Report almost all the administrative resources of the NGO financed by the project are needed – time of project manager and bookkeeper, photocopying, making and scanning pictures, etc. Little time remains for administering the activities planned in project.

The reporting system creates difficulties at the latest stages of projects. The last payment is released only when the reports and accounts are approved. Organizations having experience from previous financing period were afraid that this process may take several months. This means, the organization should have up to 20% of the project budget to cover the expenses of the project upfront (10% for co-financing and 10% that will be reimbursed after the completion of the project). It is a heavy burden for small organisations that do not have own financial resources.

Several small organisations outlined that the requirement to open a separate bank account for each project which is costly and an administrative burden, if for example a monthly salary of a project manager is paid to work in several projects. The requirement did not cause problems for large organizations though.

Society Integration Foundation in accordance with the changes has made several improvements in order to avoid such cases, (e.g. a flat rate available for administrative costs which was introduced in accordance with the Regulation for the EEA Financial Mechanism 2009-2014). Still a strong tendency for tight oversight, which in some cases reaches to micromanagement, was reported by the NGOs⁵³. In general the NGOs report that the Officers of the Operator are very knowledgeable about all the procedures, answer in timely manner and in a positive way. Introductory seminars before signing agreements are also well perceived by beneficiaries. The Foundation has also introduced and published on its website frequently asked questions and answers lists (FAQ).

4. Monitoring and evaluation

The operator has elaborated procedures and a database for monitoring. The database serves all the grant programmes run by the operator. The DoRIS data base of the FMO was criticized by the Operator as not corresponding to the data system the operator uses. It creates double workload for the employees of the Foundation.

Data at output level is gathered from the progress reports and on-site visits. Data on outcome level are gathered from the results of the Pre-defined project and other studies available.

Based on interviews with NGO in some instances representatives of the Operator intervene into the content of the project results – such as research and/or policy analysis documents. This is the case in pre-defined project that will result in elaboration of further policy guidelines in particular areas of civil society development. The Operator argues that it provides only financial control of the project. In this case it has conveyed the suggestions of its Project Selection and Monitoring Committee which is responsible for the quality control of project. The results of the predefined project are of utmost importance for the sector, government and potential donors in order to analyse NGOs development tendencies, financial support for the sector and other issues. The debate remains about the „academic

⁵³ A case was shared when the grantee had to explain in writing why it needed scissors for preparing a seminar and why they were bought for €6 and not €3 (the cheapest price the officer found on Internet). The case is commented by the Operator as from the previous financing period. Still the internal regulations of the PO and National legislation have not been changed in this respect – the chosen price of small items even below €10 still needs to be justified.

freedom” of the researchers – those were not understood the same way by the parties. Usually, in support to independent research this is regulated in disclaimers such as “*the research is funded by (...) and does not necessarily reflect the opinion of the funder*”.

V. Effectiveness of the programmes

1. Results: What was funded?

A total of 759 project applications for both measures were received, out of which 144 projects were approved. In terms of geographic distribution the projects are diverse.

Under the NGO Activity Support Measure, the Micro (Local) projects are 13 in Riga and 18 in other regions. The Macro (National and regional) ones include 36 national and 10 regional projects.

In terms of distribution per outcomes:

The NGO Activity Support Measure:

Active citizenship (77 projects)	Micro	Macro
Democracy	16	26
Human Rights	1	4
Good governance	5	6
Restriction of discrimination	3	3
Gender equality	1	2
Environment	5	5
Total	31	46

The NGO Project Measure:

Outcome 2: welfare and basic services (55 projects)	Micro	Medium	Macro
Social services	8	7	7
Social work	0	3	5
Information & Education	5	9	2
Leisure	7	0	2
Total	20	19	16
Outcome 3 Democratic values, including human rights (12 projects)			
Intercultural dialogue	2	0	1
Ethnic Integration	0	3	2
Naturalisation	2	1	0
Hate Speech	1	0	0
Total	5	4	3

Out of the 93 proposals for **bilateral cooperation** 30 bilateral partnerships were supported – 22 with donor countries and 6 with other countries⁵⁴.

Out of the 144 proposals marked as **innovative** 73 were supported. Thus 73 out of all 112 supported projects are marked as innovative⁵⁵.

2. Anticipated effects towards the programme objectives and planned outcomes

It is too early to judge about the viable contribution – first progress reports are being submitted so far. However, some of the results are promising for effectiveness towards the planned outcomes:

- *Networking of NGOs has increased and is bringing good results.* NGOs report that the requirement to engage into partnerships with other NGOs and umbrella organisations had led to unexpected good results, e.g. an organization from Latgale region informed that it has

⁵⁴ Annual Programme Report, EEA and Norwegian Financial Mechanisms 2009 – 2014, Latvia, Not published.

⁵⁵ Innovation was defined as a new initiative in given region, for given organisation or the given target group.

joined an umbrella organization of people with disabilities and it is now informed and involved in discussions on reforms by ministries concerning its target group now.

- *Growing advocacy infrastructure of civil society.* The Activity support programme gave the opportunity for long-term strategic work to 42 organisations promoting democracy (16 local/26 national level), 5 in human rights (1/4); 11 in good governance (5/6), 6 in restricting discrimination (3/3), 3 in gender equality (1/2) and 10 in Environment (5/5).
- *Expanding partnerships and culture of collaboration:* by the end of 2013 the subprogramme had helped 93 organisations to engage in local cooperation networks and 197 organisations to join regional, national or international cooperation networks. 522 citizens were involved in activities of the grantees as volunteers.
- *Combining service provision with policy recommendations.* The Latvian movement for independent life was mentioned by the operator as successful example both in developing innovative services for people with multi-function disorders as well as setting principles and practices in government policies.
- *Developing new social services.* Several organisations report they experiment new approaches in solving social problems. NGO fund's assistance is used to initiate a new service and to show the clients and local governments their positive effects. In many cases NGOs submitting the project proposals already had agreements with local governments that the latter will gradually take over the support of the service while the funding from the NGO programme decreases and ends. This is a good practice as it provides for sustainability of supported services.
- *Projects promoting dialogue and providing tools for minority integration* are supported offering space and activities for dialogue among *e.g.* groups of citizens and noncitizens. There are also projects building on positive aspects of diversity.
- *Increased public visibility.* Some organisations which received grants from the NGO programme Activity support measure are visible in public scene – such are the public policy institute “Providus”, the Latvian chapter of Transparency International “Delna”, the NGO resource Centres, European Movement Latvia, Latvian Rural Forum. Representatives of the supported organisations are able and do participate in various consultation mechanisms provided by policy makers and are visible in press and social media.
- *NGOs have resources for advocacy.* Many of the organisations met (Public policy institute “Providus”, Latvian Rural Forum, European Movement of Latvia) report that the institutional support gives them capacity to monitor government policies, react when needed developing their policy advice, participate in consultative opportunities offered by ministries and being proactive advocating for their issues. The support is flexible enough to adjust to the hot policy issues when needed. Organisations have also acquired resources to represent the interests of wider sector as well as participate in international networks. Areas the supported advocacy organisations work in cover a wide spectrum of issues, including environment, anti-corruption, civil society development, good governance, advocating interests of socially vulnerable groups (ethnic minorities, people with disability, children, LGTB community, *etc.*)
- *NGOs have resources for strategic outcome led planning and management.* Organisations report that the institutional support helps to overcome the project and outcome led style of activities towards the strategic and outcome led planning and management. (“Children’s Environmental School”, Latvian Rural Forum).

The results of the predefined project are not publicly available yet. At the time of the evaluation the first reports were reviewed by the Operator. Stakeholders have high expectations on the results since they will increase the capacity of civil society for policy enhancement. The project will provide a tool to measure civic activism. It will also give justification for creation of a government funded NGO Fund. The set-up of the project, involving policy makers in its steering committee will be a factor for adopting the recommendations of the studies – on creation of Latvian Government financed NGO Fund as well as on applying Human security concept in policy making. The studies involved NGOs as experts and they were surveyed. No consultations on policy suggestions have been organised so far.

3. Success factors

Based on the interviews and focus groups the following key success factors for achievement of planned outcomes can be outlined:

At the level of Operator and strategy design:

- *Consultations with NGOs and other stakeholders* had led to the successful design of the strategy. Both the Operator and the NGOs consider that there were good consultations on the programme design at the end of the previous program period. Evaluation meeting was organized by the Operator as well as the meeting with the NGOs organized by the Embassy of Norway in Riga. Most satisfied organisations were those NGOs who participated in consultations about the programme design.
- The programme is *rooted into real needs of the NGO sector and the society*. It focuses on support to advocacy organisations which is much needed and missing. It also supports activities of NGOs providing social services and assistance responding to the growing demand to counteract poverty and social exclusion.

Key success factors at the level of supported NGOs are:

- strong mission oriented and value driven work,
- engagement in partnerships with other NGOs during preparation of the application,
- strong project management capacities and a finance flow allowing for co-financing and pre-financing the last period of the implementation.

4. Effectiveness of addressing the horizontal concerns and crosscutting issues

The Operator views the horizontal concerns as a kind of unnecessary administrative burden, since the same issues were already highlighted defining the core areas of support. In addition the horizontal concerns were introduced at a later stage when the guidelines for the first project calls were already developed. So the documentation had to be revised.

Each horizontal concern gave one additional point in scoring during evaluation. The Selection committees were interested to support the projects addressing the horizontal concerns and in one case a project “below the line” but well addressing a horizontal concern (no hate speech) was approved by the Selection Committee relocating funds from another project call.

Evaluators suggest that a better approach to the horizontal concerns and crosscutting issues would be not asking applicants to demonstrate their understanding on let’s say sustainable social development, but rather giving a chance to the evaluators to make their opinion on how a project fits into the line of cross cutting issues and horizontal concerns.

General observation by stakeholders, beneficiaries, evaluators, the Operator and the Embassy was that the horizontal concerns should be better explained by the donors in order to avoid misunderstandings implementing the programme⁵⁶.

The response of the NGOs:

Grantees are implementing three projects aimed at combating extremism, racism, homophobia and anti-Semitism, as well as hate speech through the social media and using new technologies. Four projects are focused at Roma inclusion and two projects are aimed at anti-corruption and gender equality.

NGOs have not been very responsive submitting applications to address hate speech. The Operator has been proactive organising events and campaigns concerning no hate speech and gender equality.

⁵⁶ In one case organisation insisted that “traditional family values” are gender equality values. Their project was written in a way that did not allow for “catching” the misinterpretation during selection process.

Although there are no specific references about Hate speech mentioned in the Programme, the Foundation initiated activities and actively participated in this initiative (No Hate Speech movement). Also the conference about gender issues was organized to promote one of the core areas. The foundation founded synergies with other donors (The Council of Europe in the case of No hate speech) to promote horizontal concerns, as well as builds its own capacity to become a better player promoting them. On the other hand, in view of the quasi-governmental character of the Foundation these activities do not fit well with its public image as a grant giving institution. Promoting values is more a characteristics of a non-state actor, an NGO⁵⁷.

NGOs have been more responsive to submit applications addressing the cross cutting issues. The following number of the approved projects plan for a direct impact on horizontal concerns: Good governance – 84 (or 58% of approved projects), Environmental sustainability 24 (17%), Economic sustainability 46 (32%), Social sustainability 110 (76%), Gender equality (10%).

The results reflect the relation with the planned outcomes of the programme – Active citizenship correlates to Good governance (40% of re-granting amount), Provision of welfare – to the Economic and Social sustainability (50% of re-granting amount) and Democratic values – Gender equality (10% of re-granting amount).

5. Use of capacity building

The option of including up to 15% of the project budget for Capacity building was provided in both measures. It entailed trainings, participation in activities of other NGOs, development of planning documents and technologies, study visits, exchange of experiences.

Interviewed NGOs were positive about this approach. It is too early to decide on the level of contribution of capacity building approaches and tools to achieving selected outcomes.

The approach gives opportunity to the clients (NGOs) to choose the provider of the services – *e.g.* trainers. This provides for a free market and competition for the trainer's organisations and experts.

The Institutional support is the second measure that allows for increased capacity of NGOs to be active in advocacy, work strategically and be outcome oriented. In the first approach capacity building measures are considered one time investments for achieving a particular result which stays with the organisation (*e.g.* trainings, study visits, improved technologies and home pages) and there is no need for further investment in most cases. The institutional support on the other hand is on-going stream of resources necessary to cover *e.g.* expert time or some administrative costs to do quality work.

The Capacity Building Matrix suggested by the FMO was introduced and a survey to gather baseline data on all the grantees was conducted. A second survey will be done after the projects end. The data will be compared and it will be possible to see if NGOs receiving capacity building support have better results in organisation development then those not receiving this support. Not all NGOs understood the purpose of this survey and some of them regarded it as an administrative burden.

VI. Bilateral relations

The fund for promotion of bilateral relations was implemented by a Partner search event organized by the Operator. The home page of the Operator also provided for search of partners – Latvian NGOs could fill out special forms, indicating their interest in particular activities together with partners from the EEA countries. SIF has developed cooperation with the Helsinki Committee and Iceland, that has

⁵⁷ There have been debates of NGOs promoting society integration and policy makers on the role of SIF in context of the European Fund for the Integration of third-country nationals which is run by the Ministry of Culture in 2014. NGOs have required the ministry to define the role of the SIF as a grant-making organisation in order it does not compete with NGOs in implementing programs and projects. The argument is based on subsidiarity principle and assumption that government institutions should not develop services in areas NGOs are present and compete with them for funding.

led among other activities to linked databases of partner searches. 28 bilateral partnerships were supported – 22 with donor countries and 6 with other countries.

Most of the NGOs interviewed did not engage in bilateral projects. Those who had been successful were very selective in identifying their partner – in accordance with the needs of the organisations and their clients. For example, the Education Support Centre is providing knowledge and tools to teachers, schools and communities to integrate immigrant children and their families. They had found a resourceful partner in Norway (the National Centre for Multicultural Education) via their own professional networks. Meeting in a conference led to a project concept idea which was approved by the Operator. The next step had been visit of the employees of the NGO to Norway to see various approaches and services the centre offers. That gave opportunity to select the most suitable practices for implementation of them in Latvia. So the full project proposal was developed after the visit and the project is approved now. It will start in March 2015 and the NGO is looking forward for relevant and necessary experience to be transferred for Latvian circumstances.

Barriers to bilateral cooperation:

- Differences in country contexts – *e.g.* income, social welfare levels, functions undertaken by governments;
- Although the information on possible partner organisations is available, there is limited amount of partners in Donor countries to “serve” all the countries which seek for partnerships;
- Incomparable budgets – a budget for the project running for a month could be equal to an expert fee of a partner from Norway;
- Possibly incomparable accountability requirements – the case was reported when Latvian Partner had to fill out plenty of forms for *e.g.* fuel or car use while a partner from Norway just submitted a receipt for buying fuel with no supporting justification documents;
- Some organisations report that they succeeded in bilateral projects since they had already existing partner and the partnership was driven by mutual interest not the project call. They highly value opportunity to fund joint activities from the NGO fund though.

VII. Visibility

Visibility of the programme is prescribed in detail, the manual is available at the home page of the Operator and visibility requirements are also a part of the project contracts. The Foundation supports organisations with consultations. The Operator offers to use its stand with logos and the name of the programme to be used for the events thus saving resources of the grantees.

A challenge to the Programme’s visibility is that its activities are fragmented and it is hard to capture the identity of the programme at national level. Beneficiaries add plenty of materials to their activity reports that could rather be used for publicity not for proof that events happened and to be stored in folders. In order to ensure identity of the programme Operator could hire PR expertise and run a publicity program.

The Operator could offer *e.g.* a “calendar of events” option at their home page in order everyone could put dates of their events there and it could be visible for media searching events to cover. Beneficiaries put information on their project results on their home pages – still this is also fragmented. It helps to recognize the programme locally but does not give an insight into the overall support of EEA/Norway grant programmes.

Detailed visibility guidelines have been elaborated and are monitored by the Operator. NGOs sometimes argue that the rules are too rigid for small investments.

VIII. Making a difference: Summary conclusions and recommendations

1. Conclusions:

- (1) The programme definitely positions the operator to be main National level financing source for NGOs in advocacy and social welfare areas. The Operator had gained reputation with the Government as a reliable grant-maker already before the programme started.

- (2) Status of Public (Government established) foundation has brought about positive and negative aspects. The positive sides are co-funding by Government, financial risk sharing and availability of the advice from Revision institution⁵⁸. The negative sides are complicated decision making procedures and lack of insider's knowledge of the sector.
- (3) The Activity support measure is of utmost importance for advocacy organisations, which allows for reflecting on current issues in their policy areas.
- (4) The Operator highly values opportunities given by the complementary action. It has built the capacity of the Operator as well as given new insights into the best practices solving programme management related issues.
- (5) The prerequisites for a sustainable civil society are mainly diversified national funding sources. The EEA NGO funds are used strategically for creating the enabling national environment – the combination of the efforts at the policy level where the results and the process of the predefined project are essential, the next utmost important element is support to the advocacy organisations to be active in their respective policy areas and to be present in policy development.
- (6) The funding gives also an opportunity to NGOs providing social services to develop their capacity, start providing services and prove to the local governments the need to finance the services when the NGO fund's financing will end. Long-term projects serve this approach since it allows for arrangements with local governments to take over a service steadily increasing its co-financing. The selection criteria had led to promoting human rights of socially vulnerable groups and ensuring democratic approach letting clients develop and shape services in accordance with their specific needs.
- (7) An impediment for sustainability is the arrangement to divert possible income from project activities to the cofounding of the project. A better approach would be allowing NGOs to sell their services and to develop a reserve fund or endowment to be used for the mission of the organisation after the project ends. Reasonable limits on economic activities should be put however.
- (8) An opportunity to explore for the next financing period is support to the social entrepreneurship of NGOs. Start-up financing is crucial and it is not available from the commercial banks. Business approaches to social problems could bring about sustainable solutions for social issues.

2. Recommendations:

2.1 For improvement of the current programmes

The Operator and other actors insisted on no changing the rules during the implementation of the programme. Nonetheless, several suggestions can be easily implemented with no major changes in Regulations.

(1) To the Operator:

(1.1.) In terms of monitoring:

Set and agree upon with project promoters on clear rules on responsibilities of the funder and grantees on formulation of project methodology and/or results in case of a research and/or policy analysis.

⁵⁸ Functions of the Revision institution established in accordance with the Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 are assumed by the Ministry of Finance in Latvia.

(1.2.) In terms of reporting:

Consider not asking for detailed explanations of expenses if they do not constitute reasonable amount. For example a written explanation should not be required on a purchase of items less than 10 Eur. Promote necessary adjustments in National legislation.

(2) To the FMO - In terms of communication with the Operator:

(2.1.) Set-up of clear rules of communication with the Operators in order that their questions are answered in timely manner;

(2.2.) The FMO could develop a Frequently Asked Questions list on the questions asked by various operators in the different beneficiary countries. This will provide all the Operators with the same information and guidelines and will save time for both the Operators and the FMO.

2.2 For the next financial period

(1) In terms of strategy

(1.1.) Suggested by stakeholders areas for intervention in Latvia are:

- Equal opportunities (including gender, non-discrimination, LGBT, people with disabilities, Roma);
- Development of coherent society (interethnic relations, loyalty);
- Eliminating poverty risks (including accessible health care)

(1.2.) Major needs for strengthening civil society organisations that the Programme may address are:

- Resources for advocacy in public benefit areas;
- Resources to remain goal and outcome (not project and output) oriented – this is possible by supporting long term strategic programs of advocacy NGOs and lessening the administrative burden);
- Promotion of savings and economic activities to ensure advocacy activities between projects;
- Resources to use government offered opportunities in policy dialogue – participation in consultation mechanisms, monitoring of policies;
- Resources for learning and promoting needs of clients and constituencies and involving them in decision making processes the NGOs participate.

(2) Recommendations to the Operator

(2.1) Application process:

- There have been cases when application form (NGO Activity Support Measure) was misunderstood by the applicants which caused unnecessary workload afterwards. Introduction of a clear division among sections “all activities planned by the organisation” and “activities to be supported by the Programme” would avoid similar situations;
- Application procedures require submitting detailed budgets based on market research. In case of long term projects the prices may have changed and the research is due again and the contract has to be adjusted. Not asking for detailed pricing and market research in long term project applications would lessen the administrative burden. An option would be that the Operator conducts a research on market prices and sets the limits – *e.g.* cost of a seminar day (depending on its scale and place), transport costs, *etc.* Those can be adjusted later at the stage of implementation when the market research is done for particular event and the budget is justified accordingly.
- Consider simplifying the electronic form (involving evaluators) in order it is readable without using 3 screens at the same time.

(2.2) Selection process

- Consider running a seminar for evaluators on latest developments and best international practice in areas the project competitions are planned.

(2.3) Contracting and reporting systems

- Provide for a “risk fund” to cover project expenses in the last stages of implementation if organisations do not have savings or other resources to cover these expenses;
- Eliminate requirement to open a separate bank account for each project.

(2.4) Visibility

- In order to improve visibility of the programme at National level, consider developing public relations capacity of the Operator, running a publicity program. The visibility of the overall programme is ensured mostly by efforts of the grantees currently. Still the grantees can convey message only on their small part of the overall programme success. The general public does not get a message on the achievements of the programme as a whole.
- Consider developing an interactive public Calendar of events of the funded projects, in order both the operator as well as grantees could add the events planned and media can find events of their interest to attend.

(3.) FMO

(3.1) Communication with Operator

Discuss regionally possible solutions for best practices in between willingness of the FMO personnel to be more involved in selection of the projects on one hand and lessening administrative burden of the operator on the other providing time pressure. The Operator suggests to:

- Eliminate requirement to translate minutes of each Selection Committee meeting into English; The FMO is willing to receive more information on timely manner in order the representative could be informed and prepared to attend meetings of the Selection committees.
- Eliminate requirement to translate all the documentation of a project call to English 4 weeks before the call if it is based on already approved program.

(3.2) Monitoring and evaluation

- Make an inventory on the compatibility of data-bases of operators and DoRIS.

(3.3) Selection process

- Consider a stage in evaluation process where it is possible to “see the whole picture” of the successful applications and make adjustments if necessary. Consider inviting evaluators to the session of the Selection committee;
- Allow for consultations between evaluators after the individual assessment;
- Ensure that the same evaluator assesses a project in both stages.

(3.4) Bilateral projects

- Consider introduction of a separate budget for costs of experts of donor countries which is added to the project local costs (in order these are not covered from the funding earmarked for Latvia);
- Consider organising regional projects – *e.g.* conferences, seminars or study visits on latest approaches solving particular issues to be attended by both representatives from the donor countries and beneficiary countries.

(3.5) Sustainability

- Consider allowing direct possible project income to a reserve fund or endowment to be used for the mission of the organisation after the project ends;

- Consider encouraging NGO economic activities within funded projects. The revenue will ensure the sustainability of the NGOs to have own resources to bridge the gap between project funding. This will allow organizations to continue their activities, including advocacy and not be dependent only on project funding.
- Consider developing a measure for start-up financing for NGOs starting social entrepreneurship. Many NGOs are developing ideas to start a social enterprise but there is no funding in commercial banks for the initial stages of development of the enterprise to cover such costs as acquiring the equipment, developing marketing campaigns, *etc.*

(4) Supported NGOs

(4.1) Application process

- Consider searching for synergies while developing projects with the other possible applicants;
- Avoid planning for too many activities;
- Distinguish the work plan of the overall organisation and the activities the support is asked for;
- Turn to the Programme Operator for consultations and advice throughout the application, implementation and reporting phases of the projects.

NGO Programme in Lithuania

Jolanta Blažaitė

With support of Mariana Milosheva-Krushe

I. Context

1. The environment for civil society work in Lithuania

As Lithuania's State Registry does not provide data on civil society organizations, it is unclear how many of those operate in the country. Each year approximately 1,000 new organizations register as NGOs, making the total number around 25 000. Of these, between 10,000 and 1,000 are considered active. The number of organizations has been steadily growing since 1994 (1,300 NGOs), but the fraction of people who participate in activities of these organizations does not change significantly, comprising about 14 percent. This level of association is considered very low – for example in Norway, the association level is about 80 percent.

The sector, which energetically surged after Lithuania regained independence, had not reached considerable consolidation before funding decreased dramatically with foreign donors' withdrawal related to Lithuania's accession to the EU. Economic recession further curtailed finances for the civil society as businesses practically stopped philanthropic giving and the government cut public expenditure and introduced strict austerity measures affecting income of the population.

Several years without significant funding weakened the entire NGO sector including democracy and human rights (HR) organizations. Many organizations drifted from their missions or became "dormant" - did not run significant programs or activities.

Since 2013 some positive developments have been observed. The recently adopted Law on Non-Governmental Organizations is expected to resolve the vital issue of NGO status in the country, and funding for the sector has slowly started to recuperate. Individual contributions (both volunteering and financial support) have been slowly growing. Some of government's funding sources have reopened and the EEA Norway Financial Mechanism and the Swiss Cooperation Programme are providing funds (in total about 9 million EUR) to Lithuanian NGOs.

However, the environment remains hostile for NGOs and the sector continues to be fragmented and poorly organized. Having been drained of material and consequently human resources NGOs cannot adequately defend their sector's interests as well as interests of the groups they represent and work for. Umbrella organizations are weak and their participation in committees or working groups organized by the government often has limited effect on policy. Mechanisms exist for NGOs to participate in the government's decision-making process but the dialogue between NGOs and policymakers is insufficient, due to limited capacity of NGOs as well as lack of genuine commitment by the government to involve NGOs.

The sector has not yet felt the impact of recent financial investment, and it is doubtful that support provided to about a hundred NGOs (besides, considerable number of these organizations is cross-funded by both major donors) will significantly influence the overall stability of the sector. As regards access to funding, there is a big gap between a small group of professional NGOs, which benefit from funds operating on the national level as well as various EU programmes administered from Brussels and local level civil society initiatives which live on tiny budgets and rely on volunteer work. Devoid of financial support, these initiatives wear out, losing momentum to grow to their full potential.

Democracy and human rights organizations constitute a tiny segment of the overall sector. They are funded by foreign donors through various EU programmes. The EEA Norway Grants NGO Programme has especially strong focus on professional human rights NGOs, as a backbone of the national programme. Since human rights is not perceived a priority by local governments (national

funding for human rights is almost non-existent), a handful of national/ international level NGOs are the only actors in the human rights field and such initiatives practically do not exist on the local level.

Meanwhile extremism, racism and homophobia are present in all levels of Lithuania's society - from rural communities to the country's biggest cities, and are wide-spread even among educated people and in the public sector. Populist political actors call for "traditional" values as opposed to "decadent European". The society at large is poorly educated on human rights and considers that advocacy for human rights equals to promoting chaos and disorder and poses threat to economic well-being and morale of the Lithuania's population. Lithuanian government seeks to minimally adhere to the human rights standards set by the EU and other international bodies without being sincerely committed to promote human rights.

The national discourse on human rights is still not consistent or constructive enough. In recent years there have been some steps to consolidate the core of NGOs working on fundamental rights and freedoms through establishing coalitions. Most of them were facilitated by the HRMI and further supported by the Programme. This is strengthening the capacity of activists to voice critical issues and to reach out to policy makers. Yet, involving broader audiences in the discourse for human rights needs to be further developed.

The above described tendencies prove the necessity and timeliness of the NGO Programme in the country as well as pose challenges to its implementation: rooting the programme in the local context and responding to a huge demand for funding by putting limited resources to best possible use not only to achieve the thematic outcomes, but also contribute significantly towards structural change of the overall NGO sector and civil society in the country.

2. Main needs, challenges and opportunities related to the development of the NGO sector as a catalyst of civil society

Interviews and focus groups have voiced needs and challenges, many of which can be seen as potential opportunities:

- Funding available for democracy and human rights is assimilated by a small number of professional NGOs. These NGOs have already formed steady constituencies and there is little incentive for them to approach less accessible groups (rural inhabitants, resentful and hostile audiences). Big segments of society, where intervention is critical, remain uncultivated and funds are channelled to further educate the already aware population. NGOs see one another as competitors for sparse resources and cooperation and networking is viewed as a donor prescribed formality.
- There are no bodies consistently advocating for the benefit of the entire sector.
- Majority of Lithuania's NGOs rarely step out of the limits of their conventional practices. They struggle to maintain their regular activities and have little capacity of strategic visioning and innovation.
- Relationship with the government, especially mid-level bureaucracy, remains an issue. Opinion polls as well as growing individual contributions and volunteering indicate increasing recognition of the sector in Lithuania. There are signs that that the business sector's perception of NGOs is improving. However, the impression among NGOs is that the government continues to perceive them as a nuisance. Although they cannot ignore civil society, various government agencies do not always see much benefit in cooperation.

Relationship with Government should be marked out as a strategic area. By 2020, EU structural assistance to Lithuania should decrease substantially and longer term funding opportunities lay with the country's government and local private sources. Government has the power to unlock significant resources for NGOs and substantially strengthen the sector by allowing NGOs compete for funds, which are currently channelled to governmental service providers.

II. Strategic Relevance

1. The Strategy of the NGO Fund Programme in the Country

The overall objective of the NGO Programme is strengthened civil society development and enhanced contribution to social justice, democracy and sustainable development, and strengthened bilateral relationship between Lithuania and the Donor States – Norway, Iceland, and Liechtenstein. The overall budget of the Programme for re-granting is approx. 4.6 Million EUR.

There are four Areas of Support:

- Democracy and Good Governance,
- Human Rights,
- Vulnerable Groups (children and youth at risk, people affected by HIV/AIDS, children with disabilities and/or mental disorders and their families, victims of trafficking and gender-based violence and/or domestic violence),
- Protection of the Environment and Climate Change (identified as additional).

Horizontal concerns include hate speech, hate crimes and extremism, racism and xenophobia, homophobia, anti-Semitism, tolerance and multicultural understanding, Roma, sexual harassment, violence against women and domestic violence, and trafficking in persons.

At least 10% of the total funds for each area of intervention have to be allocated to children- and youth-driven organisations and/or activities targeting children and youth. In addition, activities targeting development of cooperation with municipalities to address the issues of domestic and gender-based violence as well as cooperation with civil society in Belarus are eligible under relevant outputs.

The Programme has a priority thematic focus on Human rights and donor horizontal concerns. This has been identified as the main niche for investment. The first three core programmatic areas have strong emphasis in the overall programme and are substantiated by number of projects in each area. The fourth additional priority area of Protection of the Environment and Climate Change is secondary. It is just present (with only two supported projects), and does not seem to organically integrate into the overall framework of the Programme. The horizontal concerns of the Programme must be addressed under all relevant outcomes to the maximum extent. At least two projects in each area address each horizontal concern.

The strategy of the Programme envisages capacity building as:

- Share of the budget within supported projects (limits for capacity building allocations are not defined, and allocations vary dependent on a project and related needs of the Project Promoters);
- Assistance provided by the Operator - individual counselling, trainings, monitoring and
- Predefined projects (mostly trainings). The total allocation for pre-defined projects is 250,000 EUR.

The strategies for approaching systemic change at the NGO sector levels will be approached by three pre-defined projects approaching capacity building through analysis and training. They have been developed with the help of external consultant delegated by the FMO. At the time of this evaluation, an open call has been announced to recruit implementing organizations. The three PDPs are:

- Enhancement of Advocacy Skills of NGOs to Effectively Influence the Policy Making Process;
- Development of Strategies for NGOs Sustainability and Diversifying their Sources of Income;
- Mapping of NGO Sector in Lithuania: Assessment Study with Recommendations.

2. Relevance of the strategies

The NGO Programme in Lithuania has chosen the strategy of boosting the country's strongest human rights NGOs, envisioning that these groups, acting on the macro level – nationally and internationally – are best positioned to shape the developments in the areas of democracy and human rights. It is perceived that stronger human rights NGOs would consequentially contribute to strengthening of the overall NGO sector. The priorities of vulnerable groups as well as the additional one of environment have also been addressed by funding projects of prominent organizations active in the areas.

The Country Programme's vision is shared by the Donors, as evidenced by the explicit support of the Embassy of Norway in Lithuania. During the interview, the Norwegian Ambassador emphasized adequately chosen priority areas and clearly defined priorities to be the Programme's main strengths and a sound approach to assistance.

The Project Promoters applaud the Programme's strategic design as highly relevant:

- the Programme responds to the need of putting human rights on societal agenda;
- the focus on expanding advocacy, watchdog, policy influence capacity, which are missing or limited, is relevant;
- The Programme is very important, as it brings timely support to civil society in areas not supported by others.

The relevance of the Programme and its importance for civil society in the country was also outlined in the interviews and the focus group with the broader stakeholders' circle. The Programme's strategic design has been commended for its solid and focused thematic framework, compared to other NGO funds and especially, to the EEA Grants NGO Fund of the previous financial cycle.

Nevertheless some limitations have been observed by stakeholders:

- The fourth (additional) priority area – environment – lacks more detailed description and conceptual clarity;
- The third priority area of Vulnerable Groups does not provide for all vulnerable groups. It prioritizes those vulnerable groups which do not receive attention by the Government and are not covered by other bilateral cooperation support schemes, yet according to the Operator, other groups are not excluded, if their participation is justified. There is variance between the second priority area of human rights, which covers advocacy and other activities benefiting broad spectrum of vulnerable groups, and the third priority area which limits service provision to four target groups: Children and youth at risk, People affected by HIV/AIDS, Children with disabilities and/or mental disorders and their families, Victims of trafficking and gender - based violence and/or domestic violence.
- Following the overall strategy of the NGO Programmes of the EEA Grants, the Programme documents in Lithuania emphasize civil and political rights and address environment and climate change outside the sphere of human rights, while rights-based approach to development, promoted by many development agencies and NGOs, considers environment a human rights domain. The Operator also considers that the Programme should be presented as human rights Programme, covering all three generations of human rights (civil and political, social, economic and environmental).

Stakeholders agree that the need to prioritise and have a human rights “backbone” is important in order to achieve impact. In this respect, the current Programme is seen as an opposite to the NGO Fund of the previous period which did not have strategic priorities therefore the funds were too broadly dispersed and did not produce tangible impact.

At the same time, some critical remarks were made in the broader stakeholder group:

- Lithuanian civil society fails to see democracy and human rights as cross-cutting and underlying the work of all civil society organizations. May be for this reason stakeholders note that the Programme strongly promotes a small segment of the overall sector, therefore its focus might be too narrow to bring about the systemic change in the overall sector.

- Currently, the Programme does not fund local level initiatives. Absolute majority of grantees come from the capital city. Despite the fact that some activities of Project Promoters reach out to the regional level, local level NGOs feel misled. The information seminars held in 5 regions of the country were understood as an encouragement to participate by community level organizations. However, none of the submitted projects (there were at least 66 proposals coming from community level NGOs out of the total of 353 proposals in the first call, i.e. at least 19% of all proposals) was approved.
- Strong orientation to specific narrow outputs is questioned as it has resulted in an overlap of activities (advocacy training), held within a very short period by several grantees and targeting the same audience. List of desired outputs provided in a call for proposals stifles creative thinking and innovation in project proposals.

Based on the above outlined insights, the evaluator assesses the Programme's areas of support and its components to be of high strategic relevance. The overall strategic set up is solid; nevertheless opportunities exist to make the Programme more conceptually consistent. The Programme's focus on strongest NGOs is a valid approach but in the opinion of the evaluator is too narrow given the Programme's overall objective to strengthen civil society.

III. Management Set up

1. The Process of selection and appointing NGO Programme Operator in the country

The Operator was selected by an open tender, among three applicant consortia, and contracted directly by the FMO. It was the second winner – the first had withdrawn before signing the agreement. The Human Rights Monitoring Institute (HRMI) won the tender in partnership with a consultancy firm. Later it changed its partner to OSFL Projektai, former Open Society Fund Lithuania and a member of another consortium participating in the bid. Necessity to change partners was due to clash of opinions on how the Programme should be implemented.

The change in the partner was considered by FMO as a major change in the submitted programme bid by the Fund Operator, as the quality of the programme was originally assessed on the basis of the capacities of the previous consortium. This circumstance might have contributed to the long negotiation process (the overall duration of the selection process from announcing tender to signing PIA, was 1.5 years). As a result, the actual Programme implementation time was significantly shortened.

2. Profile of the Operator of the NGO Programme

The Lead Partner HRMI is an operational NGO, established in 2003. Its core area of expertise is Human Rights. HRMI is independent from Government and is a prominent watchdog organization. Well-known human rights activists and public figures are on Board of HRMI.

The organization had no previous grant making experience, its capacity at the time of the bid relied on personal experience of its representatives - the Director and the Chair of the Board, and the Partner organisation.

HRMI currently has two departments. The NGO department manages the Programme and has 6 full-time staff in the NGO Department - Director, Programme Coordinator, two Project Managers, Public Relations Officer and an Administrative Officer. The other Human Rights Department has 5 employees and provides back-up to the NGO programme on substantial matters.

The Consortium partner OSFL Projektai is an NGO established in 2009 by a finance team of the predecessor organization – the Open Society Fund-Lithuania. During 2009–2013 OSFLP re-granted and administered €3.1 million which were used to support 212 projects in total. OSFL Projektai is a relatively small organization (size of annual budget: ~ 203,000 EUR). It has 7 employees, two of which work for the Programme. OSFL covers the financial aspects of the NGO Programme including monitoring and consulting Project Promoters. It brings valuable grant-making experience into the Consortium and has played crucial role in the development of grant procedures and overall Programme documentation.

The two organizations have formed close, productive and committed partnership.

Financial Resources of the Operator of the NGO Fund:

With overall budget of approx. 4.6 million EUR, the management resources available to the Operator are 715 000 EUR, out of which capacity building amounts to over 168 000 EUR. About 85 % of the total management fee is assigned to HRMI and 15 % to OSFL. Management resources are considered very small by both Consortium partners - allocation for the OSLF barely covers salaries of two staff members, while more personnel of both partners are involved with implementation of the Programme, especially at peak times. Project Promoters have noted that the process of communication slows down during peak times for the operator (*e.g.* related to new call of proposals), and there was a case when the Operator did not come back with an answer to a question.

Severely limited resources of the Operator entail that there are no reserve funds to smoothly accommodate unforeseen expenses. New tasks assigned without allocating additional resources put considerable stress on the Consortium. For example, the Capacity Building Matrix introduced midway of the Programme required translation and adaptation of ample documentation, mastering presentations, evaluating each grantee and apply three additional indicators in the evaluation of the Programme itself – workload not outlined in the budget and staff work descriptions.

Managing financial hassles is disruptive – instead of concentrating on implementation of the Programme, the Operator needs to find solutions to ensure smooth flow of funds. 15% of the management funds withheld until the completion of the Programme is a pressing issue, as the Operator, unlike other bigger Operators of the NGO Funds in other countries, does not have its own resources (Programme funds constitute over 60 percent of the annual budget of HRMI) to put upfront into the implementation of the Programme.

Capacities: main strengths and challenges:

Overall, the Operator has demonstrated high commitment to the Programme and remarkable ability to quickly learn, adapt and improve. Entering the contract with limited experience in grant-making of this size, it had short time to develop capacity to manage a big programme. The lead of the consortium was very successful in its ability to accommodate the new grant-making function into its operational NGO nature, by having two separate departments. The new function of a grant-maker did not infringe upon the organization's ability to continue monitor human rights, which is at the core of its mission. In addition, the work of the operational department of human rights was providing content support and back up to the core areas of the NGO Programme related to democracy and rights.

Stakeholders have recognized the deep knowledge of the Programme's priority areas, commitment to achieve change in key areas, responsiveness and less bureaucratic approach in relationship with Project promoters as main strengths of the Operator. But it was also noticed, that the Operator's own limited experience and strong commitment to human rights prevents from broader view to civil society, NGO sector at large and ways to achieve systemic change.

A consortium is the only viable set up for NGO Programme in Lithuania. It is impossible to find an organization which combines good knowledge of priority areas and commitment to achieve change in these areas with grant-making competence. The consortium of HRMI and OSFL ensures adequate match of competencies for implementation of the Programme.

Having the Programme independent from government and managed by an NGO is considered by all NGO respondents as a better set up for the programme. Direct contract by the FMO lessens the administrative burden – it gives a benefit of not having to comply with the rules of the State Treasury, making the procedures more flexible and the bureaucratic requirements on grantees less pressing.

3. Efficiency and effectiveness in interaction with the FMO

Selecting a Fund Operator without any previous experience in grant-making presented considerable risk for donors and required adjustment of both the FMO and the FO. The Operator has been vulnerable due to limited financial and human resources. No previous grant-making experience implied that a new domain will have to be assimilated in a tight and demanding timeframe. Moreover, the initial Consortium fell apart and new partnership needed to be established for HRMI to be eligible to run the grant-making operations.

Due to these limitations the Operator required exceptional attention of the FMO, especially in the initial stage of the Country Programme; meanwhile the FMO had limited capacity to address the need for extra support. A programme manager at FMO had to divide his/her time among several countries, and the Lithuanian programme exposed untypical issues with no ready solutions available.

Besides, a staff turn-over in the FMO (the supervisor of the Lithuanian Programme changed three times) impeded communication between the Operator and the FO. The Operator notes that in the initial stage of the Programme FMO failed to respond in a fast, comprehensible and supportive manner.

Flawed communication combined with the inexperience of the Operator caused misunderstandings and consequently, programme delays. It took nearly nine months from the approval of the Operator until PIA was signed. During this time the Operator was engaged in drafting numerous versions of Programme documents. Later the Operator disputed the payment for the work done. Another disagreement was about project selection results in the first call of proposals, caused again by inexperience of the Operator but also aggravated by late critical feedback by the FMO. The resolving of the issues took nearly 3 months during which the signing of projects was delayed.

Since the above issues were resolved, interaction between FMO and FO has been improving. The FO has been provided with both advisory and financial support. In addition, € 30,000 have been allocated to support core activities of the FO (HRMI) in the human rights area and an external consultant was hired by the FMO to develop the pre-defined projects and train the Operator in the results based management approach. FO will also be a beneficiary of a pre-defined capacity building Project to start late autumn.

The FO values FMO efforts in supporting the Operator and working to decrease bureaucracy and make the Programme more functional. Yet it suggests that some areas still require attention:

- Procedures are missing, are not documented, or are not made available to the Operator. For example, PIA does not define a procedure on initiating and implementing an irregularity case against an Operator. FMO has not provided the FO with clear financial reporting guidelines - each time more lengthy and in-depth narrative is required. Changes in requirements are especially manifest when responsible staff changes at FMO;
- Expectations are not always clear and the Operator puts a lot of time and effort to meet them. An example provided by the Operator is that of the requirement of external audits of a sample of projects. The requirement was not clearly specified in the PIA and the Operator initially planned to use an internal auditor. Only after the Programme started, it was clarified that the auditing of a sample of the awarded projects should be external;
- Additional requirements are set forth sporadically, disturbing both the Operator and Project Promoters.

In the evaluator's view, the FMO and the FO have eventually formed a constructive relationship however the adjustment process could have been shorter and smoother. Lessons learnt from this particular case can contribute towards better efficiency of interaction between new operators and the FMO.

The Donors' decision to entrust country programme management to an operator with significant thematic knowledge but without grant-making experience was an unprecedented and innovative decision. Adjustment process is a necessary component of embracing novelty, and should be recognized as such by committing to back up strategic decisions with adequate support measures. Measures should be taken as soon as possible, in the initial stage:

- Direct and functional communication channels should be established from the very beginning
- The new operator's strengths and weaknesses should be carefully assessed, and
- A plan to bridge competence gaps developed and implemented.

This might require additional human resources on the FMO side and as well as financial resources to support the development of the necessary skills of new Operators. In addition, more flexible procedures might be necessary.

4. Efficiency and Effectiveness of the interaction with the National Focal Point (NFP)

The NFP acts as an observer in the meetings of the Selection Committee and serves on the Appeals Committee. Such role of NFP suits both parties. The NFP is informed and does not need to undertake the administrative burden of direct oversight of the programme if it is contracted through them - what it considers to be a small and labour intense endeavour. NFP emphasizes that it does not have adequate competencies or human resources to offer a more substantial involvement in the programme.

Nevertheless, the NFP has always been supportive, responsive and cooperative in discussing the use of the National Bilateral Fund. Successful example – funding of the survey on hate crime victims which was the key presentation from Lithuania in the annual conference of EU Fundamental Rights Agency in Vilnius, November 2013. It ensured great visibility for the EEA Grants and Donors, and served as a learning tool for Operators in the follow-up thematic meeting on hate crimes and hate speech.

IV. Grant systems and processes

There were two calls planned and both took place already (The first call announced in March of 2013 and the second in January 2014). The results of the second call were announced in July, 2014, and the agreements with Project Promoters are to be signed in October. The Bilateral Relations Fund is continuously open for applications.

1. Application process

Promotion: The Programme was promoted on the Programme's own website and Facebook page, website and Facebook page of the Human Rights Monitoring Institute, as well as other online channels such as NGO forums and electronic newsletters. Eleven information sessions were organized (5 before each call for proposal + 1 Programme Opening Event), that have covered all 5 regions of Lithuania. The Programme launch conference held on 6 February 2013 attracted over 200 NGOs, included presentations by high public officials (e.g. Adviser to the President, Members of Parliament, Director from Norwegian MFA, Secretary General of Norwegian NGO Association, etc), and was well covered in the media. The Programme's outreach was good and there was considerable interest in the informational events – there were more people willing to participate than the capacity of the seminars to accommodate them. Informational events gave detailed, comprehensible information and laid out clear expectations of the Programme. Sound presentations were prepared, available on line to all those who did not take part in the events. Information on the website was constantly updated and alerts were set to draw attention to dates, changes in documents and new information available.

Adequacy and clarity of guidelines and selection criteria: The guidelines are well defined and clear. However, the First Call of Proposals did not specify that projects will compete in sub-lists by expected outcomes, which caused problems (see below). Changes/improvements were made in the second call for proposals, asking the applicants to choose a priority outcome, making the process of forming lists by outcomes easier for the Operator.

Organization of the application process: The application process has one step for small projects (EUR 10,000-40,000) and two steps for big projects (EUR 40,000-150,000). Big projects are pre-selected based on concepts; then full proposals are solicited.

Assistance provided to the applicants by the Operator: The Operator has been highly responsive to inquiries and has provided advice and support to prospective applicants during informational events and on the phone. Meetings could be arranged at request with Programme staff and NGOs developing big projects met at least once with the Operator for constructive conversations on proposals and requirements by the Programme. Frequently, applicants had meetings both with project and financial personnel.

Comprehensiveness of the application process as seen from the beneficiaries: The application process is favourably evaluated by the online survey respondents. Based on responses, the application process is user friendly and not overly bureaucratic. Respondents agreed that it is better compared to most EU programs or other public funds in the country.

2. Efficiency and effectiveness of the selection procedures

Organization of the selection process: The Programme had a total of 9 external experts throughout the programme implementation period, but at different stages of programme implementation the number of experts actually involved in the assessment was maximum 6 at a time. There were 3 experts involved at the beginning, but 3 more evaluators were recruited for the second stage of the first open call. An evaluator covers several Programme components and her availability is a determining circumstance when assigning projects. The Operator has supported Evaluators by developing tools (structured table and templates) helping to simplify the evaluation process.

Projects are ranked according to their points score. The highest possible evaluation score is 100 points.

Relevant project concept can give up to 50 points, Expected project outcomes & results – 20, Implementation plan – 20 and Budget – 10 points.

A new category of Reserve Projects was introduced during the second call, whereas organizations first on the list are offered remaining funds in the funded area, if they agree to cut the budget correspondingly without significantly changing the essence of the project.

The Selection Committee has 5 members. It is constituted by three representatives of the Operator (two of HRMI and one of OSFL) and two external experts who may, but so far have not been changed. Members of Selection Committee include highly reputable and experienced experts, including a well-known investigative journalist, former head of the Transparency International Lithuanian Chapter, as well as Social Programme Manager from EU Fundamental Rights Agency, former head of the Ethnic Research Institute in Lithuania. Members of the Selection Committee are profoundly knowledgeable in priority areas addressed by the Programme, yet their role in selection process is primarily technical..

Effectiveness of selection procedures:

Due to the circumstance that in the first call the Operator did not differentiate projects to be funded by outcomes and later re-distributed the already scored projects into 8 sub-lists by expected outcomes, the Selection Committee changed position of some 6-7 projects, moving projects with lower scores up the list.

In the second call, the Selection Committee rejected one project proposed by evaluators, on the basis of high risk.

External Experts and the Operator believe that selection procedures can be made more effective. In the words of one of the Evaluators, evaluation as it is currently executed is done “in isolation”, when evaluators do not have a chance to consult one another and the Operator. Evaluators have mentioned that they lack contextual and strategic awareness of the overall Programme, and the Operator has complained that it has insignificant role in the selection process, while it carries all the responsibility of achieving the outcomes.

Selection results are determined through an isolated external evaluation process which is not productive in terms of building a coherent overall country programme. The role of the Operator is therefore diminished to that of a supervisor of individual projects, despite of its substantial thematic knowledge, knowledge of the sector and familiarity with the Programme’s overall goals and strategic set-up. The overall country programme loses opportunities to benefit from synergy of individual projects and become more coherent and effective.

Clarity and transparency of the selection process: The number of cases when a third expert was invited (over 30 % difference between the two evaluators) was 82 (28% of all applications) in the first call, and 62 (32% of all applications) in the second call. Big variance in evaluation scores supports the concern that external evaluators might have too big discretion, not balanced enough by objective criteria. While the quality of selected proposals does not raise any doubts, it was mentioned by NFP and other stakeholders that the Programme needs to exclude possibilities for arbitrary subjectivity in the selection process.

Small number of evaluators (6) and huge workload they have to manage (average number of applications per evaluator in the second call was 89 and in the first one – 122) alert that there is potential threat for subjectivity and poor quality project review – due to the time factor and limited pool of competencies.

3. Contracting and reporting systems

The Operator has developed sound contracting and reporting systems. Changes in budgets or activities are done in close interaction with project promoters. In a number of cases there are some budget cuts when applicants are asked to justify budgeted sums.

Following the procedure, 10% co-financing is an obligatory requirement for projects. In-kind contribution can make up to 5 percent of co-funding. Co-financing is not required as 10% of all activity costs; it can be for a specific activity/component of the project and it can come from other projects implemented by the organization, provided that the other Donor agrees to such usage of funds.

Stakeholder's opinion on co-financing varies is mostly negative. Many NGOs find it difficult to co-finance and claim that the requirement limits scope of their projects and, sometimes, ability to apply. A suggestion was voiced to eliminate co-funding requirement. Instead, additional points could be given in the selection process to projects which offer co-financing.

Donor community and NFP argue that co-financing is necessary to demonstrate Project Promoter's commitment and ownership to a proposed project and its results.

Overhead/administrative cost of projects: There are categories of Direct Costs and Indirect Costs (up to 20% of the total budget, but less than LT 50 000 – approx. EUR 14 500). Both Direct and Indirect Costs should be proven to relate to project implementation, should be reasonable and detailed in the budget. No supporting documents are required for Indirect Costs, saving time and effort when reporting small and logical expenses.

Flexibility and discretion in using overhead funds is highly desirable by grantees, however is not provided for. "Free" finances, even if very small, can become a key resource, providing for sustaining the organization.

Reporting: Reports are required each 6 months. Small and big projects follow the same reporting requirements. As big projects last longer, they submit more reports.

Payments of project funds are done as per budgetary needs for a respective project period. There is an advance of 40 percent for big projects and 75% for small projects. If a small project is considered risky, it can be offered a different payment plan, with smaller advance. Other two instalments for big projects are 25% each and 10% (15% for small projects) are transferred after final reports are approved. If an organization spends over 80 percent of their received funds before reports are due, it can submit financial report and request new instalment earlier than scheduled.

Projects can be modified during implementation (activities and budget) in order to respond to changes in environment, etc., but planned outcomes should be sustained. Budget adjustments are allowed up to 10% between categories without changing the project agreement, but in justified cases the percentage of budget changes might be bigger, which also causes the amendment of project agreements.

Project Promoters find reporting requirements reasonable and friendlier than those by other donors, although it was mentioned that requirements are actually bigger than initially presented. They would also welcome greater budget flexibility related to the specific activities such as advocacy, where circumstances change too fast making planning imprecise.

Some remarks on reporting made by grantees:

- More detailed guidelines would be helpful. Only a few documents are available to support grantees in reporting. For example, no guidelines come with report forms – it is not clear what supporting documents are required, if any.
- Some of the requirements are deemed pointless (e.g. Quarterly Plan of Activities)
- Project Agreements can be subject to interpretation. For example, a provision allowing budget adjustments between categories was later interpreted as allowing adjustments between budget lines within the same category.

- Information coming from the Operator is sometimes ambiguous; too much space is left for interpretation.
- Response regarding technical questions of budgeting take too long, as a result mistakes occur and need to be corrected.

4. Learning systems

Monitoring and Evaluation: Database previously used by Open Society Fund Lithuania has been taken as a background of the current Operator's database. The database appears to be sufficient for the purposes of monitoring.

The Operator closely observes and monitors projects. Activities and achievements are frequently reviewed and discussed with Project Promoters; organisations are regularly visited in their premises. All project monitoring visits cover the full aspects of project performance: activities, achievements, financial accounting, risk management, problems and other relevant issues.

Project Promoters emphasize *friendly and encouraging attitude of the Operator*. 55 % of survey respondents deem the support of the Operator (incl. monitoring visits, conference calls, meetings and other communication) very helpful, and 41 percent – helpful in project implementation.

Linkage with the FMO Doris database: There were many complaints about Doris, regarding both methodological and technical aspects. Technicalities constantly improve, however the main question whether the data-base originally developed for other EEA programmes is adequate for good quality information gathering and analysis in the NGO Programme.

Currently, the Operator does not appear to benefit from the Doris but it has an obligation to feed-in the data, taking time and resources for something which does not produce sound informational & analytical result.

V. Effectiveness of the programme

1. Results: What was funded?

353 project proposals (144 big and 209 small projects) were received during the First Call. 32 projects were selected and 31 supported (about 9 percent of submitted projects). One project was not granted support as a case of corruption was disclosed.

The second call received 245 (97 big, 148 small project) proposals. Final results have not been announced at the time of writing, but there were 15 projects approved and 12 on reserve, likely making a portfolio of about 23 projects.

Grants in size from EUR 20,000 to 50,000, and from 100,000 to 150,000 formed the biggest part of the portfolio (approx. 45% and 41% respectively), the rest 14% being from EUR 50,000 to 100,000.

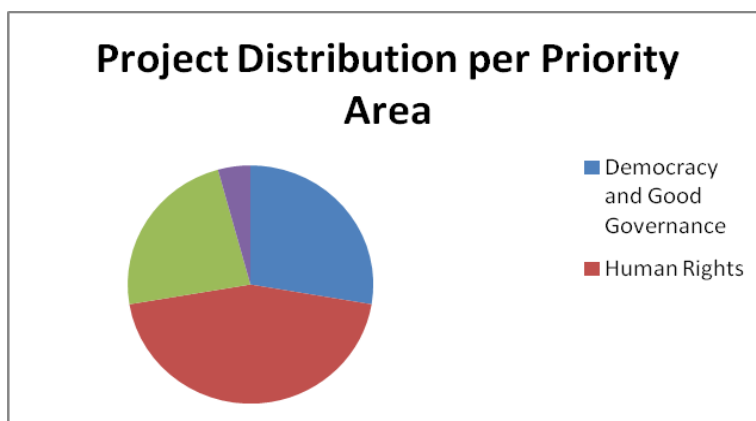
Map of funded projects

In terms of geographic distribution, the Programme is exceedingly capital based. No grass roots organizations have been funded and all grantees of the first call are based in the Vilnius, with three exceptions whereas the headquarters are in Kaunas, the second largest city of the country. Although many projects have activities outreaching to the regions (e.g. conduct trainings for regional NGOs), only four projects involve partners on the regional level, and only small number of projects have activities targeting local/community level including rural areas.

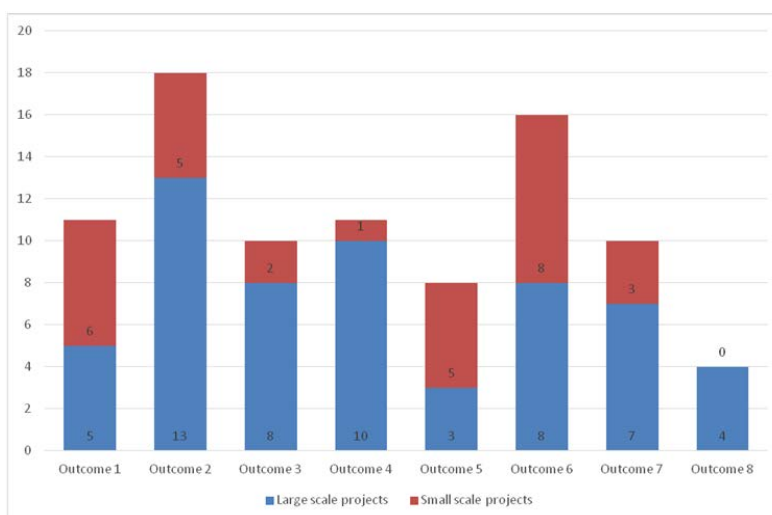
The data of the second call was not complete at the time of writing but preliminary results indicate that the situation will be similar.

Human rights content prevail in thematic distribution. In terms of priority areas, environmental initiatives have low representation.

Distribution per priority area:



Distribution per outcomes:



(List of outcomes: 1- Active citizenship fostered; 2 - Increased involvement of NGOs in policy and decision-making processes with local, regional and national governments; 3 - Democratic values, including human rights, promoted; 4 - Advocacy and watchdog role developed; 5 - Developed networks and coalitions of NGOs working in partnership; 6 - Strengthened capacity of NGOs and an enabling environment for the sector promoted; 7- Provision of welfare and basic services to defined target groups increased; 8 - Empowerment of vulnerable groups)

Distribution per horizontal concerns:

Hate speech hate crime and extremism	9
Racism and xenophobia	9
Homophobia	6
Anti-Semitism	2
Roma discrimination	4
Sexual harassment	4
Violence against women and domestic violence	8
Human trafficking	4
Tolerance	23
Multicultural understanding	11

There are also 7 bilateral initiatives that were supported under the Bilateral relations.

2. Emerging or potential effects towards the different clusters of outcomes

As first-call funded projects are only half-way, Programme effects towards the outcomes cannot be evaluated, they can be just forecasted. From the current perspective, the emerging and potential effects that can be generally estimated are:

2.1. Sector Strategic Capacity Outcomes:

- *Networks and coalitions of NGOs working together will be strengthened:*

Over 50% of all project promoters work in partnership with other Lithuanian NGOs while implementing their projects and 9 respondents of the on-line survey pointed out that their projects will contribute towards building and strengthening networks, making roughly one third of all financed projects.

- *Strengthened advocacy and watchdog role of NGOs leading to improved policies and practices:*

Impact in this area is likely to be achieved through projects, escorting professional human rights organizations to the EU level. It is predicted, that organizations knowledgeable in the EU level advocacy and familiar with international practices will have strong impact nationally.

The project “Global Rights, Local Actions: Women’s Voice for Progress” lead by GAP Center for Equality Advancement is a good example illustrating both above listed categories of outcomes. The Project has built a network of 15 NGOs of the Baltic Sea Region and has promoted common agenda in alternative CEDAW reports to the UN Committee on Elimination of discrimination against women.

- *Increased involvement and participation of citizens.*

Although only 4 grantees have mentioned that their projects will contribute to this outcome in Grantees’ Survey, it is likely that the Programme will produce some effect in the area by increasing visibility of the human rights organizations, which could help attract more public supporters. The Operator has noted that in fact 19 project promoters perform activities targeted at fostering active citizenship, higher involvement of citizens in the activities of NGOs, various awareness raising, advocacy, volunteering and other initiatives. Visibility and attractiveness of human rights content might also contribute towards increased volunteerism and solidarity on the issue. Likelihood of achieving this aim was mentioned by 11 respondents of the Grantees Survey.

Maybe projects selected during the second call of proposals will be focused on some of these issues, however lesser or no impact is predicted (based on interviews and survey responses) in the areas of the enabling environment of work of the NGO sector, sustainable development of NGOs, including sustainability plans and diversification of support, established of new mechanisms for dialogue between civil society and authorities, and increased involvement of NGOs in policy and decision-making processes.

As regards impact in the latter area, the Operator is optimistic, as grantees have lately been very active in preventing the new law on banning abortions, in the development of the new Law on the Rights of the Child, Strategy of Transition from Residential to Community- and Family-Based Care, shadow reporting to CERD and CEDAW, and lobbying for submission of transgender case (won in ECHR in 2007) for the enhanced monitoring procedure in the Committee of Ministers CoE, etc.

2.2. Societal changes’ outcomes (democratic values and human rights, increased contribution of NGOs to sustainable development locally, regionally or nationally; provision of welfare and basic services to defined target groups; empowerment of vulnerable groups; gender equality and women rights).

Roughly 55% of on-line respondents have noted that their projects will contribute towards promoting democratic values, including human rights.

One of the merits of the NGO Programme is that it has broadened the realm of rights eligible for support, covering some “inconvenient” rights, and those Lithuania’s society are not aware of.

A project “Awareness of Religious Diversity and its Dissemination in Lithuania”, implemented by the New Religions Research and Information Centre in cooperation of Lithuanian Journalists’ Union, illustrates this point.

Empowerment of vulnerable groups is another area of focus where at least 8 projects are active. This is a significant portfolio, including initiatives promising significant macro-level outcomes. A project defending rights of trafficking victims has identified gaps in legislation and has reached the Supreme Court.

The Programme puts a lot of effort into educating society about human rights, which heightens the likelihood of democratic values getting established in the society, especially as it is done in a visually attractive way.

A very interesting initiative is the “Ethnic Kitchen” by the US Alumni Association campaigns against xenophobia, racism, sexism, and ageism in Lithuania, and promotes intercultural dialog and mutual understanding among migrants and local population of Lithuania. “Ethnic Kitchen” is a documentary feature about five women who moved to Lithuania from different countries, at different times, and for different reasons, followed by grass-roots dissemination events all over the country.

2.3. Policy Influence Related Outcomes:

The Programme has focused investment on advocacy initiatives. It will contribute to growth of capacity of watchdog organizations and a number of projects will apply watchdog activities (ideally acting through international to the national level). Fewer projects will apply dialogue and partnership vis-à-vis government. The project “Sustainable transition from institutional care to family and community based alternatives” is a good example of a partnership relationship whereas NGO SOS Vaikų kaimas is in the role of expert and consultant to the local government.

Project Promoters are not overly optimistic with respect to influencing public policy-making and decision-making of the government. Four survey respondents claim that their projects will establish new mechanisms for dialogue between civil society and authorities, none plan to establish new mechanisms for consultation of government policies with civil society, and three see cross-sectoral partnerships between NGOs and government developed and strengthened as a result of their project. As projects have not initially aimed to influence government’s decision making, their planned impact will not be affected. However, strengthening the government-civil society link will not be sufficiently addressed by the projects of the first call of proposals.

Having acknowledged in the on-line survey that their own advocacy capacity has been significantly strengthened by the Programme, Project Promoters are less optimistic about the effect of advocacy trainings aimed at civil society, carried out within their projects.

However, one of the supported projects should be mentioned as to be timely and with good potential to boost citizens’ participation. Website www.manoteises.lt (myrights.lt) funded by the NGO Programme links human rights to Lithuanian society by providing a previously non-existent platform to present and discuss various human rights, as well as unite people aware and supportive of human rights and display their solidarity. Growing number of visits to the website as well as growing number of “likes” and signatures under petitions circulated with the help of the website shows that the project is relevant and has a potential to become a catalyst of human rights movement.

3. Emerging or potential effects from the measures in the strategy targeting systemic changes of the NGO sector

Three Pre-defined projects are underway which target systemic changes of the NGO sector. PDPs draw attention to important areas - advocacy and fundraising capacity of NGOs and analysis of the NGO sector in Lithuania. It is too early to estimate their impact on systemic changes of the NGO sector.

The first two projects rely mostly on training. While training is a valid approach in building capacity of grantees, it might be of minor impact if not accompanied by other instruments (such as lobbying the government, representing the sector in legislative process, increasing public support to and participation in voluntary activities when addressing systemic change. Systemic change occurs when a

critical mass of organizations is reached, while only a small number of NGOs will get a chance to directly participate in the trainings. Some dissemination of outcomes is foreseen, however there are no resources allocated to ensure that the results actually reach out to broader NGO community. To achieve better results, active promotion campaign of the developed instruments might be helpful.

The third project focuses on analysis of the NGO sector in Lithuania. The proposed analysis, unless it becomes a tool for regular assessment of the sector, risks becoming just a momentum snap-shot of a dynamic situation. Given that it aims to “*capture the independent and most active NGOs working with human rights and social development issues in the country...*” it can soon lose accuracy, and can be disputed as biased. In the evaluator’s opinion, maintaining the database may become a burden on the FO as its resources are very limited. However the FO is ready to commit, as in its opinion such a database is a useful tool to monitor Lithuanian NGOs, and in some countries Operators own similar databases.

It is a question of strategic choice – to develop an own data base parallel with existing ones, or to work for synergies with other existing efforts in this direction. An option to consider is that the Operator minimizes its role in the development of the database and gradually transfers its ownership. In order to ensure regular input and continuity of the effort, it might help to entrust implementation of the PDP to an organization which sees the database as inherent in its mission with accompanying support to develop needed capacities for that. Potentially, the Operator might consider joint effort with the Civil Society Institute and the NGO information and Support Centre, which are a natural point of reference for those seeking information on the sector. The Operator is aware that the NGO Information and Support Centre has already created its own database, funded by the Lithuanian-Swiss Cooperation Programme and Lithuanian Ministry of Interior, but it finds that the procedure of selection of NGOs is unclear.

Further monitoring and analyses of the pre-defined projects can provide more learning on approaching systemic change at sector level, and look for a combination of diversified approaches for this ambitious task, which also requires more allocation of resources.

4. Emerging lessons

4.1. Key success factors for achievement of planned outcomes:

The key success factors of the Programme are its focussed systematic nature, as well as the uniqueness in the Operators’ knowledge and its commitment to the key priority areas of the Programme. The Operator does not merely see itself as a Programme administrator, but as a change agent and goes beyond the prescribed scope of work. This approach is conducive to the programme’s impact.

The Operator works with a lot of empathy to the Project Promoters. Its insider’s knowledge of practical aspects and the challenges of running an NGO in the country provides opportunities to reassess administrative requirements and suggest ways to cut on excessive bureaucracy. Coming from the third sector, the Operator is responsive to grantees, which helps to empower Project Promoters and contributes towards better impact of the Programme.

A very strong moment and a factor for the visibility and outreach of the programme is the strategic communication capacity of the Operator. There is consistent attention on this aspect both at the level of the Operator, and at the level of supported projects. It is beyond mere visibility of a grant-making programme. It is part of the mission oriented communication on causes and key democratic values and rights.

Capacity building of grantees (trainings, consulting, networking possibilities) as well as considerate coordination of the country programme rather than supervision of individual projects are two more key elements for a successful programme.

4.2. Main bottlenecks and challenges in the implementation of the programme

- Limited time to achieve results, some initiatives might require longer support than the Programme’s time frame allows
- Isolated nature of the programme with respect to the Government and other Donors is not inductive of synergies and efficient use of resources. Project results can be threatened if the

government is unaware of, not supportive and not willing to incorporate achievements of projects funded by the NGO Programme into its policies.

- Stakeholders' division into two distinct groups – those applauding the Programme's set-up and those protesting against limited approaches of the Programme towards strengthening the NGO sector lessens networking and cooperation possibilities as well as dissemination of Programme's results.
- Inadequately small management resources available to the Operator and financial issues (such as finding resources to put up-front into the programme implementation) might affect the Programme.

5. Effectiveness of addressing the horizontal concerns

Horizontal concerns were noticeably addressed in the Calls for Proposals. They were listed in the guidelines, expounded during informational seminars, present in training materials put on-line. In the project proposal form, each applicant was asked to describe how the proposed initiative addresses horizontal concerns.

In fact, the Programme's approach to horizontal concerns has been twofold – horizontal concerns as a principle that underlies all priority areas as well as projects specifically targeting one or more horizontal concerns. This approach makes attention to horizontal priorities consistent and ensures that they are actually addressed.

Nevertheless, the selection criteria do not specify horizontal concerns as a separate issue. Horizontal concerns fall under the general category of Relevance of the Project Concept therefore it is not clear what is the actual weight of adherence to horizontal concerns in the project evaluation.

An example of a very successful and innovative project addressing horizontal concerns is "I Love Panda", implemented by the National Institute for Social Integration (NISI). The project is exceptional in its visual content and synergies with the Council of Europe's No Hate Speech campaign. A huge panda-bear rides a tricycle in Vilnius streets, makes chocolate, hugs people and invites everyone to share their messages of joy. "She is a little bit black, a little bit white and a little bit Asian. But why talk through colour, when you can talk through LOVE?" asks NISI, who acts as a national coordinator of the campaign supported by an NGO programme funded project.

Projects with wide public outreach and visibility have a lot of potential – make a difference in gradual shift of public attitudes towards more tolerance and understanding diversity.

6. Use of capacity building

The *capacity development* budget disposable to the Operator is approx. EUR 168,000. This is a tiny budget to cover variety of activities and involvements throughout the Programme period - constant consultations provided by 8 staff members, informational seminars for applicants and trainings for Project Promoters.

Approaches to capacity development of grantees translate into the following measures:

- Capacity development elements are encouraged by the Operator within the framework of a project, and they are not limited by percentage of its budget.
- The programme is unrestrictive to hiring staff. Administrative personnel, fundraising and public relations specialists, other staff can be hired if their need for implementation of the project is justified.
- The Programme provides funding for development of strategic plans, PR plans, fundraising strategies and audit.
- The Operator has organized training (PR and project management).
- The Operator provides consultations on project development after project concepts are approved and on management of project funds and PR during project implementation.
- Organizations are currently in the process of applying the Capacity Building Matrix.

All Project Promoters have included capacity building elements in their projects. Opportunity to hire staff was willingly taken by NGOs and several organizations developed strategic plans funded by the Programme, PR and fundraising plans. All Project Promoters participated in trainings organized by the Operator.

Although limited by its own competences and expertise in the area as well as sparse financial resources, the Operator is actively engaged in capacity building, and sincerely strives to support Project Promoters in developing their organizational capacity. Grantees have been appreciative of the Operator's efforts and evaluate them as successful: 16 out of 22 respondents of online survey noted that the capacity of their organizations was strengthened by participation in the NGO Programme.

The Operator has been especially committed to boost advocacy and public relations skills of grantees as critical for making a difference towards the outcomes of the programme.

Public relations element in the programme has been strongly pursued and the results are visibly manifest throughout funded projects. 13 out of 22 online survey respondents (over 59%) have mentioned that communication strategy and advocacy training has been most valuable capacity building support provided to their organizations, and many have praised the PR training as very useful.

Possibility to fund staff is considered by grantees a big advantage of the Programme. Support to human resources is direct and valuable investment in organizational development

In the Operator's opinion, project development after the concepts are approved and management of project funds are areas requiring most support from the Operator. Grantees do not always seek support of the Operator in funds management however they usually find consultations and advice very beneficial. The Operator would like to have more resources to be able to provide this type of consulting to Project Promoters.

As regards the Capacity Building Matrix, the Operator believes it might prove to be a useful capacity development tool, albeit is rather voluminous, requires considerable effort and some parts may not be clear to grantees. The Matrix has been adapted for use in Lithuania and is in the process of being applied.

Financial sustainability and innovation, such as cutting-edge resource mobilisation and public outreach techniques, application of modern technologies are areas where capacity development would be very important however the Operator so far is not capable to address them due to limitation of resources and tight time frame,

VI. Bilateral relations and Complementary action

Bilateral relations components of the Programme (Bilateral Relations Fund of EUR 134,000 and partnerships within the core programme) are aimed at increased cooperation, shared results, improved knowledge and mutual understanding between Lithuania, Norway, Iceland and Lichtenstein. In order to promote bilateral relations, the operator has organized two seminars helping organizations establish and strengthen bilateral partnerships. At least one organization found a partner during a seminar, although most projects involving bilateral partnerships continued earlier established cooperation. According to the Operator, a number of partnerships were formed after the matchmaking seminars, and in general Lithuania with 11 bilateral partnership projects plus additional 9 bilateral initiatives is in the top three Programmes in the Bi-lateral relations context.

Seven Bilateral initiatives in the approximate value of 20 000 EUR have been funded under the Bilateral Relations Fund. Project distribution according to key areas of support is: Democracy Good Governance -1 project, Human Rights - 3 projects, and Vulnerable Groups - 6 projects.

Eleven projects with participation of Norwegian (8 projects) and Icelandic (3 projects) partners have been funded within the core programme.

Bilateral Partnerships were not required and they did not add points when evaluating project proposals. It has been clearly communicated by the Operator that partnerships are advisable only if they are essential to the project. In such circumstance the ratio of projects involving bilateral partnerships (over one third of all funded projects) attests that Lithuanian organizations see value in

bilateral partnerships. Operator and project promoters unilaterally agree that cooperation with Icelandic and Norwegian partners has been fruitful and eye-opening. Experience exchange gave insights and ideas for enhancement of Lithuanian partners' programmes and operations.

Issues related to bilateral partnerships pointed out by Project Promoters:

- Norwegian and Icelandic NGOs are swamped by partnership requests. It is hard to draw them into partnerships, especially if no previous relationship has existed.
- Work culture differs, occasionally creating tension within partnerships. While Lithuanian partners are ready to do extra unpaid work as necessary, Norwegian partners would not step out of the pre-defined agenda and would not put any additional effort to achieve project's aims. Project promoters complain of long time it takes partners to make decisions, and overall inactivity of bilateral partners. Application process allows for up to two months between approval of a concept and submitting full project proposal, time too short for bilateral partners to act accordingly in response. Some intended applications for Bilateral Relations Fund have not been submitted because partners did not respond on time.
- Partners do not follow the same accounting procedures; those of Lithuania are more bureaucratic. There have been cases when partners from donors countries do not agree to submit documents required by Lithuanian accounting regulations.
- Fees and other costs of bilateral partners are considerably higher and cause resentment by Lithuanian colleagues especially when donor partners lack commitment. Projects estimate that approximately one fourth of project funds go to bilateral partners. This is a considerable amount which could alternatively cover entire project activities which will directly benefit civil society in the country.
- Bilateral partnerships are impossible in small projects, due to high costs of bilateral partners.

Under **complementary action** the Operator has organized two workshops – on hate crimes and on the rights of the child, with a focus on children in closed institutions.

The thematic meeting on hate crime was organised as a follow-up to the Fundamental Rights Conference „Combating hate crime in the EU” which took place in Vilnius on 12-13 November. Over 300 decision-makers and practitioners from across the EU gathered in a core event of Lithuanian Presidency to explore effective strategies to combat hate crime through legal and policy measures at both national and EU levels. High visibility ensured for the EEA Grants in the FRA Conference, the Study, and the Thematic meeting for the Operators was an example of synergy between all the relevant stakeholders of the Grants – the Donors, the FMO, the Fundamental Rights Agency, the Council of Europe, the Operators, and the key NGOs working in the hate crimes/hate speech area.

The thematic meeting on the rights of the child was closely related to the on-going process of programming EU structural funds for the Transition from Institutional to Community- and Family-based Care, and again multiple stakeholders were involved, incl. European Commission, Fundamental Rights Agency, Operators, FMO, NGOs and national Government, such as President's Advisers. The meeting was beneficial for Lithuanian NGOs as it contributed to negotiations with the Government (key NGOs were included into Monitoring Group).

A seminar on anti-Semitism is underway, to be held next spring. Additionally it is planned to exchange internship with some other FOs next year.

Allocation of funds for complementary action has allowed the Operator to take part in many trainings, workshops and meetings, considered very beneficial by the FO. The Operator has noted that the use of the complementary funds for activities beyond meetings is very cautious, and greater flexibility to go beyond this type of action would contribute towards more efficient usage of funds. For example, the FO had a meeting on hate crimes in Lithuania, and a year later it would like to translate the guide published by CoE on fighting hate speech.

An additional agreement, particular to Lithuania's Operator, was made last year - the Donors allowed to use a part of the funds for the Operator's direct human rights work. The allocation builds is considered to be an important contribution towards building the Operator's capacity and sustaining its role as a key human rights NGO on national level.

VII. Visibility

As noted, the Operator has been consistent about strategic communication through a well-structured public relations' component in the Programme:

- There are several projects primarily aimed to disseminate human rights issues and causes
- a successful public relations training was carried out in grow capacities of organizations, and
- PR specialist (hired full-time), who is a professional journalist has been helping project promoters in develop PR strategies for their projects and organizations.

As seen from project examples above, grantees have been helped to formulate their message to the society in an appealing way. Another example is that of Gyvastis, an organization which promotes organ donation. The organization and the topic have been presented through a story of a man who due to a heart transplant can see his son grow. Good quality visual material illustrates the story and makes it touching⁵⁹. No wonder the story has been discovered and publicised by several national media channels.

The NGO Programme itself is present in the media. It has a circle of journalists it cultivates and partnership with some Project Promoters (Lithuanian Journalist Union) helps to be seen by media.

The NGO Programme produces a monthly newsletter which contains interviews with the showbiz, politics and academia VIPs and is always eagerly picked up by the popular news media portals.

The NGO Programme hosts a weekly radio broadcast on News Radio on human rights, where various issues related to human rights are discussed by journalists and experts recommended by the Programme. Every project promoter is also presented during the show, often together with the representatives of their target group (e.g. LGBTI, women, victims of GBV, victims of human trafficking, Roma, people with disabilities, migrants, people living below the line of poverty, etc.)

The NGO Programme in Lithuania is one of the best in developing case stories. A lot of them bring content to the EEA Grants website telling the story of meaningful efforts of making a difference through civic initiatives.

VIII. Making a difference: Impact, Sustainability and Added Value Prospects of the programmes

I. Levels of potential impacts:

The NGO Programme has a lot of potential for longer term change. Several levels of impact can be outlined:

At the level of the Operator, the NGO Programme has assisted in expanding new grant-making capacity in the country. It has modelled a new type of grant-maker evolving as a consortium - combining operational expertise at one of the core areas of the programme - human rights with financial and grant-making expertise. It has strengthened HRMI by raising its prestige and giving weight in its image with various institutions. The Operator has built partnerships with grantees, which help pursue the human rights agenda in society.

Participation in the NGO Programme has also benefited the Consortium partner - OSFL, by raising its understanding of and commitment to the thematic areas of the Programme, strengthening its profile as a grant manager and giving it a competitive advantage to seek to manage other donor's funds.

In terms of supported NGOs: The Programme has contributed to organizational/institutional development of the NGOs with supported projects, its vital contribution being in funding NGO

⁵⁹ see <http://nvoprograma.lt/news/272/162/Prikeltas-naujam-gyvenimui?filter=2014-04>

workforce, thus increasing their professionalism. With the help of the Programme, grantees were able to maintain existing programmes and expand their activities.

At the level of the NGO sector, the contributions of the Programme to its development have been still limited to those directly participating in the programme (grantees, trainees), who constitute a small segment of the overall NGO sector.

In terms of impact on broader society, the main achievement of the Programme is putting human rights on the public agenda, and making human rights content more attractive, thus potentially creating more supportive environment for civic human rights actions. The Operator also emphasizes the Programme's growing potential in forming a clear and positive image of NGOs/CSOs, enabling the society to see them as valuable contributors to the improvement of societal well-being. A shift of perception of NGOs by the public sector, the media and public at large is seen as a cross-cutting goal of the Programme and a pre-requisite of creating an enabling environment for the sector. However, continuation of efforts is critical in order to establish a positive image of NGOs in Lithuania.

Cooperation with Belarus, identified by the Programme to be one of the fields of possible support within its priority areas, has not been addressed by projects of the first call of proposals. The Operator undertook targeted activities before the second call for proposals which resulted in several applications, with one chosen.

2. The added value of the EEA grants support to civil society:

Level of coordination with donors and stakeholders:

Financial assistance funds provided by the EU, international financial institutions and foreign donors (including EEA and Norway Financial Mechanism) are strategically guided by the Government's ministries and managed by the designated agencies. Programmes unless they specifically target some institution or profession (like judiciary) are open to NGOs, however no statistics is available how many NGOs have received grants from these Programmes. In our knowledge, NGOs have actively applied to the programmes providing in the fields of culture and youth.

Being independently contracted by the FMO and managed by an NGO, the EEA NGO Programme stands out from other donors and aid arrangements. It is not directly accountable to the government and neither of the two parties have strong incentives to coordinate with one another.

Although there is no coherent Government's strategy for civil society in Lithuania, the Ministry of Social Security and Labour is responsible for development of the strategy, which makes it a key stakeholder of the NGO Programme. However, the limited collaboration between the Ministry and the NGO Programme is noticed and commented by the Programme's stakeholders who give various insights into the reasons of the tense relationship. Overall, the Ministry is not spared criticism and the Operator was mentioned to favour a watchdog over collaborative approach, which might not be fruitful in putting human rights issues on the government's agenda.

It should be noted that lately the Operator has intensified its cooperation with separate departments of the Ministry through participation in working groups on drafting laws and strategies. HRMI has undertaken a role of mediator when preparing the new Law on Domestic Violence, it has been invited to working groups drafting the Strategy on Domestic Violence Victims Aid Centres, Strategy on Prevention of Violence 2013-2020, Law on the Rights of the Child and Law on the Reproductive Health. Nevertheless the Ministry is still reluctant to take into account the propositions of NGOs and more time and effort is needed for these initiatives to grow into effective cooperation.

Various reasons, including small management resources, tight timeframe to start the programme and develop all needed procedures have reduced the capacity of the Operator to be proactive in sharing information with other donors, while such opportunities exist. The Nordic Council of Ministers Office in Lithuania (based in the same building with the Operator) would welcome cooperation in co-funding projects, organizing joint informational events, and building synergies between the EEA Norway NGO Programme and the Nordic- Baltic Public Sector Cooperation Programme funded by the NCM.

3. Level of coordination with other EEA Grants Programs that have NGOs as potential beneficiaries.

There is no focus on civil society in other EEA Grants Programmes and no data is available on how the sector benefits from these Programmes. Lists of beneficiaries of the EEA Grants Programmes need to be studied to assess how many NGOs have received funding. Based on this information, feasibility of making civil society a horizontal priority in the overall setup of the EEA Grants could be assessed.

As witnessed by the Operator and Central Project Management Agency managing other EEA programmes, no coordination is present nor there have been information sharing attempts.

The Operator has sought cooperation with “EEA grants Programme Children and Youth at Risk”, however the Ministry of Social Security and Labour was not responsive.

The Operator has good relationship with Operators of the NGO programmes from other countries, especially within the region. Having less grant-making experience than other Operators, Lithuanian Operator frequently has addressed them for advice. Colleagues help was especially necessary in the initial stage of the Programme, when communication with FMO halted.

No regional or cross-border initiatives have been accounted for, including cooperation with Belarus, identified as potential support area by the Programme. This is an untapped resource which could be used to strengthen the Programme in many ways, such as sharing information and resources, accessing cutting-edge knowledge, learning from one another and developing joint action.

4. Sustainability Prospects

The Programme will have strengthened the human rights agenda in the country, but this is a long-term process. It is unlikely that big transformations will result in terms of citizen involvement and government’s policies, but the Programme will have contributed towards building awareness of human rights and vulnerable groups and will prospectively improve the image of NGOs in the society

As per supported organizations, participation in the Programme will have stabilized their situation and helped to develop their capacities. None of grantees though is likely to become sustainable after their participation in the NGO Programme finishes.

Projects funded by the Programme are in the implementation phase. Longer support is necessary alongside with focused efforts to open up new, local avenues of funding.

IX. Main conclusions and recommendations

1. Key Conclusions

The NGO Programme in Lithuania is of high strategic relevance. Its focus on strengthening civil society, thematic priorities and horizontal concerns reflect most pressing public issues. Representing sparse funding opportunities for a starved sector, the Programme is well known among NGOs and its funds are competed for by many more organizations than it can possibly support.

In such circumstance, clearly defined priorities and focus help to allocate sparse funds in a targeted way so that desired impact can be achieved. The Programme has:

- provided for strengthening of leading human rights organizations, to work in the long-term, in the areas where civil society’s participation was insufficiently present;
- invested in expanding the watchdog power of civil society - important to keep politicians accountable;
- demonstrated an innovative out-of-the-box approach to human rights - making them visible in the public space and getting the message out to broader audiences.

However translating the threefold objective of the NGO Programme in Lithuania into concrete measures, equally forcefully addressing the aims of strengthening civil society, making impact in thematic areas and strengthening bilateral relations, is a serious challenge.

Expertise and commitment of the Operator has made the NGO Programme an exemplary aid programme in terms of focus on thematic priorities. Funds are distributed in a balanced way among projects addressing the main three priority thematic areas and horizontal concerns; the Operator has been genuinely involved in capacity building of Project Promoters, who feel empowered. Public relations element of the programme is especially strong. Projects and human rights content are promoted in a professional and attractive manner. Nevertheless, some improvements could be introduced to make the Programme more influential and thematically coherent.

The Programme has been focussed on empowerment of professional NGOs. However those have limited local outreach.

Recruitment of an NGO as an Operator of funds has been unprecedented in Lithuania and is perceived by the civil society as an evidence of the donors' sincere engagement with the content of the Programme. It has also proven a valid approach in strengthening the thematic component of the Programme and in terms of grantees' satisfaction.

Direct contracting by FMO gives the Operator independence and lessens bureaucratic burden on both the Operator and Project Promoters. However, coordination and information sharing with the Government is very important and is insufficient.

Stability of an Operator is conducive to the Programme. The Current Operator has proved its capacity to manage the Programme as well as to learn and constantly improve. As initial tumult has calmed down, operational systems and procedures have been attuned, and more experience and know-how has been gained, the Operator enters a productive stage.

Deep knowledge of the Programme's priority areas and commitment to achieve change in key areas is a valid approach in selecting the Operator. In the case of Lithuania, a Consortium is necessary as no actors in the field are likely to combine thematic knowledge with grant-making proficiency.

2. Recommendations for the current Programme:

As the programme is mid-way and both calls for proposals already took place, not much can be changed in the current Programme.

However, the Programme could put more effort into establishing collaborative relationship with the Government, especially Ministry of Social Security and Labour, and start coordinating, sharing information and seeking synergies with other Donors.

It would be useful, if the Programme pooled together various informational resources, developed in the framework of supported projects (e.g. strategic plans, marketing plans, IT solutions, etc.) and made them available for sharing. This requires targeted efforts as organizations still see each other as competitors and sharing of plans and resources is limited. Some intellectual tools can be easily adapted to benefit broader circle of organizations, without repeatedly paying commercial providers.

The Programme could encourage sharing of resources by Project Promoters, and other NGOs, like office space, transport, organizing trainings and events together, etc. There are good international examples and online tools helping to facilitate sharing, which could be introduced to Lithuanian NGO community.

3. Recommendations for the next financial period

Addressing strengthening of the civil society will require more balanced approach to the focus of the human rights with the broader democracy aspect of the programme. The strategic directions in this area need to accommodate strengthening capacity of leading watchdog and human rights activities with empowering a broader circle of NGOs, reach out to wider audiences of citizens; more strategic facilitation of sharing and cooperation between NGOs; advocacy and lobby the Government for the benefit of the sector; and special focus on sustainability.

Some of the various ways for the Programme to address these strategic directions coming out of suggestions and analyses in this evaluation include:

3.1 Expand reach-out to the local level:

- Allocate certain percentage of funds (similar to a current 10% provision for youth organizations) to fund projects within the Programme's priority areas, by local community based organizations.
- Develop a pre-defined project targeting local organizations, including small seed funds and accompanying capacity building. To enable wider access, support to local organizations can come in smaller grants - EUR 5,000-10,000. As it will be very time consuming for the Operator to oversee a great number of small funds, this can be entrusted to an intermediary organization.
- Consider broadening a Consortium of a Project Operator to include an organization knowledgeable of and having access to Lithuania's local communities
- Thematic agenda into the activities of local organizations rather than addressing regional audience through outreach activities of national NGOs makes a big difference. Local "ownership" helps to genuinely involve larger circles of citizen committed to democracy values and human rights

3.2 Expand the outreach to active citizens, not only existing structures of NGOs

- Establish a facility to fund civic actions. Organizations and individuals should be able to apply for action grants whenever a necessity arises. Action grants would support social movements, which is an important component of civil society not necessarily related to NGOs.
- Raise awareness and encourage application of modern technologies in reaching out to the population. Modern technologies offer accessible platforms for citizens' involvement, but they are not sufficiently exploited by Lithuania's population. There exists variety of international platforms, including ones which can support local petitions, and several local websites have been launched which would benefit from promotion. Smartphone Apps can be a resource enabling better involvement by younger population.

3.3 More proactive role of the Operator will be needed as convener of different organizations and groups around causes of importance for civil society

- Act as a networking agent – expand the good practice of organizing more networking and information sharing events, with participation of Project promoters, broader civil society and governments' representatives.

3.4 Develop civic infrastructure to better communicate with government

- Affirmative approach in dealing with the government is needed, but is not the only approach to put the desired topics on the Government's agenda. Develop a mechanism in the strategic framework of the Programme allowing for Operator's consulting/coordination with relevant Ministries and Agencies. Donors' help in setting up such a mechanism would be highly desirable.
- Develop a strategy for strengthening intermediary organizations so that they can represent the sector and advocate and lobby for the sector's needs. This can be done by means of a PDP.
- Focus on building the Government's commitment to support the sector, by prioritising projects advocating and lobbying for legal provisions opening up funding for NGOs.

3.5 Focus on sustainability

- Promote innovative and captive ways in fundraising and novel NGO financing mechanisms, such as such as crowd-funding, social enterprise and impact related funding schemes. This area is important enough to become a thematic priority in the next Programme's cycle. New trends in social, economic, technological development and cutting-edge practices should become part of discourse on opportunities to strengthen the sector and its role in the society.
- Consider encouraging NGO economic activities within funded projects. The revenue will ensure the sustainability of the NGOs to have own resources to bridge the gap between project

funding or develop new initiatives. This will allow organizations to continue their activities, including advocacy and not to be dependent on project funding only.

3.6 Thematic outline.

- Should thematic priorities be sustained in the next financial period, apply rights-based approach to development as a strategic overall framework for the Programme. This will allow making provisions for currently excluded vulnerable groups as well as for cultural, economic and social rights, on both individual and collective levels, within the human rights support area. It will be better linked with community level empowerment of vulnerable and discriminated groups. Applying a rights-based approach to development will make the Programme's outreach more consistent - a) strengthening the leading advocacy organizations and b) developing grass-root activists and organizations. This way it would play even better its role in educating Lithuanian society on human rights as universal, indivisible and interdependent.

3.7 Coordination & cooperation with other donors

- To achieve better impact, coordinate and cooperate with other donors. Coordinating with ES Social Fund priorities will allow identify groups that are not covered and coordination with donors providing support to Lithuania's NGOs, including other EEA programmes, will create possibilities of project synergies and co-funding and will help to avoid cross-funding of the same initiatives.

3.8 Capacity building of Grantees

- Professional organizations might benefit more from core institutional support than from project funding. A special provision allowing this type of funding will also ease the Operator's work, enabling to put more effort in supporting other grantees
- Eliminate the principle to strictly tie overhead to project expenses. An allowance to use small percentage of grant funds at the discretion of an organization would create opportunities for capacity building and innovation.

3.9 Processes and procedures

Although the quality of selected projects is not doubted, selection process requires attention.

- Selection criteria should be reconsidered to make selection devoid of possibilities for arbitrary subjectivity in the selection process. As much as project idea is important in the evaluation, maximum of 50 points out of highest possible 100 for a relevant project concept leaves disproportionately big space for subjectivity. It is suggested that relevant project concept (subjectively determined by an evaluator) gives up to 30 points.
- It is necessary to recruit more evaluators, allowing for broader fields of expertise and overall vision, as well as making experts' workload more reasonable. This would provide opportunities to involve authoritative experts who cannot commit to such a big workload. It is suggested that the number of external experts should be tripled at least.
- Operator involved in selection. A meeting of Selection Committee with participation of Evaluators would provide a venue to discuss how projects with highest scores fit within the overall National Programme and if there might be reasons to change projects' position on the lists. A boundary should be set below which projects are not considered for re-positioning. At this stage, authorisation should be granted to the Operator to contact applicants considered for support with suggestions to modify their proposals so that they better fit into the overall project portfolio of the Programme.

3.10. Operator of the Programme

- As the Programme is complex, it is necessary to further expand the competencies to enable better local community outreach. A number of possibilities can be considered: widening the consortium; hiring community development experts as part of the evaluators or the selection committee; a PDP or another facility could be considered to allow for external free-lance

short-term consulting, recruiting as necessary auditors, NGO strategists, volunteer recruitment, IT, social media, fundraising and other specialists. Short term specialists could also be contracted to help NGOs develop strategically important components of their projects, products and services.

- Re-granting is yet another facility which can be used in support of the Operator. A share of the funds designated for specific areas or audiences can be re-granted through local Intermediary Support Organizations or other competent NGOs.
- Empowering the Operator to strengthen its role as a coordinator and promoter of the overall National Programme, instead of being a mere supervisor of funded projects would benefit the Programme. Operator should be allowed to take part in the selection process, given some discretion in forming an overall portfolio of projects and flexibility in implementation of the national Programme.
- Fixed management percentage from overall budget keeps the resources of an operator of a small fund disproportionately low bearing in mind that it has to carry out the same functions as operators of bigger funds. Besides, NGOs acting as operators are more vulnerable with respect to various control and security policies of FMO. For example, withholding 15 per cent of funds is a big burden on an Operator who does not have its own resources to put upfront into implementation of the Programme. As financial hassles dealt by Operators can be disturbing to the Programme, FMO could consider reasonable relief strategies, such as for example, reducing funds on hold after achieving certain intermediate goals.

Citizens for Democracy in Poland

Magdalena Arczewska

in cooperation with Jakub Radzewicz and

Mariana Milosheva-Krushe

I. Context

1. The environment for civil society work in the country

The political system transformation in Poland which began in 1989 brought many far-reaching changes for the development of civil society and for many years now Poland has been among the group of 90 out of 195 independent states that respect their citizens' rights (Freedom in the World, 2013).

In the early 1990s, there was a very rapid rise of the number of non-governmental organisations (NGOs). Although this trend slowed down over the next two decades, currently, there are as many as 72,000 associations and 11,000 foundations registered in Poland. The major areas of their activity include sports (38% of organisations) culture and arts (17%), education and upbringing (14%) and welfare (6%) (Klon/Jawor Association, 2013). Only about 3% of organisations declare the implementation of activities that have an impact on public affairs and just 6% of them are watchdog organisations (Central Statistical Office, 2009).

Although the group of Polish organisations involved in promoting democracy, human rights, combating discrimination as well as hate speech, racism and xenophobia, homophobia, sexual harassment, violence against women and trafficking is relatively small, their activity and strength is of critical importance in the fight to maintain standards and respect human rights.

The accessibility of funding is definitely an important factor in the development of NGO activity in various areas. In Poland, funds come from the government-sponsored Civic Initiatives Fund and the Programme for Senior Citizens Social Activity, the EU-funded Human Capital Operational Programme (in particular Priority V, Measure 5.4), the Swiss-Polish Cooperation Programme, EEA grants, as well as other programmes funded by national and local governments as well as private institutions (Polish American Freedom Foundation, Stefan Batory Foundation, other private and corporate foundations).

It must be outlined that public funds are practically not used by watchdog organisations and are used with caution by advocacy organisations. At the same time public funds are the main and desirable source of revenue for the organisations providing services in the area of public tasks commissioned by public administration. Studies demonstrate that almost half (49%) of all Polish organisations finance their activities using local government funds. Moreover, the analysis of the revenues of the third sector in Poland shows that more than 50% of funds are public funds received from the local government (19%), the national government (18%), the EU (12%) and 12% are payments made by private individuals as part of 1% tax deduction (Klon/Jawor Association, 2013).

Dependent on public funds and without diversified sources of income, NGOs carry out activities in the areas favoured by government programmes and implemented by means of public policies. Rarely do they address such causes as combating discrimination, conducting watchdog activities or promoting human rights. What is more, the Trust for Civil Society in Central and Eastern Europe (CEE Trust), which was one of the few resources for long term sustainable development of civil society, ended its activity in 2012, a matter of consequence for many organisations (especially watchdog organisations). Grantees using the CEE Trust funds appreciated its flexible procedures and the ability to fund the activities for which financial support from other sources, public in particular, was difficult to obtain. Although the Polish internal market was not heavily hit by the financial crisis, the upcoming changes in the scope of programmes funding NGO activity, still awaited and uncertain, will affect the third sector. Under the Civic Initiatives Fund for 2014-2020 more support will be provided for smaller, young and local organisations. Priority will be given to the activities implemented on the local level

and those strengthening cooperation between public institutions and citizens. Watchdog activities and watchdog organisations will also receive more support under priority 3 Active citizens. Under this Fund there is also a separate priority for the development of the sector, which includes support for systemic solutions, capacity development of NGOs and analyses of Poland's civil society.

Moreover, the EU-funded Operational Programme Knowledge, Education and Development 2014-2020 will replace the Human Capital Operational Programme 2007-2013 in the new financial perspective in Poland. NGOs will be able to apply for funding in several priority areas related to the labour market, *e.g.* equality between men and women as regards access to professional development, career, work-life balance and wages, active inclusion, support of social entrepreneurship and professional integration in social enterprises, investment in institutional capacity and public administration efficiency at all levels, but the final shape of the Programme still remains unknown.

2. Main needs, challenges and opportunities related to the development of the NGO sector as a catalyst of civil society

The third sector in Poland is very diverse. As many as 87% of NGOs work directly with individual beneficiaries while 40% for the benefit of organisations (*e.g.* by strengthening umbrella organisations, developing the third sector infrastructure, *etc.*). Most organisations work exclusively on a regional or local scale (23% are active in the area of a province/region at most, 34% in the area of a commune or county and 7% limit their activity to the closest neighbourhood). About 10,000 associations and foundations are registered in Warsaw itself, which accounts for 12% of all NGOs in Poland. A total of 28% of all NGOs in Poland are active on a national scale and every 10th organisation is active on the international scene (Klon/Jawor Association, 2013).

Members and representatives of governance bodies work in almost all organisations (94%) on a regular basis, free of charge. Half of the NGOs in Poland have no assets, which applies even to office furniture. Only every 5th organisation (19%) has staff on permanent contracts. Just above a quarter of NGOs have assets worth up to PLN 10,000 (EUR 2,500) and for just 6% of them it exceeds the value of PLN 100,000 (EUR 25,000). The annual budget of an average organisation is PLN 18,000 (EUR 4,500) (Klon/Jawor Association, 2013).

The number of NGOs collaborating with other organizations from within the sector has been growing in Poland in the recent years. About 34% of NGOs belong to formal networks, coalitions, federations, both sectoral and regional. The Public Benefit Works Council, advising the government on the third sector matters on the local, regional and national level, plays an important role. Its members include the representatives of national and local government units as well as non-governmental organizations. The Council aims to facilitate cooperation between the public sector and the third sector.

NGOs have a growing legitimacy as a strategic partner of public administration in the implementation of many public tasks and studies demonstrate that this cooperation, which respects the principles of subsidiarity, partnership, openness and fair competition, has been improving year by year. Business is also an important partner of the third sector. In Poland, there are as many as over 100 foundations established by companies, a similar number to the one observed in the countries of Western Europe. The dominant sector establishing foundations is that of finance and insurance (36% of foundations), the next one being mass media and publishing. Primarily, these are charities which do not work for the development of civil society (Polish Donors Forum, 2012).

Unfortunately, only 19-20% of Poles think that organisations active in the third sector work in a fair way without any exception. According to half of them, abuse is common in this kind of activity. This view must be a consequence of media reports concerning the lack of transparency in some NGO activities or incidental embezzlement of funds. Nevertheless, as many as 56% of Poles consider NGOs more effective than national institutions in providing assistance and 36% think that NGOs solve major local problems (Klon/Jawor Association 2013).

The challenges faced by the third sector include, above all, the need to improve the financial situation of NGOs, in particular through the diversification of funding sources and ensuring the continuity of subsidy programmes. It is also necessary to introduce regulations related to, among others, increasing endowment capital, using the so-called abandoned bank deposits to support NGO activity and enabling all pensioners to take advantage of the 1% tax deduction mechanism. Other challenges include standardisation in the area of legal and civic consulting, activities aiming to increase philanthropy

among Poles and raise engagement in voluntary work as well as the implementation of social consultation mechanisms.

II. Strategic Relevance

1. The strategy of the NGO Programme in the Country

The Programme strategy was subject to broad consultations held by the Public Benefit Works Council at the request of the Ministry of Regional Development, the Royal Norwegian Embassy and the Financial Mechanism Office (FMO). The proposal developed by the Council in January 2012 was subsequently consulted with NGOs and the entire process lasted 3 months. The initial proposal of the Council position focused on, above all, the fund distribution method, the recommended areas and types of activities, the qualities required from and the selection method for the Operator. The position of the Council was subject to broad social consultations and stakeholder meetings.

The Stefan Batory Foundation was appointed to run the *Citizens for Democracy Programme* in partnership with the Polish Children and Youth Foundation. The aim of the programme is to support the development of civil society and enhance the contribution of NGOs to social justice, democracy and sustainable development. The planned outcomes of the Programme include:

- fostering active citizenship;
- promoting democratic values, including human rights;
- developing advocacy and the watchdog role;
- strengthening the capacity of NGOs and promoting an enabling environment for the sector; empowering vulnerable groups;
- extending bilateral cooperation.

What is more, the Programme attaches great importance to horizontal concerns, i.e. combating hate speech, hate crime and extremism, preventing racism and xenophobia, homophobia and anti-Semitism, sexual harassment, violence against women and women trafficking, the problem of Roma community and the promotion of tolerance and understanding between cultures.

The total amount of EUR 37 million was allocated for the Programme implemented in Poland, which makes it the largest programme for NGOs out of all the programmes implemented in 16 EU member states (<http://www.ngofund.org.pl/>).

Grants are available for the projects submitted in response to a call for proposals within three areas:

- *thematic* – grants for projects within thematic areas and for capacity building (grants for activities within the thematic areas described below),
- *systemic* – grants for projects within thematic areas and for capacity building (grants for activities aiming to prepare and implement systemic solutions strengthening and raising the quality of the NGO sector activity),
- *bilateral cooperation* – grants to establish and strengthen cooperation with entities from Iceland, Liechtenstein and Norway.

For thematic projects, grants are available for activities within the following thematic areas:

- *Civic participation* – engaging citizens and civic organisations in public life, policy shaping and decision making at the local, regional and national level;
- *Public scrutiny* – civic control over the functioning of public institutions and public trust organisations and increasing their transparency and compliance with the principles of good governance;
- *Combating discrimination* – promotion and protection of human rights, combating xenophobia, homophobia and racism, anti-Semitism and all forms of discrimination because

of race, ethnic background, religion, gender or sexual orientation. This area addresses horizontal concerns in their entirety;

- *Counteracting exclusion* – increasing the scope and forms of support for the groups exposed to the risk of social exclusion and including these groups in decision-making processes. Support for this area includes activities related to consulting and support for the groups exposed to exclusion, which addresses horizontal concerns as it is related to human trafficking and rape victims, women, older people or people with disabilities experiencing domestic violence.
- *Children and youth* – education of children and youth about human rights, shaping civic attitudes, sensitising children and youth to the issues of intolerance and discrimination and preventing their exclusion and marginalisation.

The amount allocated in support for thematic projects is EUR 29.3 million (EUR 9.4 million for the first edition, EUR 10.8 million for the second edition and EUR 9.1 million for the third edition).

The call for proposals of systemic projects was aimed at solving the sector's systemic problems. Grants were available for the development and implementation of systemic solutions aiming to strengthen and raise the quality of work of the entire NGO sector or its thematic „divisions”. Some examples of the issues include:

- the legal environment, the mission and standards of NGOs,
- information and communication among and between NGOs and between NGOs and public administration,
- sources of funding,
- sectoral problems (activities aimed at the identification and presentation of solutions for the problems/needs specific for thematic NGOs, e.g. organisations active in the area of welfare, education or culture, think tanks, watchdog or advocacy organisations, local urban organisations or organisations supporting civic organisations and initiatives-.

Initially, the amount earmarked for systemic projects was EUR 6.2 million. However, only 9 projects were funded in the total amount of EUR 3.5 million. The remaining amount of EUR 2.7 million was transferred to thematic projects.

As for bilateral cooperation, grants may be obtained to establish and strengthen cooperation with entities from Iceland, Lichtenstein and Norway. The amount allocated for subsidies is EUR 420,000 (EUR 180,000 for the preparation of bilateral projects and EUR 240,000 for establishing or strengthening cooperation).

As for capacity development, all NGOs applying for grants to implement thematic and systemic projects may use 20% of direct costs for the activities aimed at strengthening and further development of their organisations, the preparation of long-term activity and funding plans and raising the standards of work and organisation management. Capacity building should focus on solving one or two specific problems which make an important barrier to the organisation's development possibilities (<http://www.ngofund.org.pl/>).

2. Relevance of strategies

The strategy of the Programme in Poland was considered as relevant by all types of respondents participating in this evaluation. Within its thematic areas, the Programme supports activities that are currently not funded by other sources in Poland. These include, in particular, Combating discrimination and Public scrutiny. In the past, grants to support their implementation were available from the CEE Trust and the Democracy in Action Programme carried out by the Stefan Batory Foundation.

It needs to be emphasised that funding in the areas of Combating discrimination and Public scrutiny, which have not been supported in Poland on a large scale so far (with some exception of combating discrimination, which is listed among the horizontal priorities of the NGO Fund of the Swiss-Polish Cooperation Programme, is of strategic importance. Nevertheless, as a consequence of limited funding

in the past, few organizations promote these causes and the number of projects submitted is smaller than in such areas such as Children and youth or Counteracting exclusion.

Although other grant programmes (such as the Civic Initiatives Fund or the Equal Opportunities Fund) address the areas of Counteracting exclusion and Children and youth, the EEA Grants Citizens for Democracy Programme proposes an entirely novel approach to them. Unlike the majority of other programmes, which focus mostly on activities and services, the emphasis in this programme is on horizontal concerns (counteracting discrimination, hate speech and other negative trends).⁶⁰ Here, efforts are directed towards development and such key values as human rights and empowerment, not the technical aspects of activities.

The approach to thematic areas proposed in the Programme fully reflects the needs and expectations of Polish NGOs. The most relevant is the possibility to use a part of the grant for the capacity development of the organizations supported, which goes beyond the activities directly associated with the project. This is a unique mechanism, hardly ever applied in other grant programmes. Another asset of the Programme is bilateral cooperation, a separate project area which enables Polish organisations to learn from the knowledge and experience of the organisations and institutions based in Iceland, Lichtenstein and Norway.

It should also be emphasised that the strengths of the Programme meet the expectations of Donor States and their vision of civil society development.

The weakness and challenge of the Programme strategy was the open call for systemic projects. First of all, organisations did not understand the idea of systemic activities. According to NGOs, the aim was not clearly communicated. The Operator admits that there was major misunderstanding what 'systemic' means. The main problem was lack of time for informing about the idea of systemic projects. As a result, 300 projects were submitted in response to the call for proposals. Secondly, the Operator is aware that the projects selected for financing, although very valuable, do not bring the expected systemic change. Nevertheless, the Operator learned a lesson and expressed willingness to implement this project area in a different formula, *e.g.* through the implementation of pre-defined projects which are defined as early as at the stage of the Programme development.

Finally, the greatest challenge of the Programme was its short timeframe for the actual implementation, which has an impact on how effectively the aims set in the strategy may be achieved.

- The projects financed as part of the first edition of the call for proposals are carried out over the maximum period of 27 months (between 3 February 2014 and 30 April 2016).
- The projects implemented as part of the second edition of the call for proposals are implemented over the period of about 21 months (between 2 August 2014 and 30 April 2016).
- The projects carried out in the third edition of the call for proposals are implemented only over the period of 15 months (between 2 February 2015 and 30 April 2016).

It is impossible to achieve long-term goals or bring about social change over such a short period of time.

III. Management Set up

1. The process of selection and appointing the NGO Programme's Operator in the country

The selection of the Operator in Poland was a difficult and long process. It was planned that the Operator of the Programme in Poland would be selected in a competition announced by the National

⁶⁰ Fighting all symptoms of discrimination as well as social control on activities of authorities were also included in the list of horizontal aspects of the Fund for NGOs, implemented in Poland within the Swiss-Polish Cooperation Programme.

Focal Point (NFP) – the Ministry of Regional Development (which was transformed into Ministry for Infrastructure and Development in November 2013).

There were two bidders who submitted their offers in September 2012 – Ecorys Poland and Stefan Batory Foundation. Due to the divergent opinions of the NFP and the Donors, the Donors appointed FMO for the Programme Operator. The Donors appointed Stefan Batory Foundation as the entity responsible for implementation of the NGO programme in Poland.

The Programme Implementation Agreement (PIA) between the FMO and the Stefan Batory Foundation was signed in the end of June 2013. The selection of a reputable NGO with a grant-giving experience, one which is treated as an opinion-forming body in Poland, as the Programme Operator deserves to be praised.

2. Profile of the NGO Operator

The Programme in Poland is implemented by a consortium led by the Stefan Batory Foundation in partnership with the Polish Children and Youth Foundation, which deals with projects focusing on children and youth. Initially, the Stefan Batory Foundation also wanted to identify a competent partner in the area of “Counteracting exclusion” but it was impossible to find an organisation in Poland with sufficient knowledge of the subject and, at the same time, with grant-giving experience.

The Stefan Batory Foundation (SBF) was established in 1988 by George Soros with an aim to support the development of democracy and civil society. The Foundation is funded by revenues from the endowment capital (SBF is one of the few organisations in Poland that has it), subsidies from the Open Society Foundation and other national and foreign institutions, donations made by individuals and payments of 1% of income tax from physical persons. So far, the foundation has spent in total over PLN 510 million (EUR 127.5 million), which includes PLN 290 million (EUR 72.5 million) for grants (13,000 grants and 6,000 scholarships)⁶¹.

SBF has an established and stable position in the third sector. It is an opinion-forming organisation appreciated for its contribution to the development of civil society, in particular the support of civic participation, watchdog activities and tolerance, strengthening the citizens’ responsibility for common good and the role of civic institutions in public life as well as preventing discrimination. The Foundation belongs to the network of Open Society Foundations; it is a member of the European Foundation Centre and takes part in the works of the Eastern Partnership Civil Society Forum.

Currently, along with the *Citizens for Democracy Programme*, the Foundation runs the *Equal Opportunities grant programme* (promoting a system of scholarships for secondary school children based on the resources and activity of local communities), the *For Belarus grant programme* (supporting civic initiatives aiming to develop open society and prepare democratic changes in Belarus). Until 2010 the Foundation also ran the Civic Coalitions programme. Apart of grant-making the Foundation runs also operational programmes: Debates and Conferences, Your Vote, Your Choice, Public Integrity, Open Europe, Regional Alcohol and Drug Programme and the Warsaw Office of the European Council on Foreign Relations (ECFR).

The implementation of the *Citizens for Democracy Programme* funded by the EEA grants is a continuation of the SBF *Democracy in Action programme* (2010-2013). Its aim was to increase the participation of citizens and NGOs in public life and promote the attitudes of civic responsibility for the quality of democracy in Poland. As part of the programme, support was provided for the activities in the following areas: Tolerance, Public policies, Civic participation and Civic scrutiny, which are currently continued by the Citizens for Democracy Programme.⁶²

The partner of the Operator, the Polish Children and Youth Foundation (PCYF), was established in 1992. Its aim is comprehensive development of children and youth to enable them to become

⁶¹ <http://www.Batory.org.pl/>

⁶² http://www.Batory.org.pl/programy/programy_1.

responsible and creative adults actively shaping their lives and the local environment⁶³. Since 2001 the PCYF has been implementing the Equal Opportunities initiative of the Polish-American Freedom Foundation whose aim is to ensure equal opportunities for young people to enable them a good start in their adult lives⁶⁴

The human resources allocated by the Operator include the core team of 16 persons at SBF and 3 at PCYF. The core team at SBF includes: the programme director, 10 persons coordinating thematic and systemic projects and 5 persons responsible for information and promotion, finance, bilateral and international cooperation. Five of them have been working at the Foundation for a number of years and have strategic knowledge and experience in grant programme work. SBF hired 11 new employees to work on the Programme implementation who were recruited from 450 candidates. In the Polish Children and Youth Foundation there are 3 core team members working on the projects dealing with children and youth (a coordinator, an assistant and the director of the Foundation). The core team is supported by SBF and PCYF staff responsible for finances and accounting as well as IT management.

Based on the observations made during this evaluation as well as group and individual meetings with the staff members, the human resources allocated on the programme demonstrate the following qualities:

- The entire team working on the Programme at both partner organisations have extensive expertise in the thematic areas they deal with.
- The level of staff's commitment to the values of the programme is exceptionally high, which goes beyond mere technicalities of administration.
- There is shared vision and understanding of the programme's objectives and the change it aims to achieve.

All of the above are among the most critical factors determining the Programme's success.

The share of the EEA Grants NGO Programme in both partner organisations' overall budgets and programmes as compared with the previous years should also be noted. An annual budget of the Stefan Batory Foundation is about EUR 4 million, while the amount allocated for the implementation of the Programme in 2014-2015 is more than four times greater. Managing such a large pool of funds is a challenge. What makes it easier is high management competencies and grant-giving experience of the Stefan Batory Foundation.

The partnership between SBF and PCYF in the work on the Programme is based on good communication, common vision of activity and compliance with procedures. Delegating the projects focusing on children and youth to the partner organisation became an asset. There are several arguments supporting this claim. The methods of work with children, which require extensive knowledge and intuition in the field, are different from the methods of work with adults.. Moreover, each of the foundations looking for experts to evaluate projects tapped into their own, proven resources. Finally, as envisaged, the projects focusing on children and youth have been the most numerous in the thematic competitions held so far and should they fail to be separated, they could dominate the projects from the other areas.

However, the division was also perceived as unclear because this is the only area separated on the basis of the subject criterion - the target group of youth. Youth could easily be part of all the other areas. Synergy at the strategic level was ensured by 1/ announcing similar thematic calls within the youth portfolio and 2/ participation of experts of both foundations in the Selection Committee. Both ensured strategic coherence of the thematic calls and the youth-specific calls at the overall portfolio level.

Contracting Operator directly by FMO made it possible to introduce more NGO-friendly procedures. Based on the evaluation, this solution was very well received by the Polish third sector. But the most

⁶³ <http://www.pcyf.org.pl/>

⁶⁴ <http://www.rownacszanse.pl/>.

important driver of success is the fact that the SBF leading the consortium is a foundation with grant-giving experience and extensive knowledge of the third sector. At the same time the programme is both a great challenge and risk for the Operator because the NGOs that did or will not receive financing will be far more numerous due to the scale of the Programme.

3. Efficiency and effectiveness of the interaction with FMO

As the Programme Implementation Agreement (PIA) between the FMO and the Stefan Batory Foundation was to be signed in June 2013, the team of the Foundation prepared the final version of the proposal within a month so that the implementation of the Programme could start as planned. Due to the lack of time, the negotiations did not last long and, according to the Operator, most of its important proposals related to the shape of the Programme and the procedures that could be applied were rejected by the FMO.

The collaboration with the FMO is assessed by the Operator as challenging “*We are still somewhere between good strategic intentions and closed procedures*”.

In an interview the Operator claimed to have received the capacity building matrix in February 2014. This was after the announcement of the results of the first calls for proposals when the grantees had already known what kind of responsibilities they had assumed. In view of the above, it is difficult to require from them, although it will be necessary, to complete more reporting documents.

4. Efficiency and effectiveness of the interaction with the National Focal Point (NFP)

The Programme is contracted directly by FMO and NFP participates as an observer. The relationship between the Operator and the Ministry of Infrastructure and Development should be assessed as appropriate.

In the opinion of NFP, direct cooperation between FMO and the Stefan Batory Foundation has both advantages and disadvantages for grantees. The advantage is a smaller scope of responsibilities for NFP while the absence of national supervision over the distribution of funds may create problems.

Although NFP does not control or supervise the activities of the Operator, it is informed on a regular basis about the Operator’s activities and plays the role of an observer in the works of the Selection Committee as provided for by PIA under 5.3.2. NFP has also received an annual programme report. It should be emphasised that the Operator’s efforts related to informing about the activities in the Programme are very well assessed by the Ministry of Infrastructure and Development.

IV. Grant Systems and Processes

1. Application process

1.1. Promotion

The fundamental tool providing information about the Programme is its website (www.ngofund.pl), which was launched in June 2013. Every month, it is visited 25,000 times on average. Since the very start, the Programme has also had a newsletter informing about the most important events in the Programme. The Operator has also launched a Facebook profile observed by 1337 people (as of 28 July 2014). It was also promoted on YouTube and Twitter. The conference inaugurating the Programme, which was organised in August 2013, was attended by 350 persons.

The analysis of the Programme’s popularity as regards individual thematic areas conducted after the first edition encouraged the Operator to organise additional workshops for the NGOs that did not receive financing in the first edition in the areas of Civic participation, Combating discrimination and Public scrutiny (52 participants). Additionally, the biggest Polish Internet portal for NGOs (www.ngo.pl) published interviews with the coordinators of these thematic areas as well as an interview with Anna Rozicka, the director of the Programme. In the later period promotion focused on additional activities, in particular the issues related to preventing hate speech.

1.2. Design of the calls - adequacy and clarity of guidelines and selection criteria

At the stage of the project outline evaluation the aspect assessed is the compliance of the project with the aims in a given area. Later, the quality of the project is defined through: the justification of the

need to take action, the adequacy of the activities planned and the results achieved, the period of implementation and the amount of the budget, the ability of the organisation to implement the project and the way the horizontal issues are addressed in the Programme (good governance, equal opportunities for men and women, sustainable development). Additional points could be obtained for the weight of the problem addressed or the novel approach, the establishment of collaboration with entities from Donor States and the compliance of the project with the priorities of individual thematic areas.

Along with the abovementioned criteria, the evaluation of full applications includes coherence and logic of the activities planned and the methods applied the effective plan of informing about the project and disseminating its results, the sustainability of activities and results and the non-standard way of addressing horizontal concerns. Additional points could be obtained for the quality of partnership. Additionally, the quality of activities related to the organisation's capacity building is assessed, too.

After the first edition two corrections were introduced to the assessment criteria. In the area of Combating discrimination a preference was added for the activities implemented outside Warsaw The second change was related to the priorities in the area of Combating discrimination and Children and youth: in the first edition the activities related to hate speech in the Internet were considered a priority and in the second edition, hate speech in general.

1.3. Organisation of the application process

In Poland, three calls for thematic proposals and one call for systemic proposals were planned. In the opinion of 90% of the 42 grantees who took part in the online survey conducted as part of this evaluation, the deadlines for submitting applications have been appropriate so far. The schedule for the calls for proposals is as follows:

	Call for initial grant proposals	Call for final grant proposals	Results
Thematic projects			
Edition I	1.09-15.10. 2013	2-30.12. 2013	3.02.2014
Edition II	1.03-15.04. 2014	2-30.06 2014	4.08 2014
Edition III	1.09-15.10. 2014	2-30.12.2014	2.02.2015
Systemic projects			
	16.10-15.11. 2013	1-31.01 2014	4.03.2014

Source: developed by the author on the basis of www.ngofund.pl

Additionally, in the period of 1 September 2013 – 1 September 2014 proposals for the preparation of bilateral partner projects were accepted while in the period of February 2014 – December 2015 there is an on-going call for proposals to establish or strengthen bilateral cooperation.

1.4. Assistance to the applicants provided by the Operator

In order to assist Applicants, the Operator organised informational meetings and open days of the Programme. The meetings were held in Warsaw on 23 September 2013 and 31 March 2014. Additionally, the aims of the Programme were presented at the meetings of NGOs in Łódź, Kraków and Białystok. It was also possible to contact team members by phone, Skype or e-mail.

According to 64% of the 42 grantees who took part in the survey, meetings organised by the Programme Operator provided information that was helpful in the preparation of applications and 85% of grantees thought that during the application preparation process it had been easy to obtain additional explanation from the Operator.

1.5. Comprehensiveness of the application process as seen by the beneficiaries

The assessment of the application process employed by SBF is unambiguously positive. According to the feedback obtained from the focus groups and the online survey of grantees, it is prepared in a logical way and is very comprehensive. In the opinion of 85% of grantees who took part in the survey, the application process in the Programme was less bureaucratic and more user-friendly than in other

grant programmes in which they participated. The respondents think that the formula and clarity of the Citizens for Democracy Programme is its definite asset. Another asset is the efficiency of the Stefan Batory Foundation – the results of individual competitions were always announced as planned with no delays like other programmes. The Programme is assessed as flexible and the NGOs know that the most important aspect for the Operator is the social change planned to be achieved by the projects implemented. Hence the Operator had an open and flexible approach to suggested changes in the schedules and budgets of the projects in order to ensure their effectiveness. On many occasions respondents emphasised how important is the demonstrated by the Operator awareness and knowledge of the nature of the NGO sector work. This translated into a more partner-like approach to grantees, which was assessed as friendly and confidence-building.

2. Efficiency and effectiveness of the selection procedures

2.1. Organisation of the selection process

The project selection procedure complies with the PIA provisions. The Operator proposed a two-stage application procedure, innovative in Polish conditions. It is employed in the call for both thematic and systemic projects. In the first stage NGOs describe the need for the implementation of the project and the social change they want to achieve. At the stage of the final application evaluation, more emphasis is placed on the quality of the approaches adopted and the methodology of the activities implemented.

The formal assessment of applications (*e.g.* eligibility check, document compliance, *etc.*) is made by the Operator. The process of the substantive evaluation of applications involves independent experts, the Selection Committee made of 5 persons (2 independent experts and the representatives of SBF and PCYF) and the Programme Commission made of 3 representatives of the Boards of the two foundations. There is no procedure of appeal from the substantive evaluation provided by independent experts. The applications at the first and second stage are evaluated by two experts specialising in a given issue. When the ranking list is prepared, the average of the evaluations made by the experts is taken into account. When the difference between the experts' evaluations exceeds 30%, the application is additionally assessed by a third expert. For thematic projects, there were 40% of projects passed on to the third expert for evaluation in the first edition and 37% in the second edition while for systemic projects the proportion was 32%.

Experts' evaluations are used as a basis for ranking lists including the projects with the highest ranking so that the grant amounts requested do not exceed 200% of the allocation planned for a given edition of the competition. After the final applications are assessed by the experts individually, they meet separately for each component in order to discuss their evaluations and together prepare the application ranking list.

Ranking lists for individual areas are passed on to the Selection Committee that reviews them and decides which applications are recommended for a grant. The grant decision is made by the Programme Commission. The rules of procedure for the Selection Committee and the Programme Commission provide for the option of a change in the ranking list order. In practice it occurred only once in systemic projects. Just like in other grant competitions, there is no procedure of appeal from the substantive evaluation and the decision made by the Programme Commission. There were 15 letters of appeal against the results of the evaluations of thematic projects in the first call and 14 in the second call. There were 16 letters of appeal against the results of evaluations in the call for systemic projects.

Individual independent experts were selected based on an open call, published in July 2013. There were 438 candidates that responded to the call. Applications were assessed by the SBF and PCYF team on the basis of several criteria (knowledge and experience in a given area, the knowledge of the NGO sector, the thoroughness of the opinion and comments about the application evaluation procedure and the application process, diverse experience in the assessment of applications or experience in the implementation of projects and the grant application process).

Finally, in September 2013, the total of 104 experts were selected (18 experts in Civic participation, 14 in Public scrutiny, 19 in Combating discrimination, 19 in Counteracting exclusion and 34 in Children and youth). The number of experts selected matched the estimated number of applications in individual thematic areas. Systemic projects were assessed by 11 experts individually invited to collaboration on the basis of their achievements and experience.

Applications in the area of bilateral cooperation were assessed by the Programme team (coordinators of bilateral cooperation projects and coordinators responsible for specific thematic areas). Grant decisions are made by the director of the Programme on the basis of the recommendation of the team.

2.2. Effectiveness of the selection procedures

The greatest achievement is meeting the deadlines for the announcement of the results of the individual stages of the competition as planned by the Operator. This has been achieved in the editions of the call for proposals organised so far despite a very large number of the applications submitted. It is a significant achievement as compared to most of the other grant programmes in Poland and has been highly appreciated by grantees.

Positive remarks made by respondents focus, in particular, on the quality of the feedback provided by the experts evaluating the applications. It is often valuable and instructive for NGOs, which confirms the experts' high competencies. Nevertheless, over the course of this evaluation respondents complained about inconsistent opinions expressed by two experts evaluating the same application. Following the procedure, experts work individually when assessing applications and may not consult other experts in the process. After the individual evaluation of each application is complete, independent experts have access both to the justification of the evaluation of the initial application and the justification of the opinion of the second expert evaluating the final version of the same application. As provided for by PIA (under 5.4.6) experts should meet to discuss applications and develop the final ranking list.

2.3. Clarity and transparency of the selection process

Information on the selection criteria for the financed projects can be found in the Guide for Applicants and Grantees. According to respondents, the assessment criteria and selection procedures are clearly defined. This is also the opinion of 92.5% of the grantees who took part in the online survey. Similar conclusions with regard to clarity and transparency of the application and selection process can be drawn on the basis of the group and individual interviews conducted.

3. Contracting and reporting systems

Organisations are obliged to submit technical and financial reports, as defined in the agreement, after the analysis of the organisation's situation and the risk factors of the project. The Operator has a very flexible approach to contracting and reporting systems and makes no budget cuts to the projects already approved. Payments are determined individually, depending on the situation of the organization and the amount of the grant. The proportion of 10% of the total budget is reimbursed after the approval of the final report of the project.

The rule is that the report is submitted after spending 70% of the funds received. The Operator has 30 days to assess it (if additional explanation is required this deadline is extended by another 30 days). After the approval of the report the next tranche of the grant is paid within 10 working days. The final report on the project implementation is submitted within 30 days after its completion.

According to 76% of the grantees who took part in the survey, the administrative requirements of the Programme are reasonable and do not have a negative impact on the work on the core of the project. Nevertheless, because the Programme was launched relatively late in Poland, the deadline for the publication of report templates was extended. Some grantees indicated that this had made administrative work more difficult for them because in the initial phase of implementation they had not been fully aware of the scope of information required in the report.

The biggest challenges related to formal issues, as indicated by the grantees, included, above all, the need to report the changes planned in the project 6 weeks in advance. Respondents emphasised that they were not able to predict all the events in the project such a long time in advance.

The Operator's flexibility with regard to the changes in the project and quick response to the proposals of changes was assessed in a positive way. A helpful communication tool in this respect is an on-line system (Grantee's panel). The fact that the final 10% of the grant will be paid after the approval of the final report is a significant challenge for grantees.

There were also remarks concerning an additional component for capacity building. Some organisations indicated that in practice they had had to choose between planning additional project

activities or applying for funds for capacity building. This was directly linked to the fact that capacity building may be financed by the grant and make up to 20% of direct costs, which means that if an NGO applied for funds for capacity building, the pool of funds available for the project activities was reduced because the total amount of the grant did not change.

In Poland, the project budgets were not altered, which is a part of the Operator's policy. The Stefan Batory Foundation trusts grantees and is convinced that they know the best what kind of the financing structure should be applied for each activity. This a unique approach, not employed in any other grant programme in Poland.

4. Learning systems

4.1. The Operator's monitoring and evaluation system

The Stefan Batory Foundation collects the data necessary for monitoring and evaluation in a database – the Operator's Panel. The shape of this tool is a result of many years of the Foundation's experience in project funding. The Operator has comprehensive access to all information on grantees in individual thematic areas with regard to horizontal concerns (as horizontal concerns were added after the shape of the Programme had been approved, the data related to the first edition continues to be added while the data on the second edition will be entered on a day-to-day basis). The database also includes project summaries, contact information, data about partners and detailed financial data – information about the tranches paid and planned. Finally, the database includes a monitoring plan – dates of monitoring visits, calls, e-mails, *etc.*, made or planned. Documents (agreements, financial and technical monitoring cards, reports from meetings and phone conversations made/e-mails sent) are also collected in the database.

The Operator intentionally searches for feedback from NGOs. After the first stage of the call for thematic and systemic projects was closed, the Operator conducted a survey on the evaluation of the work on the Programme and the application process. But the Operator acquires information on the course of interactive cooperation, above all, from day-to-day meetings with grantees. Although at the moment of this evaluation many projects were at the initial stage of implementation, it was noted that the Operator had already been involved in intense monitoring activity.

The goal of the first meetings with grantees was to get to know each other, talk about expectations as regards the project implementation (both with respect to grantees and the Operator) or provide technical support. The Operator contacts grantees on a day-to-day basis (by phone, e-mail or Skype). Numerous conversations with team members have confirmed that the persons responsible for the coordination of the implementation of individual projects track information entered by grantees on their websites and profiles in community portals. The Operator plans to visit at least 25% of the grantees implementing thematic projects and 100% of the grantees implementing systemic projects. This will be done both over the course of the Programme implementation and after its completion.

Throughout this evaluation grantees emphasised that this was the first financing programme in which the managing operator sought contact with NGOs and was interested in the actual project implementation process, including both technical aspects and substance outcomes. The information collected through monitoring is used to shape day-to-day cooperation with grantees and the Operator takes immediate action, especially when irregularities or doubts as to the quality of the projects arise over the course of implementation.

According to 38.1% of the grantees who took part in the survey, the Operator's support for the project implementation process was very helpful and 47.6% considered it helpful. It should be noted that none of the respondents picked the answer "The Operator creates barriers in this respect". In this context the following opinion of one of the grantees should be quoted, "*The Stefan Batory Foundation is a good partner that will be working together with you and, instead of just controlling, looking after you. This unique approach made me redefine the principles related to grant use. In other programmes, whenever there were errors in the projects, they had to be concealed. The Stefan Batory Foundation is guided by a different set of values and what they hate is lies and laziness, something that we learn when using other public funds*".

4.2. The FMO Doris database – what is its fit with the system of the Operator

The Operator's panel is very user-friendly and provides comprehensive information on the programme.

There is no connection between the Operator's Panel (database) and the FMO DoRIS database. The Operator just "feeds" DoRIS with data but may not use the system in an effective way, *e.g.* to compare statistics between countries. The categories in DoRIS are not coherent with the Programme documents, *e.g.* Doris includes policy markers which are different from horizontal concerns.

It should also be noted that the work with the system is extremely time-consuming. A person responsible for DoRIS spends about 2 hours entering information about one project into it. This time includes data preparation: its extraction from the project and introduction into the right window in DoRIS. Entering data for 162 projects in the first edition took about 40.5 eight-hour working days without any break. In other words, DoRIS takes two months of one person's work. The same kind of workload will be required to enter information related to each of the next two calls for proposals as well as interim and final reports. This evaluation has demonstrated that the FMO DoRIS database has little use for the Operator as compared with the workload required and the effects and benefits achieved.

V. Effectiveness of the Programmes

1. Results: What was funded?

As expected, there was great interest in the Programme:

- In the first call for thematic projects, the Operator received 1931 project outlines in total in five thematic areas, divided per thematic area as follows: Children and youth: 851, Counteracting exclusion: 506, Civic participation: 331, Combating discrimination: 143, Public scrutiny: 100. The total of 13 project outlines was rejected after formal assessment.
- In the second call for thematic projects, the Operator received 2076 project outlines in total in five thematic areas, divided per thematic area as follows: Children and youth: 824, Counteracting exclusion: 576, Civic participation: 339, Combating discrimination: 151, Public scrutiny: 186. The total of 19 project outlines was rejected after formal assessment. There was a similar number of applications with regard to individual thematic areas in both editions of the call for thematic projects. An increase was observed in Public scrutiny, which is a result of the training for applicants held and the Programme promotion.
- In the call for systemic projects the Operator received 289 project outlines in total in five systemic areas, divided per systemic area as follows: Legal framework: 15, Mission and standards: 64, Information and communication: 67, Sources of financing: 36, Subsectoral problems: 107.

The quality of the projects submitted varied. There were some low-quality applications or applications whose contents unambiguously indicated that applicants were sending them to every competition announced hoping each time to obtain a grant. Nevertheless, the experts evaluating the projects emphasised that because of the strategy of the Programme and the inclusion of horizontal concerns in the projects, most projects were well-structured, addressed important social issues and, which is important, addressed a real niche neglected by other grant programmes. It is also key that the projects submitted were in line with the mission of the applicants and resulted from their activities carried out so far.

Some diversity may be observed with regard to individual thematic areas. In the area of Children and youth the applicants submitted projects which were, by and large, similar to the projects in other grant competitions. The lowest-quality projects were in the area of Counteracting exclusion, which, according to experts, was a consequence of the fact that NGOs became used to clichés preferred by public administration when delegating their tasks to NGOs. Creativity and innovation may be difficult to apply. Different and new perspectives on solving social problems are not always welcome by public administration as NGOs need to do what is expected in the way that is expected from them. This kind

of approach hampers innovation. Finally, NGOs find it difficult to implement community work and self-help activity in practice, which was promoted in the Programme. The projects submitted in the areas of Civic participation, Public scrutiny, and in particular, Combating discrimination were innovative and high-quality as organisations prepared projects in narrow areas in which they have specialised knowledge and practical experience.

The map of funded projects is equally diverse as their geography and themes.

- Grants were awarded to the total of 9 systemic projects (8 from the Mazowieckie Voivodship and 1 from the Warmińsko-Mazurskie Voivodship).
- In the first edition of the call for thematic projects, the projects that received funding included 30 projects in Public participation (11 in the Mazowieckie Voivodship), 28 projects in Public scrutiny (20 in the Mazowieckie Voivodship), 30 projects in Combating discrimination (15 in the Mazowieckie Voivodship), 35 projects in Counteracting exclusion (15 in the Mazowieckie Voivodship) and 31 projects in Children and Youth (10 in the Mazowieckie Voivodship and the Małopolskie Voivodship).
- In the second edition of the call for thematic projects, grants were given to 34 projects in Civic participation, 40 projects in each of the three areas of Public scrutiny, Combating discrimination, Children and youth and 43 projects in Counteracting exclusion. The territorial division of grants awarded in the second edition of the call for thematic projects was still unknown when this report was being prepared.
- With respect to the first edition of the call for thematic projects, it is evident that there was a very clear territorial division of projects. Organisations from Warsaw definitely dominate in the group of financed initiatives while in the Opolskie Voivodship no project received financing, in the Pomorskie Voivodship – 1, in the Lubuskie Voivodship – 2, in the Zachodnio-Pomorskie, Podkarpackie and Wielkopolskie Voivodships – just 3 projects in each.

The issue of evident dominance of NGOs from Warsaw was widely discussed, both during focus groups and during meetings with the Operator. As shared by the Operator, *“Warsaw is a problem. It is so because in Poland the policy of the state focuses on supporting big cities, not the provinces. We took the quality of projects into consideration, not their location, and because Warsaw has the largest number of professional, active organisations, as a result, there are about 40% of organisations from Warsaw in the Programme”*. The Operator is considering a review of the design of the competitions in the future so they provide for more opportunities for support to local NGOs and initiatives. *“In the future, we should end with the division into ‘Warsaw’ and ‘the rest of Poland’. These should be separate categories, so that even slightly weaker projects from outside Warsaw may have a chance to obtain a grant.”*

Following the Interim financial report Jan 2014 – Apr 2014, the distribution of supported projects per outcomes is as follows:

- 35 projects in fostering Active citizenship ,
- 37 projects in promoting Democratic values, including human rights ,
- 37 projects in developing Advocacy and watchdog role ,
- 44 projects in the Empowerment of vulnerable groups ,
- 9 systemic projects in strengthening NGO capacity and promoting an enabling environment for the sector.

For the result described as bilateral cooperation extended 38 projects were supported with seed money and 2 under micro-grants. As for the division with regard to bilateral concerns, there were, in total, 24 Donor project partners among the projects ranked for selection: 6 in Civic participation, 2 in Public scrutiny, 3 in Combating discrimination, 1 in Counteracting exclusion, 12 in Children and youth.

2. Emerging or potential effects towards different clusters of outcomes

2.1. Outcomes related to civic infrastructure

The projects that aim to support and develop partnership, networks, coalitions and the sector resources, strengthen the capacity of NGOs and promote an enabling environment for the sector include, above all, those implemented in the area of systemic projects, which are highly innovative. Thematic projects are of lesser significance as regards the achievement of this kind of results.

The projects that deserve recognition here are the systemic project of the Watchdog Polska civic network aiming to increase the visibility and prestige of watchdog activities, the systemic project of the Foundation for Social and Economic Initiatives aimed at sustainable, systemic strengthening of the position of NGOs in the processes of public policy consultations at the local and national level and the systemic project of the Klon/Jawor Association whose goal is to strengthen NGOs in Poland through providing them with access to up-to-date information and comprehensive knowledge.

Attention should also be given to the thematic project of the School for Leaders Association implemented in the area of Public participation whose aim is to develop a mechanism for collecting the opinions of local communities and involving the leaders of these communities into a discussion on key public policies and legal solutions in Poland, which, as a result, will create the National Consultation Network for Leaders.

In general, thematic projects have less significance with regard to the achievement of the results in this category.

2.2 Outcomes related to the policy influence capacity of NGOs

The projects which contribute to the achievement of results in this cluster of outcomes are, above all, the projects implemented within the thematic areas of Public scrutiny and Civic participation, while to the least extent those in the area of Children and youth and Counteracting exclusion.

Some good examples include:

- The project in Public scrutiny implemented by the Stanczyk Institute of Civic Thought Foundation. Its aim is to exercise Public scrutiny of all stages of the legislative process in Kraków. Data comparison will make it possible to detect the relationship between the law established and the persons involved in this process.
- The project in the area of Civic participation carried out by the Sendzimir Foundation. It is aimed at involving the residents of one commune in the region of Silesia into the process of design and execution related to land development and thus increase, among residents, the awareness of the possibilities of influence upon the decisions made by local authorities with regard to public space.
- The project in Civic participation implemented by the Rural Development Foundation. Its goal is to engage the residents of a village exposed to flooding to take part in social consultations that will accompany the preparation of flood risk management plans. The experiences of participants and experts will make it possible to prepare open source educational materials, available online to all interested parties.

In this field there is a similar number of projects carried out in partnership with public authorities of different levels and those aiming to supervise the activities of public administration, which indicates at an equilibrium between the two kinds activities performed in the area where the public sector meets the third sector.

2.3. Outcomes related to changes of society and development

The projects that aim, in particular, to promote human rights and democracy, active citizenship, sustainable societies, empowerment of vulnerable groups, and to provide much needed services to the clearly defined segments of society include, above all, highly innovative projects implemented in the area of Combating discrimination, although similar results may also be achieved by the projects focusing on Children and youth or Counteracting exclusion.

Three projects implemented in the area of Combating discrimination deserve recognition here. The first one is the project of the Karat Coalition Association which aims to develop recommendations for anti-discrimination policies at the level of several voivodships. The second is the project of the Projekt: Polska Association aiming to engage civic energy in the protest against hate speech in public space, especially in the form of offensive inscriptions on walls. The third is the project of the Humanity in Action Poland Foundation focusing on the prevention of hate speech in the Internet. For the results in this category, it is impossible to unambiguously indicate the project types that do not contribute to their achievement.

3. Emerging or potential effects of the measures in the strategy targeting systemic changes of the NGO sector

The most awaited result of the Programme implementation is the achievement of comprehensive and long-term changes in various areas of activity of the third sector, especially in the area of counteracting discrimination, promotion of human rights and watchdog activities. In many interviews the respondents concluded that the effects of the Programme were like matching puzzle pieces which, in consequence, produced a specific result.

Similarly, the Programme, through the projects implemented, makes it possible to achieve results, however small, which form a coherent picture of the sustainable development of civil society. It means that *each successful project is a piece of the same puzzle which, when arranged, makes the outcomes*. Projects work like small steps towards change at the level of individual organisations. In order to obtain the picture of change at the sectoral level, you have to put them all together. No matter how small the results of a project, they are indispensable to capture the full picture – the map of results which makes the development of civil society.

Many respondents emphasised that the Programme as designed had a lot of potential to contribute to the achievement of significant social change but for this to happen, long-term activity and uninterrupted funding of initiatives would be necessary. Pre-defined projects, which could replace systemic projects, might be the key to achieve it as their structure makes it possible to define the expected effects in advance.

4. Unplanned results emerging during the implementation of the Programme

The unplanned result emerging from the Programme implementation is the change of thinking in the third sector as to what the results of the implemented projects should be. Recently, it has been observed in Poland that organisations tend to adjust their activities to the funding sources available (primarily financing from the European Social Fund), often at the cost of their mission and the ideas that guide their activities. As outlined by one of the civil society stakeholders, *“A large part of grants, especially those from the European Social Fund were like ‘the kiss of death’. Money was available but it could not solve problems in the long run and, instead of developing organisations, it often corrupted them”*.

Meanwhile, the Citizens for Democracy Programme teaches grantees that the aim is not only to implement a project to achieve the indicators as planned but to effect social change. This is well-reflected by the grantees’ remarks, *“What is valuable here is the fact that you have to show what you will really do, what the result of this activity will be, not just that you will organise a couple of workshops. What is the use of publishing a book that will end up on a shelf without anyone reading it? This is not the point. (1); In this programme significant emphasis is placed on soft results, not the hard ones. It is excellent from the perspective of change and maintaining sustainability but from the perspective of an organisation it is easier to demonstrate hard results which, unfortunately, do not produce social change (2); The Stefan Batory Foundation really checks the accuracy of implementation and does not focus on bureaucracy or formalities (3).”*

5. Effectiveness of addressing horizontal concerns

Horizontal concerns are clearly envisaged in the Programme strategy. The Programme attaches great importance to combating hate speech, hate crime and extremism, counteracting racism and xenophobia, homophobia and anti-Semitism, sexual harassment, violence against women and trafficking, the problems of the Roma minority and the promotion of tolerance and understanding

between cultures. Horizontal concerns are directly addressed through projects in the thematic area of Combating discrimination. These issues are also dealt with in the thematic area designed to fund initiatives undertaken by children and youth and/or addressing the needs of this group. Problems of sexual harassment or violence against women and trafficking are addressed directly in the thematic area of Counteracting exclusion.

In the thematic areas of Combating discrimination and Children and youth experts evaluating applications could grant an additional 0.5 point for priority activities. In the area of Combating discrimination these were the activities that in a systemic way dealt with intolerance and discrimination. Additionally, extra credit could be obtained for the activities combating hate speech.

This evaluation demonstrated that the establishment of horizontal concerns was a very good solution from the perspective of the achievement of the aims of the Programme and the thematic areas defined. Also, applicants welcomed this solution with enthusiasm, primarily because combating intolerance is in the mission of many of them, in particular those involved in combating discrimination or public scrutiny. Nevertheless, there were organisations which, tempted by the option of obtaining an additional 0.5 point, made every effort to include the activities aimed at combating hate speech in their projects. The evaluation of whether the separation of such activities was justified and whether they were consistent with the project was the responsibility of independent experts who determined whether the project was really about the priority activities in a given thematic area.

6. Use of capacity building

6.1. Effectiveness of the capacity building approaches and tools used by the Operator

Out of 154 organisations implementing thematic projects as many as 127, *i.e.* 82% of all grantees used parts of the grants for capacity building. The total of 8 (out of 9) organisations implementing systemic projects obtained support for this purpose.

Nevertheless, the Operator thinks that the level of funds used for institutional support is highly unsatisfactory. The Operator estimated that the use of funds would be at the level of 15% (the ceiling envisaged in the Programme was at the level of 20% of direct costs) while organisations used just 7% of available funds. The number of organisations using funds for capacity building per thematic area was as follows:

Thematic area	Number of financed projects	Number of projects including the component of capacity building	Proportion of NGOs using the capacity building component
Civic participation	30	27	90.00%
Public scrutiny	28	19	67.00%
Combating discrimination	30	23	76.00%
Counteracting exclusion	35	32	91.00%
Children and youth	31	26	83.00%
Total	154	127	82.00%

Source: developed by the author on the basis of www.ngofund.pl

On the basis of the online survey, it may be concluded that the most useful tools to develop the potential of NGOs include, in their opinion: funding the costs of operation (66%), training and technical assistance related to the organisation management (45%), sharing knowledge and good practices with other organisations (35%) and training and technical assistance related to the development of the strategy of the organisation's activity (35%).

6.2 Level of contribution of capacity building tools introduced by FMO (capacity building matrix)

The capacity building matrix is a tool developed by FMO in order to check the grantees' potential. It has not yet been used in Poland because, as indicated by the Operator, the Operator received the

matrix in February 2014. Based on the interviews with the Operator, adding this kind of elements to the structure of the Programme after its launch disrupts the logic of its operation to a significant extent, both on the level of the Operator's organisation of work and with regard to its communication with grantees. The matrix will be used in the second call for proposals and the NGOs that will receive financing will be asked to complete it prior to signing the agreement. The grantees of the first edition will be filling it in while implementing the projects. Additionally, a survey will be prepared with an aim to provide organisations with information on the capacity building matrix.

6.3 Main success factors in capacity building

The projects implemented in the areas of Combating discrimination and Public scrutiny are usually carried out by experienced NGOs. This is why capacity building funds are used, by and large, in a well-thought-out way and have a significant impact on the organisation's capacity building in the long term. The activities planned focus on, among others, the development of the organisation's strategy, the development of the staff and volunteers' potential, promotional campaigns, study visits, diagnoses or activities aiming to increase the ability of fundraising.

Organisations that carry out projects in other areas often focus primarily on short-term investments or investments related to their current needs – they usually buy equipment. As the possibility of obtaining funds for capacity building occurs rarely in other grant programmes, the Operator's representatives suggest that organisations *“are not able to assess their own stage of development, they are not used to this kind of thinking and focus just on the most recent project.”*

In order to face this challenge, the Operator provided additional training in the use of capacity building tools for the organisations that obtained financing as part of the Programme. After the training only a small number of organisations changed their plans in this respect.

VI. Bilateral Relations

1. Promotion of the bilateral relations fund in Donor and Beneficiary States

Strengthening bilateral relations between Poland, Norway, Lichtenstein and Iceland is one of the major aims of the Programme. Applicants may apply for grants for the projects implemented in partnership with entities from Norway, Lichtenstein or Iceland in key areas of support, following the rules for thematic and systemic projects. Additionally, the Programme includes an option of applying for grants for the preparation of bilateral partner projects (proposals for seed money) and grants for starting or strengthening bilateral cooperation (micro-grants).

The promotion of bilateral relations accompanied the Programme promotion. It should be added that 21 representatives of entities from Donor States participated in the opening conference on 18 September 2013, thematic workshops and in the matchmaking event designed to facilitate partnership with Polish NGOs and prepare joint project applications for thematic and systemic projects. The Operator's bilateral team provided ongoing support for potential applicants (e-mail, telephone) helping them to establish relations with Norwegian entities, also through direct contacts with the Norwegian Helsinki Committee, a facilitator of contacts with potential partners..

2. Results

The grants awarded helped applicants to search for partners, which resulted in submitting thematic and systemic project proposals to be implemented in partnership with entities from Donor States. In total, in the first call for proposals, there were 24 Donor project partners among the projects ranked for selection: 6 in Civic participation, 2 in Public scrutiny, 3 in Combating discrimination, 1 in Counteracting exclusion and 12 in Children and youth. Moreover, 38 organisations so far have received grants for the preparation of bilateral partner projects (proposals for seed money) and 2 for establishing or strengthening bilateral cooperation.

For Polish organisations, the motivation to seek partners from Donor States is the ability to make use of the partner's extensive knowledge and diverse experience. This kind of cooperation is especially important for the Polish organisations involved in combating discrimination. An additional 0.5 point awarded in the evaluation of a proposal for a thematic or systemic project could have been an

incentive for some applicants to seek a foreign partner, too. Nevertheless, respondents emphasised that partnerships established only in order to obtain additional points were superficial and ineffective.

3. Effectiveness of bilateral support

The implementation of bilateral projects enables networking, builds capacity and extends the knowledge of Polish organisations. It provides them with access to new tools and mechanisms for the implementation of activities in the key areas of support for civil society development. Thus, the knowledge and experience acquired from partners from Donor States contributes to the achievement of such Programme aims as support of the development of civil society and increasing the participation of NGOs in building social justice, democracy and sustainable development in Poland. This evaluation demonstrated that this kind of cooperation is especially important for achieving the results of the Programme in terms of promoting human rights and democracy, developing networks and coalitions of NGOs working in partnership and developing advocacy and the watchdog role.

Poland serves as a good example of utilising bilateral relations for the transfer of knowledge and experience between a Donor state and its Polish partner. The process went both ways in the project carried out by the Alivia Foundation from Poland and its partner from Iceland, the Kraftur Cancer Foundation. The Polish grantee developed and tested an open Internet portal for diagnostic imaging tests used in oncology and the Icelandic Foundation is considering its application on the market of health services in Iceland.

4. Lessons

The most effective projects in the area of strengthening bilateral relations are those carried out with the partners which the grantees already know or cooperated with before.

This evaluation has demonstrated that cooperation contributed the most in the areas of Public scrutiny (especially watchdog activities) and Combating discrimination. The problems in this respect, indicated over the course of this evaluation, included unclear (for applicants) division into the costs of projects and the costs of establishing cooperation – separating these costs is difficult because it is hard to unambiguously classify some expenses.

Finally, disproportions between the partners' remuneration was indicated as highly demotivating – the daily remuneration applied by a foreign partner is often higher than a monthly salary in Poland. When asked about possible changes, respondents indicated the extension of bilateral cooperation upon all countries included in the Programme without the division into Donor States and Beneficiary States. They also mentioned the possibility of traineeship in partner organisations, which would be effective and enriching.

VII. Visibility

The visibility of the Programme in the NGO environment had been high even before it was launched because funds from the Programme were a valuable revenue source for NGOs. This is why no special promotion of the Programme was necessary. On the other hand, in many opinions voiced over the course of this evaluation it was maintained that the Programme visibility was low at the national level. According to key stakeholders, the Operator should focus on *“communicating the model of the Programme operation and effects, which are extremely innovative. It should be demonstrated that an NGO may be responsible for the distribution of public and semi-public funds in a professional and friendly way for the third sector.”* It is especially important in the context of the EU's new financial perspective where most funds will be managed by public institutions that do not know the specifics of the NGO operation.

To strengthen the visibility of individual projects, the Operator prepared a map of the activities implemented on its website, divided into voivodships and thematic areas. Additionally, each project is described in two languages, Polish and English, on the NGO FUND website. The Operator's ambition was to show the activities and project results as one whole that contributes to the development of civil society and increases the participation of NGOs in building social justice, democracy and sustainable development.

To emphasise and strengthen the issues addressed by the Programme, the Operator also took up the activities that complemented the projects carried out by the grantees. These activities, implemented as part of the Complementary Action, focus, above all, on hate speech, which fits in with the campaign of the Council of Europe called ‘No hate speech movement’. They included the contest for a T-shirt with a sign of protest against hate speech. Over 500 designs were sent to the competition. A social campaign on hate speech is also planned. The NGO platform on the LGBT community pride parade in Warsaw (14 June 2014) is an important symbol for the organisations involved in combating discrimination.

Grantees and other stakeholders emphasised the strong position of the Stefan Batory Foundation in the third sector environment. This is a great asset, especially in the context of the implementation of one of the Programme aims, i.e. strengthening the role of NGOs in public debate and the law making process.

VIII. Making a Difference: Impact, Sustainability and Added Value

1. Levels of potential impact of the programmes

The impact of the Programme may be assessed on three levels – the Operator, the financed projects and the third sector in Poland.

As regards the impact of the Programme on the image and position of the Stefan Batory Foundation as the Operator, a few factors need to be considered. The Foundation has an established position as an opinion-forming and grant-giving independent NGO in Poland. Based on the interviews with leading public grant-making programmes, other leading foundations and the Polish Donors Forum, the assessment of the capacity of the Stefan Batory Foundation is very high.

What makes it the best in the opinion of grantees is *“experience and market knowledge”*, *“wise and NGO-friendly grant-giving”*, the fact that SBF knows the needs and expectations of the Polish third sector and demonstrates a flexible approach to the cooperation with grantees. As best phrased by another leading grant-maker in one of the interviews, *“as a grant-giver the Stefan Batory Foundation is ahead of everyone else by a mile. Everything works excellently here; the asset is the flexibility of the Stefan Batory Foundation. They really check the accuracy of implementation instead of focusing on bureaucracy and formalities.”*

What is more, high-rank specialists, who were selected to implement the task, were working on the Programme at the Operator’s level to strengthen the resources of the Foundation in a significant way. Finally, great emphasis was placed on the selection of independent experts assessing applications. In this respect the Operator wanted to cooperate with people who had knowledge and practical experience in the areas assessed and not with *“professional application assessors”*, as one of the Programme’s coordinators said. All this should determine the positive impact of this experience on the strategic position of the Foundation in the country.

Nevertheless, the Operator itself is aware of the risk involved because of the scale of the Programme. As phrased by the Operator, *“This should not change our role or position as both have been stable. The number of unsatisfied people in this programme will be greater because we usually spend 30 million in 10 years and in this case, additionally, 90% of applicants will not get a grant. This is a challenge for us – what to do to prevent it.”* It should be emphasised that all the respondents who took part in this evaluation were confident of the position of the Foundation in the context of the Programme implementation. They often mentioned it that the fact that an NGO like SBF was the Operator and could do it professionally set an example and posed a challenge for the Operators of other programmes, especially the public ones. The opinion expressed by FMO was also very positive.

In terms of the Programme impact at the level of financed projects, it should be underlined that many initiatives which were financed might not have been implemented had it not been for the funds from the Programme. This applies, in particular, to combating discrimination and watchdog activities. Moreover, NGOs supported by the Programme may use this opportunity for their own development thanks to the support of capacity building. They may also start effective cooperation with entities from Donor States making use of their knowledge and experience.

In terms of the horizontal impact of the Programme on the third sector in Poland, it must be said that through systemic impact, support of networking and partnership building, both inside the sector and intersectoral, strengthening the organisations' resources, the Programme makes a significant contribution to the sustainable development of the sector. Appropriate selection of thematic areas for support is also important in this context. It should be emphasised that the impact of the Programme at the level of financed projects is coupled with the horizontal impact of the Programme - organic work on the effective participation of citizens in public affairs, engaging excluded groups, promoting positive models among children and youth, making people aware of discrimination in many areas – and thus the results of individual projects in the long term will strengthen civil society and contribute to the sustainable development of the third sector in Poland.

2. Added value of the EEA Grants support to civil society

2.1. Strategic positioning of the NGO Programmes

The most important quality that distinguishes the programmes funded by EEA among other grant programmes in Poland is their support of the areas which are complementary to the policy of the state. An added value is the ability to create partnerships which enable Poland to learn and benefit from the knowledge and achievements of NGOs and public institutions from Donor States.

2.2. Value added in the context of the overall Grants support in all programme areas in the country

In Poland, the remaining Programmes which are funded under the EEA and Norway grants are implemented in 9 major thematic areas: environment protection, social and regional development, cultural heritage, renewable energy, research and scholarships, decent work and tripartite dialogue, Schengen and internal affairs, innovation with regard to green technologies and civil society. The Programme Operators are, by and large, ministries and the government institutions reporting to them (including one government foundation). The Stefan Batory Foundation is the only private foundation operating the Programme.

Most programmes target public institutions (*e.g.* those in charge of health care, environment protection) or local governments. In 4 out of 8 programmes, the entities entitled to apply for support are NGOs, two of them include special component of small grants for NGOs.

The Programme whose aims are the most consistent with the goals of the NGO Programme is 'Urban development by strengthening the competence of self-government units, social dialogue and cooperation with civil society representatives'. The Operator of this Programme is the Ministry of Infrastructure and Environment and local government units take part in it in partnership with NGOs or businesses. Its fundamental goal is to achieve better social and economic cohesion through developing the mechanisms of effective cooperation, both between local government units and the representatives of civil society and entrepreneurs, in order to take joint decisions with respect to given areas or develop solutions for important area-specific problems. Similar objectives focusing on engaging citizens and NGOs into co-decision making about local community issues are included in the aims for the thematic area of public participation. But in general, different grant programmes financed by EEA Grants are independent of one another. SBF is not cooperating with other Operators while implementing the NGO Fund.

2.3. Added value of the EEA Grants support to civil society as a multi-country mechanism

In the framework of complementary actions many activities are planned, both on the national level and in collaboration with other Operators, which will definitely be effective considering the budget allocated for this purpose (EUR 700,000). Much attention is paid to **horizontal issues**, primarily to hate speech and anti-discrimination. As part of these activities, survey and a report on hate speech trends and patterns in Poland were commissioned, a conference presenting the outcome of the survey was organized, two trainings for young bloggers on combating hate speech were conducted, a portal providing information on hate speech in Poland was launched (www.mowanienawisci.info). There were also public debates on hate speech related topics, "Design the hate away" t-shirt symbol contest, NGO platform for the Equality Parade in Warsaw, session on discrimination and prejudices in Europe for EFC Conference in Sarajevo, "no-hate space" during the VII Forum of Polish NGOs Initiatives. For the next year the No Hate awareness raising campaign targeted at youth is planned. The Operator

has been supporting the No Hate NGO coalition by facilitating a series of networking meetings and developing tools for counteracting hate speech. These activities serve to share experience among Polish NGOs as well as NGOs from other countries and to enhance public support for joint actions (e.g. *No Hate Speech* campaign initiated by the Council of Europe).

In 2015-2016 more attention will be paid to **experience sharing and networking** between organisations from different countries. Thematic fora of NGOs engaged in different areas supported by the programme (watchdog initiatives, civic participation, antidiscrimination, social exclusion and children and youth) will be organized. NGOs from different countries will be invited to participate in capacity building workshops. Both, the Operator staff as well as other NGOs' representatives participate in different meetings, conferences, seminars and other relevant events organised by the Council of Europe, FRA and other Operators.

3. Sustainability prospects

According to the grantees, the implementation of financed projects is a unique opportunity for the third sector to develop in a sustainable way – primarily because of the Programme strategy and the selection of thematic areas. In the opinion of 25% of the NGOs which took part in the survey, there will be an increase of the citizens' engagement and participation as a result of the implementation of the projects financed. In the opinion of over 38% of respondents, the effect will be the empowerment of the groups at particular risk of social exclusion. The proportion of 33% indicated the establishment of new mechanisms of the dialogue between civil society and the authorities and the strengthening of democratic values, including human rights. Respondents also mentioned the strengthening of advocacy and scrutiny roles of NGOs, which leads to the improvement of public policy (28,5%).

Grants for NGOs awarded in the Programme will also contribute to the improvement of the quality of their work, both on the administrative and technical level. The Programme makes it possible to fund the development of organisations in the areas that do not need to be directly linked with the project. This approach is dramatically different from the ones applied in Poland so far. Organisations may fund, e.g., the purchase of equipment from the subsidies obtained from other grant programmes, but they must justify that its purchase is necessary and closely linked with the project implementation. In the Citizens for Democracy Programme it is the NGO that determines what it needs for further development – whether it is training, strategy development or just day-to-day activity. This is how it was phrased by one of the grantees, *“The valuable thing for me is that there is money for capacity building. This is the best money we have ever got – funds for day-to-day operation. We never have enough.”*

It is important that the level of confidence in grantees, so evident in the area of capacity building, translates into effects and effective increase of the quality of operation. As described pertinently by one of the grantees who attended a focus meeting, *“This is a kind of self-fulfilling prophecy – when you think you are treated like a thief, you start acting like one and when you are trusted, you behave in a different way and watch yourself.”*

Finally, what is left after the implementation of many projects is the bilateral partnership established or strengthened over the course of the Programme implementation. The Programme is a unique opportunity to fund the activities aimed at finding a partner. For many organisations, it is a great opportunity to consider this kind of cooperation for the first time. It is also valuable that Polish organisations may, through the implementation of projects, learn and benefit from the experience of NGOs from Donor States:

IX. Conclusions and Emerging Lessons

1. Key success factors for the achievement of planned outcomes

At the level of the Operator, the key success factors for the achievement of planned outcomes include:

- Realistic and rational estimate of outcomes, which results from the experience of the Stefan Batory Foundation and its partner as grant-giving organisations. They carry out activities that

should lead to the implementation of a certain vision of the sector and this impact can already be seen at the level of the structure of individual thematic areas.

- The flexibility of the Operator's activity is also very important, just like immediate response to difficulties and obstacles that arise. This is confirmed by the successful activities related to encouraging NGOs from outside Warsaw to apply, especially in the areas in which there were few applications from the local level (Public scrutiny and Combating discrimination). Obviously, close, day-to-day interaction with supported NGOs is important, just like the knowledge and experience of the team members of both foundations.
- Over the course of this evaluation, many a time the respondents, full of respect and admiration, praised the members of the team implementing the Programme.

At the level of the projects, the success factors include:

- The competencies of the NGOs supported: According to the majority of the respondents of the online survey, the main success factor is the long-term engagement of an organisation into the work on the issues which make the core of its mission, as well as extensive experience in the work in a given thematic area and partnership with other organisations in order to increase the effectiveness of its activities.
- The novel approach to the activities supported so that they can be seen in terms of results and the social change they are expected to bring about, instead of just the technical outputs achieved. Although difficult, this process is possible. The results of this evaluation also indicated that what brought all these factors together was flexibility in cooperation, limited formalities and a possibility to adjust the activities planned to the circumstances so that the implementation process could be the most effective. As emphasised by one of the grantees, *"What is innovative in the Programme procedure is approach to formalities, which is very flexible as compared with other programmes. I could focus on hands-on work instead of documentation. In my view, it is due to the fact that an NGO is the Programme Operator."*
- Finally, the key factor of success is compliance with procedures and deadlines demonstrated by both the grantees and the Operator, which is a rare occurrence in Poland. The Operator expressed it in the following way, *"We also need to make sure that we comply with the procedures which have been set. NGOs are not the only ones who have to do it. Procedures apply to us, too. So far, we have been rather successful."*

2. Main bottlenecks and challenges in the implementation of the programmes

Although the Programme implementation is an opportunity for many organisations and enables them to carry out innovative activities, one must be aware that the Programme will not change the sector or solve all of its problems overnight. There are two reasons for it. First of all, systemic changes cannot be made in such a short time as the duration of the Programme. Secondly, many organisations have an instrumental approach and treat the funds from the Programme as yet another source of funding. This problem was indicated primarily by other grantees and experts who know the third sector in Poland as well as independent experts evaluating applications in the Programme.

As outlined by the Operator, paradoxically, the fact that there is a large pool of funds available in the Programme to be spent in such a short time may be harmful for NGOs. Just like in the case of the European Social Fund, NGOs may adjust their activities to the sources of funding available, which works to the detriment of their mission. Nevertheless, these are just potential risk factors that may but do not have to occur, especially if one bears in mind that the aims of the Programme were well-designed and subject to a broad debate.

As best phrased by the representative of the Public Benefit Works Council that facilitated the consultative process for the design of the current programme, *"At the moment, I cannot see a programme that would have better characteristics, which does not mean that the programme itself is flawless and needs no improvement. But its strengths also result from the fact that it was developed with the participation of the NGO environment to a large extent."*

X. Recommendations

1. For the improvement of the current programmes

Because the third and last call for proposals for thematic projects will start on 1 September 2014 and at the stage of this evaluation study the grantees have not yet submitted project implementation reports, it is hard to propose changes related to the current programme, both with respect to the competition procedure and reporting.

But with regard to grants for establishing or strengthening bilateral cooperation (micro-grants) the option of long term internships at partner organisations should be recommended. It will make it possible to increase competencies, knowledge and experience to a greater extent.

2. For the next financial period

(1) For the achievement of the long-term aims of the Programme, it is of key importance to start the next financing period in a timely manner, with less delay or a smaller gap between the two financial mechanisms. This will ensure continuity of support, especially for the organisations implementing activities in the areas which are not funded from other sources. This is especially important for Combating discrimination and Public scrutiny.

(2) The Programme launch should be preceded by extensive consultations with the participation of the NGO community in Poland, including NGOs from the regions. This participatory approach to strategy design applied for the current financial mechanism has proven to be successful. However, it needs to be designed as a more comprehensive and quicker process in order to ensure the quick start of the Programme.

(3) The major recommendation of the NGO community is to maintain the current framework of the NGO Programme without any radical changes because the structure of the Programme applied so far is definitely successful. It should be emphasised that this evaluation does not include too many strategic recommendations focusing on the Programme strategy or thematic areas. This is evidence that the Programme was well thought-out. This approach will also ensure strategic consistency and continuity as desired objectives require long-term interventions.

(4) Another recommendation is that the Stefan Batory Foundation should be the Operator of the Program in partnership with the Polish Youth and Children Foundation in the next financing period. This view was expressed by the NGOs interviewed and confirmed by the findings of this evaluation. SBF is the best actor in Poland able to combine the strategic vision, expertise and a flexible and developmental approach with trust and legitimacy among NGOs, other donors in the country and the government.

(5) In terms of horizontal concerns, cross discrimination, i.e. discrimination on more grounds than one, should be included as an additional horizontal criterion.

(6) Although the competition for systemic projects was not so successful, the Operator, NGOs and the experts familiar with the problems of the third sector in Poland consider that the formula should be maintained with just a few changes. Firstly, systemic projects pre-defined by the Operator should be introduced. Secondly, conditional grants should be considered, especially for systemic projects (the award of a conditional grant is dependent on the fulfilment of specific conditions. For example, the amount of the grant may be increased if the grantee obtains a specific amount needed for its activities from other sources or if the grantee achieves the indicators as planned.) Thirdly, the formula requires a longer period of implementation than in this edition of the Programme because systemic changes may not be achieved in a short time. The time needed is from 5 to 10 years. This will mean, that investment needs to be done in a way that considers sustainability of the intervention in a longer timeframe than the project support.

(7) As for the problem of the overrepresentation of the projects from Warsaw, which was identified during this evaluation, two paths of selection should be considered: one for NGOs from Warsaw and the other for those from outside Warsaw. This can be done by introducing additional criteria for priority regions and the local level of intervention in some of the programme calls.

(8) In terms of the selection process, one recommendation can be made, as suggested by the grantees, the experts evaluating applications and the experts familiar with the problems of grant competitions. An interview of applicants made by the Selection Committee could be added to the last stage of the competition.

(9) This evaluation has demonstrated that the external experts evaluating applications were the weakest link of the selection procedure. Despite the fact that their knowledge and experience was assessed much higher than that of the experts evaluating projects in other grant-making programme (usually public) competitions, more investment in their shared understanding of the programme is needed. It is necessary to train external experts in order to achieve the common understanding of terms, aims and priorities of the Programme. It is also needed to train all the experts evaluating projects in this respect because of the fundamental importance of horizontal concerns. It turns out that only the experts evaluating the projects in the area of Combating discrimination have in-depth knowledge about the subject.

(10) It is also recommended to increase the influence of the Operator on the selection of the projects in the competition. This can be done by providing experts with important information on the Operator's cooperation so far with the organizations applying for grants or by conducting interviews with applicants. An opinion that was often expressed by the respondents over the course of this evaluation was that the formula adopted made it impossible to use the knowledge of the third sector and the grant-making experience of the Stefan Batory Foundation. In the formula applied the Operator's role is, to a large extent, that of an administrator.

(11) It needs to be considered whether other countries should introduce the solution applied in Poland in which the experts involved in the assessment of the detailed project applications in a given thematic area meet to discuss applications and develop the final ranking list.

(12) As for training for applicants and grantees, it should be organised on various dates and outside Warsaw. Emphasis should also be placed on training (just like in this programming period) in the areas where the number of projects that are submitted is the smallest (Combating discrimination, Public scrutiny). Another important aspect is training in the field of designing capacity building activities for grantees.

(13) As for the competition procedures and the requirements to be met by grantees, it is recommended to abandon or reduce the grantee's own contribution into projects, which is obligatory and equals 10%. Because of this requirement, NGOs excessively expand their own staff and inflate their own contribution, neither bearing any resemblance to reality. Most NGOs lack any external sources of funding and have very limited annual budgets based on other projects financed.

(14) For capacity building, it is worth considering an option of changing the ceiling of the capacity building subsidy (20% of direct costs). Grantees indicated that because of the structure of the Programme conditions they had been faced with the choice between applying for the funds for capacity building and applying for the funds for activities within the project. The recommendation is to introduce a separate category of grants for capacity building where the amount of such a grant would not be determined by the amount of the grant for the activities in individual thematic areas. NGOs might apply for these grants along with the grants for the activities in individual thematic areas. Capacity building grants could be a separate category of thematic grants. This option, if implemented, would respond to the needs expressed by grantees.

(15) In terms of bilateral relations, traineeships for the representatives of Polish NGOs offered by NGOs from Donor States should be considered. This would be an effective method of acquiring knowledge and experience.

(16) Finally, emphasis must be placed on promoting the issues and causes that the Programme supports and the emerging effects of this support in public space and in the media. The fact that the Programme is recognised in the third sector community does not mean that the same is the case at the society level. This requires a different type of strategic communication, both from the Operator and the NGOs supported as part of the Programme. It would contribute to the increased visibility of the sector and, result in a greater public support of the issues the NGOs and the Programme intend to achieve.

Cidadania Ativa Programme PORTUGAL

Andres P. Falconer

I. Context

1. The environment for civil society work in Portugal

Portugal, on the south-western corner of the continent, is one of the oldest nations of Europe, established as an independent kingdom in the 12th century. It has controlled a vast colonial empire, leading the expansion of European influence in the world in the Age of Discoveries. Its importance greatly diminished in subsequent centuries. Today, while it is a developed country with high standards of living, it shares ranks among the poorer European nations, with its current (2013) GDP per capita at 75% of the European average. A monarchy until 1910, Portugal's experience with democracy had been hesitant, at best, until the 1974 Carnation Revolution ended the Estado Novo, a continuous period of more than 40 years of right-wing dictatorship. Portugal has since been a democratic country, and joined the European Economic Community in 1986, later becoming a founding member of the European Union.

The Portuguese take pride in their position as a Western European democracy, with established welfare policies, a solid rights framework, including legal protection against discrimination. Furthermore, the Portuguese perceive themselves as a tolerant and diverse society, the result of a multi-ethnic mix which forged its national identity. A colonial power as recently as the 1970s, Portugal has welcomed immigrants from around the world, especially from its former domains in Africa, Asia and Latin America. As a poor European nation offering few opportunities to its citizens, the Portuguese have historically emigrated in large numbers, establishing strong diaspora communities. Newfound prosperity and growth since the 1980s has seen a marked increase in immigration (temporarily reversing the trend), including Central Europe (particularly Ukraine).

Paradoxically, this self-image as a tolerant and diverse society has often led many Portuguese to the erroneous conclusion that discrimination is not a relevant issue in their country. Economic strain has brought forth the realization that human rights abuse is more prevalent than perceived. While many organizations in the country serve immigrants and other vulnerable groups, offering access to social services, few focus on the issue of discrimination *per se* of these, and their efforts are poorly funded.

The contemporary Portuguese Civil Society "sector" is a product of multiple influences: a millennial Catholic history, resulting in a powerful network of religious based institutions; industrialization, leading to a mutualistic tradition that created associations, cooperatives, and other "Social Economy" organizations; but also repressive Estado Novo regime, that long limited civil society to tolerated forms of organization, particularly to religious led charity. Finally, re-democratization and EU membership have promoted a strong growth in the sector and a shift in its types of activities, both through the creation of a stable legal framework, as well as the availability of funding for the sector.

Public funding of the sector has become one of the most important sources of revenue, and the most significant to the social services part of it. Yet access to government funds has not always been a simple one especially for smaller organizations. Transparency has increased significantly in the past decades, but is often still perceived by CSOs to be lacking. Funding of NGOs appears to be fragmented, non-systematic and often discretionary. Control over public funds has often hurt the CSO sector as well, by creating insurmountable bureaucratic barriers to organizations poorly equipped to meet public standards. The accession of new members to the European Union from Eastern Europe long eclipsed Portugal as a recipient country in the Union.

The economic crisis has taken its toll on Portuguese civil society. Portugal has been hit particularly hard by the economic downturn since 2008. The country is still one of the weakest and most vulnerable European economies, requiring a controversial "bailout" supervised by the unpopular "Troika" (ECB, EC and IMF), leading to drastic public sector budget cuts and fiscal tightening. This ongoing process has led to years of negative economic growth, social unrest, new mass emigration and increased levels of poverty.

Social services, and within these, the CSO sector, have been hit by government cutbacks, just as demand for these services increases, unemployment (particularly among youth) remain unacceptably high and public services are cut or reduced⁶⁵. Due to its dependence on public funds, many CSOs have limited, or all but suspended their operations. Others, however, have read the signs from the environment as an incentive to diversify their funding sources and implement new entrepreneurial and revenue generating initiatives.

Yet sources of funding for the sector are hard to come by, with few foundations and private sector firms (equally hit by the economic downturn) filling the gaps and offering an alternative to public funding. At the time of writing, the banking sector in Portugal is seeing turmoil, drawing further uncertainty for Civil Society.

A few large organizations still can rely on stable sources of funding. Notable is the Santa Casa da Misericórdia (Holy House of Mercy) of Lisbon, a hybrid CSO under state “tutelage”, granted by the Portuguese state a concession on lotteries, while the rest of the sector is not so fortunate. In its own category, as will be shown, stands the Calouste Gulbenkian Foundation, Operator of the EEA Grants NGO Programme in Portugal.

2. Main needs, challenges and opportunities related to the development of the NGO sector as a catalyst of civil society

In comparative perspective, the Portuguese CSO Sector⁶⁶ is smaller than the Western European average, though still relatively larger than its Eastern European counterparts, accounting to 2.8% of economy output and 5.5% of paid employment.

The government classifies the sector, in its satellite accounts, into: 1) cooperatives, 2) mutualistic associations, 3) *misericórdias* (houses of mercy), 4) foundations and 5) associations and others, with this last category representing 90% of the 55 thousand organizations accounted for in 2010. While nearly half of the organizations (48.4%) are devoted to culture, sports and recreation, “social action”, with only 14% of organizations, accounts for 41.3% of its economic output and 48.6% of the sector’s paid employment⁶⁷.

Civil society in Portugal is a diverse and often polarized sector.

- While the Catholic Church continues to play a very strong role, often supporting conservative causes, other organizations may align themselves with political parties and with their goals, and occasionally benefit from these linkages when these parties are in government, both nationally and at local levels.
- Fragmentation and lack of coordination is the most common criticism of the sector, also from within its own ranks. Umbrella organizations and networks often exist in name only and function effectively in few cases.
- Low capacity, especially managerial, and the absence of a culture of results (including systematic monitoring and evaluation) are also noted.
- Alongside the already highlighted dependency on government funding, the concentration of organizations within the two greater metropolitan areas of Lisbon and Porto (with the former taking a disproportionate share) present an image of an imbalanced sector.

⁶⁵ Contrasting with this commonly held view, an NGO sector study in Portugal being carried out by Cidadania Ativa (not publicly available during the study period) does not appear to confirm this idea: it indicates that between 2011 and 2013, public funding made available to the NGO social services did increased somewhat, while funding from private companies has decreased.

⁶⁶ The term NGO in Portugal is less frequently used, and is often associated with development NGOs, rather than with domestic service groups and citizen associations. Third sector, social economy, social sector or civil society are terms often also used interchangeably, albeit somewhat imprecisely.

⁶⁷ *Conta Satelite da Economia Social 2010*, Lisbon, Instituto Nacional de Estatisticas, 2013.

Ultimately, the Civil Society sector in Portugal suffers from relatively low levels of trust – among themselves, from government, from the private sector, and from the public – from citizens.

II. Strategic Relevance

1. The Strategy of the NGO Programme in the Country

The EEA Grants NGO Program, branded *Programa Cidadania Ativa* (“Active Citizenship Program”) in Portugal, is an instrument to support NGOs between the years of 2013 and 2016, operated under the responsibility of the Calouste Gulbenkian Foundation (CGF). The Programme operates in a similar manner within the 15 beneficiary countries, with some differences in institutional arrangement, implementation strategy, and priority areas. Since 2014, the Portuguese Programme operates a fund of €8.7 million, raised from the original €5.8 million initially allocated.

The *Programa Cidadania Ativa* was launched in March 2013, after a period of consultation with Civil Society and other actors, and the competitive selection of the Fund operator. As will be seen in the following section, this choice of Operator was decisive in shaping the program, its initial outcomes, and its potential impact.

The Programme was first announced with three priority areas, or domains:

1) *Participation of NGOs in the conception and application of public policy at the national and local level*, with 13% of available funds (initially 20%),

2) *Promotion of democratic values, including the defence of Human Rights, minorities rights, and the fight against discrimination*, with 26% of the funds (initially 40%), and

3) *Support to the effectiveness of the action of NGOs*, with another 26% (also initially 40%). The Operator acknowledges that there was some limited flexibility to tailor these domains and to allocate funds proportionately according to their perceived relevance in Portugal.

A fourth domain was added in 2014, with an additional commitment of funds, representing 34% of the total: *Support for the employability and inclusion of young people*.

Beyond calls for proposals, the strategy envisaged change by conducting a mapping of the sector, and an identification of gaps and opportunities for impact. This is especially relevant due to the low level of information available about the sector, beyond general sector-wide statistics presented in the national accounts.

Additionally, as with other participating countries, the Programme supports bilateral cooperation with NGOs in donor countries – Norway, Iceland and Liechtenstein.

Grant support was offered in two major calls for proposals, in April-July 2013 and in March-May 2014, the first of which encompassing the three initial domains and the latter incorporating all four domains.

The calls invited proposals for two categories of projects: Large Projects, ranging from €27,500 to €138,500, with a maximum duration of 18 months; and Small Projects, from €10,000 to €27,500, for 12 month projects. Portuguese NGOs were eligible for funding for up to one project per year in each domain, with a maximum of three projects as project leaders.

In order to be eligible for Large Projects, NGOs were required to establish partnerships with other organizations, including the public and private sector. For Small Projects, partnerships were encouraged but not required. Proposals are required to address one or more of the horizontal concerns of the program, but these carry a relatively small weight in the evaluation score.

Capacity development is one of the four domains of the Programme, with 26% of the available funds made available for grants to NGOs to build the capacity of the NGO sector. Beyond direct granting, capacity development efforts for grantees have been limited to financial and project management, specifically tailored to the needs of reporting to the Operator and using its system. While we agree that this focuses on a common weakness of NGOs that is critical for the success of the Programme – capacity development has not been sufficiently prioritized and that there are significant areas in which

the Operator can identify and further address. We were encouraged to hear that the Operator was considering new capacity development activities.

While the Programme has the intention and envisaged instruments for capacity building on individual NGO level (individually tailored to the needs of supported organizations, we do not see a consistent strategy to approach systemic change at the NGO sector level. An interesting initiative, beyond funding individual NGO projects, has been the commissioning of a mapping study of the NGO sector from a well-respected academic institution. Our hope is that this report, which is due in late 2014, will identify new areas for strategic intervention at the sector level, but this is, no doubt, too late to have a meaningful impact on the current iteration of the Program.

2. Relevance of the strategies

The choice of themes – the domains – has been initially met with some scepticism in Portugal, but there is a general view that these are relevant and useful. Issues such as Human Rights are sometimes perceived to be more reflective of a Nordic view – thus a donor-imposed priority – and the promotion of democracy a topic more directly relevant for the new democratic states of Eastern Europe than to Portugal. As noted, the Portuguese see themselves in the image of an established Western European democracy, and occasionally balk with the comparison with the newer EU members.

The widespread opinion among stakeholders, including the Operator, is that there is a dire need for funds to compensate, at least in part, the retreat of the state in the provision of direct social services. However, several stakeholders have noted that addressing issues that do not ordinarily receive attention (let alone funding) in Portugal, such as democracy and rights, does create opportunities for change in the Civil Society Sector. A sector subdued by its dependency on public funds may emerge better positioned to operate not only in a service provision role, but also at a policy level, both as proponent and a watchdog.

The selection of a fourth domain – employment and youth – in 2014, was selected in consultation with donors, over other EEA Grants proposals, as a very relevant and pressing issue in Portugal, where youth unemployment levels stand at above 35% - the third highest rate among OECD countries.

The requirement for the establishment of partnerships in order to apply for large grants was a deliberate attempt to address one of the perceived weaknesses of the sector – its fragmentation and its low capacity to work collaboratively – which we perceive as well intended but insufficient, as partnerships were often established as a mere formality

However relevant the strategy may be, there are important questions on whether the Programme may be able to achieve real and sustainable impact in strengthening civil society. As in other countries, there appears to be *a real mismatch between the overall ambitious goals of the Programme and the tools and instruments made available to the Operator* to achieve these.

The institutional arrangement for the NGO Programme in Portugal has created a strong operating capacity, well aligned with the rules of the overall program, with good coordination with the FMO, donors and the National Focal Point, overcoming some of the potential obstacles of delivery. Yet we believe the Programme will have challenges in achieving change in a broader sectorial and systemic perspective. We do not question whether the Operator will deliver on the outcomes as defined in the Terms of Reference, but whether there is a coherent vision for the desired long-term change and respectively clear linkage between the activities, the expected outcomes, and the overall objective of the Programme. In sum: while the Programme may fund well-implemented and relevant initiatives, it is open to serious question whether it can have an impact in strengthening Civil Society, due to reasons explored in the report: the fragmented approach to grant-making, and the lack of sector-building investments, among others.

III. Management set up

1. The Process of selection and appointing NGO Programme Operator in the country

The NGO Fund in the previous Financial Mechanism (2004-2009) in Portugal was operated by the Portuguese National Focal Point, hosted within the Ministry of Towns, Local Administration, Housing and Regional Development. The current managerial setup of the NGO Programme is significantly

different, stemming from the decision to implement the Programme through a third party Operator from within the Civil Society sector itself.

The selection of the Operator was organized through an open tender in which five applicants expressed their interest, in September 2012. Among the two finalists, the Calouste Gulbenkian Foundation (CGF) was selected as the Portuguese Operator, announced by December 2012.

This announcement was well received but also met with some surprise. The Foundation, which is a large, long-established, well-respected, and self-funded institution, had virtually no experience in operating third party programs. There was some level of doubt whether the Programme would be of interest to CGF, and in some segments, there was questioning as to why the country's largest foundation should manage one of the largest funds for Civil Society, allowing it to wield more influence in the sector.

The donors appeared to welcome the CGF's willingness to take on this role. In the words of the Norwegian Ambassador to Portugal, Gulbenkian was probably the only non-profit grant-making organization that commanded both the high credibility and managerial capacity to operate a Programme that, in Portugal, was already fraught with delays. Portugal was, in effect, the last of the participating countries to launch their EEA Grants NGO Program.

2. Profile of the Operator of the NGO

The Operator of the NGO Programme in Portugal, as noted, is a *sui generis* organization. The Calouste Gulbenkian Foundation is, by far, the largest foundation in Portugal, and is usually ranked among the 10 largest European foundations, with reported assets over €3 billion in 2013. It was founded in 1956 by a bequest of an Armenian oil magnate, Calouste Sarkis Gulbenkian, who resided in Portugal. The Foundation fully owns an oil company, Partex Oil & Gas (Holdings) Corporation.

Foundation operates in Portugal and internationally (primarily in the Portuguese-speaking world) in four "pillars": *Arts, Education, Science, and Philanthropy*. Its annual budget is €100 million, which is shared among activities such as operating its own museums, exhibitions and concerts, as well as programs. In 2013 the CGF invested €18 million in scholarships, grants and awards.

The Human Development area of the CGF is a comparatively small unit (€2 million/year), which has evolved in its practices since the 1990s, from merely providing direct assistance to impoverished individuals to more systemic approaches focused on building civil society. In the past decade it has played a leading role in promoting social innovation and entrepreneurial approaches. This unit led CGF's bid to operate the NGO Program. Despite this, the Foundation chose to establish a separate management unit to operate the NGO Program, not directly reporting to Human Development.

The CGF had virtually no prior experience of operating third party funds, and the decision to do so reflects an ongoing internal debate on the need to open to the outside world and to use their significant leverage to enhance impact. The Foundation has historically been (even admittedly) self-centred, Lisbon focused, somewhat pompous, and it is popularly said to have once had quasi-ministerial status in Portugal. Few, if any, institutions share the prestige and practically unanimous support that the people of Portugal place in the CGF. However, while it is well respected, it is not historically close to or perceived to be a full part of civil society.

The choice of the CGF as Operator is now almost unanimously considered a good one, and is certainly seen as a better alternative than the previous arrangement of operation through the National Focal Point. While it may be somewhat formal and bureaucratic, it is a very efficient administrator by Portuguese standards, and certainly by public sector ones.

The Foundation put together a strong team in its NGO Programme management unit, with solid grounding in procurement and project management, gained from previous experience managing EU Structural Funds. The Operator judges that this has been decisive for the timely implementation of a Programme that faced strict time constraints. The team is comprised of six individuals, all but one of them economists (the exception, a lawyer). The team has little previous experience in the social sector, but it appears to have built a good relationship with the NGO community and with grantees, based on its professionalism and responsiveness.

In our opinion, the decision to establish the Programme as an independent management unit, rather than as an initiative within the Human Development area, may be leading to the underutilization of one of the most interesting opportunities and potential strengths of the foundation: the creation of synergies between the NGO Programme and the broader portfolio of its Human Development Program, and of the CGF as a whole. As this Programme represents an important departure of the traditional modus operandi of the Foundation, their decision is perhaps justifiable, but we encourage greater synergy and integration between units. It is encouraging that the Operator reports a practice of ongoing communication between Human Development and the NGO Programme, along with the formal role assigned to the Human Development Director as a member of the Selection Committee.

3. Efficiency and effectiveness in interaction with the FMO

The Operator and the FMO appear to have a productive and cordial working relationship, with no apparent major issues. But while the Operator will often criticize the rigidity of the rules of the Programme (a unanimous concern across the Programme in all beneficiary countries), the FMO states that the Operator may be adding its own (unnecessary, in their view) rules and procedures to an already complex process.

This may indeed be the case, when procedures such as the selection criteria and process in Portugal are compared to those in other countries. An example of this is that while the selection of projects is defined primarily on the basis of the points score, judged by external expert, and later validated by a Selection Committee, all decisions on the selection are ultimately taken by the Foundation's *Conselho de Administracao* (Board of Directors), as with their own grant portfolio. Our impression is that the Operators exercise more autonomy in decision-making, and have considerable power in shaping the outcomes of the program. However, the fact that FMO procedures are focused primarily on tightly controlling activities and outputs (rather than outcomes and impact) is a recurring reason for dissatisfaction.

4. Efficiency and Effectiveness of the interaction with the National Focal Point (NFP)

The National Focal Point plays a nominal and virtually ceremonial role in the NGO Program. We have noted what also appears to be a cordial relationship between the NFP and the Operator, with a clear understanding and acceptance by the NFP of the rationale for the NGO Programme to be managed independently from the remaining EEA Grants.

While it transpires that the NFP may feel disengaged or bypassed, we have not identified tension or undue interference on their part. We have also not identified, however, any useful synergies or close coordination in a way that could support the Programme or the projects themselves, for example in the issue of policy influence and access to policymakers.

A noteworthy episode took place in 2014, with the decision by the donors to allocate an EEA Grants fund reserve entirely to the NGO Programme (resulting in the establishment of the fourth – youth-focused – domain, with €2.5M). The NFP advocated strongly for the sharing of these funds among different EEA Grants programs, including those it managed directly. Ultimately the decision to boost funding for the NGO Programme prevailed, in part due to the confidence the Operator had gained with the donor of its capacity to execute the Programme competently and in a timely manner.

The operation of the NGO Programme through a third party non-state organization is an important precedent that may ultimately prove useful for other EEA Grants programs, and is an interesting example of public-private collaboration. We feel, however, that the rigid rules under which all parties are bound often offsets the advantages of working with a private third party operator.

IV. Grant systems and processes

1. Application process

The *Programa Cidadania Ativa* has been well promoted in Portugal, through a range of means. It is featured prominently on the website of the Operator, and the news has been replicated by other media sources, especially – predictably – the announcement of the calls for proposals. The Programme hosts its own web pages, within the Operator's site, that are well presented, thorough and informative, as a resource for all prospective candidates and anyone interested in learning about the Programme or

scrutinizing its operations. The Programme was launched at a high-profile event in Lisbon, followed up by presentations in six Portuguese cities across the country. As a small country with a relatively small NGO sector, we are confident that most organizations that would have been eligible will have heard about the Program, though perhaps more can be done to build capacity and counter the Lisbon-centric tendency that is visible throughout the process.

As noted, the Programme website is clear and useful in terms of the application process and the selection procedures and criteria. Forms, files and background documents are easily available online. The Operator delivers well on the requirement of adequate promotion of the Program.

The selection process initially involves an evaluation by external experts, who score projects according to a list of weighted criteria. Projects are ranked according to their points score and the list is submitted to the Selection Committee and ultimately to the Board of the Foundation. The weighted selection criteria for project proposals vary slightly in different competitions but is typically as follows.

Criteria	Weight (%)
1. Relevance of project for Programme goals and results	15
2. Methodology	5
3. Coherence between goals, activities, results and expected impact	15
4. Experience and capacity of proponent NGOs	10
5. CV of project leader	5
6. Sustainability of the project	5
7. Innovation	5
8. Potential for capacity building	5
9. Impact on horizontal concerns	5
10. Communication plan	5
11. Consistency and nature of partnership	10
12. Value for money	10
13. Evaluation and supervision mechanisms	5
Total	100

As with most operational matters noted, the application process appears to have been planned and implemented in a very professional and efficient manner. This is especially noteworthy due to the time constraints in the Portuguese Program, due to its late start. To date, two major calls for proposals have been executed. The first, April 29–July 1, 2013, involved six separate competitions, for small and large projects in each of the three original domains, with the large projects conducted in two phases. The second major call, March 11–May 12, 2014, included six competitions, conducted in a single phase, including the fourth domain of youth employability.

From the applicants’ perspective, competitions were organized in a clear and transparent manner; this was considered a welcome and marked improvement from the previous cycle, and at a standard superior to comparable funding opportunities offered by the European Union and the Portuguese Government. Applicants considered that *Cidadania Ativa* raised the bar in terms of transparency and professionalism. One grantee noted the Programme is “too good for Portugal” in this respect.

Many organizations, even those ultimately selected, stated they struggled to understand or to respond adequately to the requested criteria, such as “value for money”. Likewise, sustainability, monitoring and evaluation and other criteria were challenging criteria for organizations that, in Portugal, are more used to responding to technical criteria than to managerial issues.

Technological issues with the application system created challenges in the application process. In effect (but not unpredictably), a glut of last minute applications overwhelmed the online system requiring manual submissions via email, confirmations of reception by telephone, and an uncertainty over the status of proposals submitted. This appears to have been handled well, but led to anxiety and frustration on all parts.

2. Efficiency and effectiveness of the selection procedures

The Operator has been diligent in the organization of the selection process. To ensure the swift processing of project proposals, a team of 36 expert external evaluators was invited. These evaluators,

sharing the proposals according to their areas of expertise, were able to process the large number of proposals in under a month. Experts worked individually and submitted their scores to a Selection Committee comprised of three individuals, only one of which external to the Foundation.

The External Evaluators conducted the most critical task in the selection process, due to the importance of the average score in the selection of proposals, resulting in a reduced role of the Selection Committee. In fact, one member felt that this Committee had no role but to rubber stamp a decision. The Committee has played a role in selecting proposals when two or more were tied or had very close point scores. The Committee's ranking of proposals is submitted to the Foundation's Board for final approval before recommendation to the donor.

In our opinion, the selection process can be improved significantly to better address the objectives of the Programme in Portugal. While some of these changes can be carried out locally, others are potentially better suited for the Programme as a whole.

The first issue is the over reliance on the points score in the final selection of projects. The score – i.e., the relative rank of the projects – appears to be the single most important aspect of the selection, with a marginal or merely formal role for other instances. While this bears the appearance of a fair, objective and transparent process, it may fail in important ways.

Firstly, the selection of a number of projects according to their relative ranking on a list does not guarantee that the resulting group of projects supported represents the best mix to achieve the Programme goals, as there may be redundancy or gaps in the types of activities proposed in relation to the actual needs of the field.

While the score may identify the best individual projects, and be a useful triage tool, selecting a final portfolio of projects should be the responsibility of the Selection Committee, trusted and empowered to make discretionary choices, which, if necessary, could be called to justify these when they differ significantly from what the individual scores suggest. This is a normal process in many grant-making programs. Considerations such as the geographic distribution of projects, contextual issues, or other biases that need to be analysed recommend using a “portfolio approach” instead of a collection of individual choices. An empowered Selection Committee is also essential to suggest necessary adjustments to address shortcomings of otherwise strong proposals. This role was carried out by the experts.

Secondly, we believe that the number of selection criteria – 13 – is excessive and their relative weight is somewhat arbitrary, suggesting that the ranking produced may not result in a list of the actual “best” projects. The large number of criteria means that a bizarre situation of a project that scores *zero* points on methodology (suggesting it is completely unfeasible as proposed) could still be selected if it scored highly on other criteria. “Methodology”, in fact, accounts for only 5% of the score. A similar argument could be made about other criteria, including addressing the horizontal concerns (which also account for 5%).

Furthermore, evaluator bias typically results in an evaluator judging most criteria in a similar fashion, as a subjective reflection of whether he or she “liked” or “disliked” the project, rendering the excessive number of criteria less meaningful. A maximum of six broad categories, with no individual criteria representing less than 10% of the total score could produce similar or better results.

The Operator does not believe that the appeal mechanism for rejected projects is adequate, and feels constrained by the requirement for neutrality to not communicate with candidates once they have initiated their applications. We believe a simple process could offer sufficient recourse to applicants without overburdening the Operator, which should be encouraged to offer support mechanisms. This should not be seen as a violation of its neutrality if basic conflict of interest policies are in place. A good practice of the Operator was the introduction of a helpline to applicants which is operating since March 2013 with huge numbers of requests (by phone and mail) regarding filling in application forms and other related issues. In general, the Operator is perceived by NGOs as responsive and professional in its communication with them.

As shown, the appearance of rationality and fairness of the process do not guarantee sound choices, and appears more reflective of a conservative risk-averse bias and the absence of trust across the board in the management setup and – perhaps – in the NGOs themselves. While the risk of collusion

between an Operator and NGOs can never be eliminated through administrative procedures, these can negatively affect the results of the program. Discretion and trust are essential in order to make informed and wise choices. The NGO Programme should focus on achieving the greatest possible impact, not on the “equitable” distribution of benefits. Modern grant-making increasingly embraces the fact that investment decisions are arbitrary, based on informed and calculated risks on a portfolio, rather than on supposedly scientific management tools.

Two examples illustrate the potential synergy between the NGO Programme and the CGF at its best. One of the most highly scored – and ultimately selected – projects was incubated by the Foundation itself, in partnership with other organizations. More interestingly the Board of the CGF agreed to directly fund, with its own resources, three well ranked projects that had nonetheless fallen below the *Cidadania Ativa* cutoff line. We wish to see more such examples.

3. Contracting and Reporting systems

Grant conditions were described as clear and reasonable by the majority of grantees surveyed and interviewed. No doubt used to bureaucracy and paperwork from other funding sources, the terms required by the NGO Programme were considered adequate, and the Operator was found to be reasonably responsive and helpful, especially by organizations with little experience in grant funding. Requirements were sometimes described as rigid and excessive, however, in relation to the size of the grants – both for small and large grants. The same is said about reporting requirements, especially by organizations for which this source represents a small proportion of their overall funding, who perceive the reporting burden as disproportionately large.

Projects are required to report to the Operator on a quarterly basis, which may be excessive. In practice, projects have very recently begun implementation, with the announcement of the first round of funding in late 2013. The training workshop held in April 2014 on reporting and use of the Operator’s system effectively initiated the first reporting cycle.

4. Learning systems

Beyond reporting, systematic monitoring of projects is carried out through a number of mechanisms. The Operator developed its own project management system and trained all grantees on using this system, including a capacity development workshop on this topic. Each project has an assigned point person in the team, with many grantees pointing out that the Operator has been prompt and responsive to their queries. *Ad hoc* meetings take place as necessary to deal with issues pertaining to the project or to reporting. Site visits have been conducted to a number of projects, though not systematically.

The Operator has created – and shared online – a database of Portuguese NGOs, which it periodically updates. This database now comprises 438 organizations. While this is a minuscule portion of the sector in the country, most of the largest and best known organizations (including 34 Santas Casas) are listed. The information is offered publicly as a list (a PDF file) containing all contact information as well as their field of work. The website supplies a form (an Excel file) for organizations to supply their information. While useful in principle, it has not yet progressed sufficiently nor been used strategically as the Operator would like to see it. Discussions with external partners for its improvement are in the process. We encourage the Operator to continue pursuing this initiative, including partnering with or helping establish a credible umbrella organization or network for the sector.

V. Effectiveness of the programs

1. Results: What was funded?

There was a strong response from civil society organizations to the calls for proposals. The first call attracted 363 proposals, between the six competitions opened, with requests totalling €25,5M, nearly 7 times the amount made available for funding. The second call resulted in 425 projects, with €35.3M for an available €4.5M. This second call for proposals resulted in the selection of 49 new projects, including 23 initiatives in the new domain of employability and youth inclusion. The announcement of results, made on July 31st, 2014, falls beyond the timeframe of this evaluation, and are thus not considered in this report.

Participation of NGOs, Promotion of Active Citizenship, Defence of Human Rights, and Protection of Vulnerable Children and Youth received the highest requests for support, whereas Combating Racism and Xenophobia, Promotion of Democracy and Fighting against Discrimination received the smallest requests. Among horizontal concerns, Tolerance and Intercultural Comprehension was the most frequently highlighted theme, followed by Language of Hate/Intolerance and Violence against Women. Anti-Semitism, Human Trafficking and Extremist Violence/Hate Crimes were least cited. As noted, some of these themes were described as less relevant to Portugal even by grantees themselves. At the grantees focus groups this discussion led to heated and polarized debates on the nature and prevalence of discrimination in Portugal.

The first call for proposals resulted in the selection of 32 Small Projects and the 23 large projects, distributed in the following manner.

Public Policy	Large projects	5
	Small projects	5
Democratic Values	Large projects	9
	Small projects	14
Effectiveness of NGOs	Large projects	9
	Small projects	12
Total		54

Organizations that obtained grants were, for the most part, established NGOs, a majority with more than 10 years of experience. Close to two-thirds (64%) of the projects approved came from Lisbon or the Lisbon metropolitan area, with the remainder scattered across the country, predominantly in the more developed and populous North.

While many of the Lisbon-based organizations operate with a national focus (including working in rural regions), these figures demonstrate that the selection process reinforces a geographic bias that is Capital-centric and favouring more developed regions rather than those most in need. We recommend that this receive more attention in the future. A promising tendency is the result of the latest calls (not part of this evaluation) where grants are more evenly distributed across the country, with the North region getting the largest share of the grants, followed by Lisbon.

2. Emerging or potential effects towards the different clusters of outcomes

It is early and beyond the scope of this work to evaluate the individual projects supported, but patterns seen among supported projects may indicate their potential impact.

It was noted by the Operator and by expert evaluators that many project appear to be continued activities of the proponent organizations, rather than new projects. As such, innovation and collaboration across the sector are not emphasized. The relatively large number of initiatives that involve building the capacity of the sector is resulting in increased contact with other organizations (often grant recipients themselves).

While during the selection process many organizations perceived each other as competitors, or were unsuccessfully trying to mutually attract each other for partnerships under their leadership, the grantees are now faced with an opportunity: the sudden new level of activity in the fields supported by the Programme results in more interaction, and an opportunity for greater coordination at the sector level. This coordination, however, is not likely to take place spontaneously, and we make the case that the Operator can take a leading role in creating structured dialogues and opportunities for collective engagement.

It is a fact that NGOs in Portugal are in “survival mode”, attempting to make up for funding lost from other sources. Thus, the short time frame of the projects (12-18 months) and the relatively small level of funding (including the so-called Large Projects) suggests that the Programme will have little impact in shaping the sector beyond the timely but short-term support to individual organizations that are focused on delivering their core services. For a few organizations, however, *Cidadania Ativa* is their first significant source of funding. Small grants can make a disproportionately large impact on new start-ups. The overall NGO Programme should weigh the advantages and disadvantages of focusing on larger and established NGOs vis-à-vis funding innovative ideas from newcomers into the field.

There has been little space for unforeseen results in a Programme that is rigidly planned, tightly controlled and meticulously implemented following the EEA Grants rules as required, but the opportunities certainly wait to be discovered.

3. Effectiveness of addressing the horizontal concerns

Horizontal concerns were featured prominently in the calls for proposal and in the application process. Furthermore, the Operator has highlighted these issues in their communications, including the Programme newsletters. Addressing horizontal concerns is a specific selection criterion. However, as noted earlier, it is but one among a long list of criteria, and carries a small weight in the overall score. Proposals have all paid lip service to the issues, and many address some of the issues at the core of their projects. While the Programme may not be significantly changing what most of the organizations would request funding for, it has – at the very least – initiated an uncomfortable conversation and given visibility to topics that are often swept under the carpet.

The emphasis on topics not often discussed openly in Portugal – such as racism, intolerance and discrimination, and the fact that the EEA Grants is funding a cohort of organizations engaged – at least nominally – in these themes presents a unique opportunity to place these issues on the agenda. Again, this requires more than the distribution of individual grants, but is well within the reach of the CGF and many of the partners it has mobilized through *Cidadania Ativa*.

4. Use of capacity building

As previously noted, capacity building is one of the four funding areas for NGO grants where the Programme supports both NGO projects in addressing their own needs and NGO projects set to address the needs for capacity building of other NGOs. Based on data provided by the Operator, 198 NGOs will be targeted by those projects and 7548 staff members and volunteers will be trained, coached and/or mentored. The policy of the Foundation is not to provide capacity building itself; but to subcontract this work to external institutions. Those same institutions have applied and are now carrying out a very significant work on building capacities in many NGOs and their staff.

Our opinion is that the Operator is well positioned to offer much more support in this respect, drawing from its considerable expertise, but also by creating opportunities for the exchange of experience between grantees. The Operator has not yet used its leverage with grantees to create and support meaningful opportunities for horizontal exchange⁶⁸. However, the Operator states that thematic discussions between the supported NGOs (by field of intervention) are budgeted and set to take place in 2015; there has been no time to do it earlier and now richer experiences can be shared as projects are initiated.

Capacity building through the normal calls, within the current selection criteria, does not always adequately match demand and supply of capacity. There is an opportunity for a more strategic targeting of sector-wide capacity issues through the funding of pre-defined projects.

VI. Bilateral relations

The promotion of opportunities for bilateral cooperation between organizations in Portugal and in the donor countries is an explicit goal of the *Cidadania Ativa* Program. This aim is prominently stated in the Operator's webpages, which also provide links to the rules and for the competition, which is continuously open as it is still ongoing. It supplies a form for pre-registration and a dedicated – password protected – area within the site.

In practice, little appears to have been achieved with too much frustration among all parties involved. Several Portuguese organizations have reached out primarily to Norwegian CSOs proposing

⁶⁸ Grantees attending this evaluation's Grantee Focus Groups noted that more horizontal exchanges, such as the Focus Groups themselves, would be welcome, and that this had been their "first opportunity" to engage in dialogue with other supported CSOs. In their opinion, events led by the Operator typically are ceremonies and auditorium-style presentations not conducive to exchange.

exchanges. A number of these contacts resulted from a sincere interest, after conducting research about the relevant areas in which Norwegian organizations could assist in their work.

Portuguese CSOs report that Norwegian organizations were mostly unresponsive or did not show interest in pursuing a partnership. This is perhaps understandable, as these organizations were reportedly being contacted by a large number of organizations from all the participating EEA Grants countries. Furthermore, there appears to be little shared experience or commonality of issues between the two countries, differently, perhaps, than is the case with Eastern European nations.

Language is also a significant barrier to begin an exchange, the use of English is reportedly low among both sides. In addition, the Portuguese NGOs noted that the funds made available for cooperation were considered too small by their Nordic counterparts to be of interest, perhaps as they also face significantly higher operating costs.

Bilateral cooperation is another example of a well-intended goal of the overall Programme that is not supported by instruments capable of achieving this. It currently appears as an afterthought or a side benefit of the main grant program. In the current model, the impact of this initiative is likely to be negligible or merely anecdotal.

In order to achieve its intended objectives and create a stronger bridge between CSOs in the donor and beneficiary countries, changes would need to be implemented, both at the European and at the national level. A more ambitious strategy would necessarily include stronger support from the respective embassies (both Portuguese and those of the donor countries') as well as dedicated staffing and resources to manage this component (not necessarily by the same Operator, if a more suitable partner can be identified). More exploratory research is required on potential opportunities, synergies and available expertise. Traditional or new social media may be harnessed to foster stronger awareness and build relationships, and more selective matchmaking can be brokered.

In order to achieve meaningful results, a *laissez-faire* approach must be replaced with a more strategic engagement, either aiming low (focusing on short missions, exchanges, internship opportunities etc.) or high (e.g. identifying and investing strategic issues that can be addressed through cooperation among organizations and forging partnerships or clusters in these fields).

Beyond the bilateral cooperation with the donor countries, the EEA Grants NGO Programme should consider the alternative of promoting exchanges among beneficiary NGOs in different countries – as these may have complementary experiences and face similar challenges. This may also occur with tri-lateral arrangements, with a donor NGO acting as a sponsor or mentor, for example, of a group of grantees from different countries.

VII. Visibility

The *Programa Cidadania Ativa* is well known and visible among the CSO sector, as it is the largest competitive grants program currently operating in Portugal. The Programme is well publicized by all involved parties and reaches its most relevant direct audiences. Furthermore, some EEA Grants-funded organizations often display their status as grantees as a form of recognition. For some large organizations, the EEA Grant represents a very small portion of their overall budget, yet it confers credibility. For others, especially small projects awardees, the Programme can be a major source of funding and they wear the status of grantees as a badge of honour.

Beyond giving visibility to the Programme itself to its primary stakeholders, no perceived strategy or intent for broader communications is apparent. 31 media announcements, including four editions of a Programme Newsletter chronologically listed in the Programme website provide a very useful and transparent record of all Programme milestones.

The Operator has occasionally highlighted in its communications the core issues of the Program, such as hate speech, but we feel that it can do more to increase visibility of these topics and to expand the dialogue to a broader audience, setting the agenda. It could also do more to raise the public visibility of the projects that it is supporting in Portugal, to strengthen the trust between citizens and the Civil Society sector.

VIII. Making a difference: Impact, Sustainability and Added Value

1. Levels of potential impacts of the Programs

As noted, the Operator is a well-established institution with assets and an overall budget that is several times greater than the NGO Programme in Portugal. *Cidadania Ativa* is a small program within CGF, but it has leverage and the potential to transform the institution in a positive way⁶⁹. Firstly, by significantly increasing the budget for its “social” or Human Development component, which has traditionally been secondary to others, such as the Arts and science. Additionally, it has challenged the Foundation to open itself, build stronger links with civil society and to explore synergies with its own operations. This potential impact is hindered, however, by the setup of *Cidadania Ativa* as a separate management unit.

For supported NGOs, beyond the obvious benefit that the funding confers, *Cidadania Ativa* may be contributing to set higher standards for project and financial management, as well as for transparency, by building capacity and demanding periodic reporting within clear guidelines. Its standards appear to be higher than what is common practice in Portugal and may result in stronger NGOs, better equipped to deal with future donors. This is encouraging, also from a sustainability perspective.

In the current economic environment, there are few and increasingly restrictive sources of funding for NGOs. The field becomes more competitive and professionalized. *Cidadania Ativa* offers both a welcome and relatively significant source of funding, and an incentive for professionalization and competition based on merit and potential impact of ideas in action.

Beyond these limited dimensions, it is difficult to extrapolate further impact on the NGO sector as a whole, or, for that matter, on the not always strong connection between civil society *organization* and citizens themselves.

2. Sustainability Prospects

Sustainability is a difficult issue to raise at the beginning of any funding relationship, when money is being disbursed and work starts. For some of the organizations in Portugal, the grant represents sustainability, albeit only as temporary relief: the ability to retain staff, to continue or to expand their current operations. For a few others, particularly those proposing new initiatives responding to the focus of the calls, there are serious concerns for the sustainability of their operations beyond the short time span of the grant period.

Sustainability is a topic that the Calouste Gulbenkian Foundation could address in a more systematic fashion, advancing knowledge and practices in a sector that relies primarily on grants and government contracts.

The CGF, along with other Portuguese leading players in the field, are among the thought leaders in the field of social enterprise and new financial mechanisms for social initiatives. It is, admittedly, a difficult role to play within the short time frame of the NGO Program, and with the large portfolio of grants it must oversee, but it has the knowledge and the capacity to support innovative approaches to sustainability.

A feature of the grants of the NGO Programme that is frequently misunderstood and generates widespread frustration among grantees is the cap on 90% of project costs, and the need to secure additional funds. While this type of requirement may never be popular among NGOs, it is a good practice that could be expanded, and potentially combined with other incentives, such as *matching or challenge grants rewarding performance in fundraising*⁷⁰.

⁶⁹ While it is not an explicit goal of the Programme to transform or influence the Operators themselves, these organisations were selected for their capacity, their legitimacy, and for their leadership in the civil society sectors in their respective countries. It is reasonable to expect that the NGO Programmes can have a large impact on the Operators, and that this impact is very relevant for the overall sector.

⁷⁰ *Matching grants*, are a common tool of grant-makers, particularly private foundations, to reward fundraising performance and to encourage sustainability of projects. Typically, a donor will offer to “match” a sum of funds

Portuguese NGOs respond to this requirement with the mind-set of a contractor that demands fair pay for work carried out, rather than understanding a grant as a leveraged investment towards the goals of independent organizations, that should strive to secure diverse and sustainable funding sources. The Operator may play a role in supporting this mind-set shift towards sustainability.

IX. Conclusions and Emerging lessons

1. Key success factors for achievement of planned outcomes:

The overarching theme for the EEA Grants NGO Programme in Portugal is that this is a program being implemented to a very high standard according to its defined rules and parameters, but with serious questions raised about its overall impact within its current *modus operandi*. As noted, these questions do not refer to the Operator's capacity to deliver on its contractual outputs (which are not being evaluated in this mid-term report), but on the coherence between these outputs and outcomes within a consistent theory of change for strengthening civil society.

Despite a late start, the selection of the Calouste Gulbenkian Foundation as the Programme Operator was critical for the timely implementation of the program, which is now well on track. The choice of this Operator was a smart bet, albeit a conservative one, on its capacity to process and get money out to grantees without further delay.

We see the CGF operating the Programme in pragmatic, and somewhat "by the book" fashion, in comparison with other Operators in Europe. It is well equipped to take the Programme to a higher level – if it chooses to do so and is given a mandate for this.

As noted previously, this would involve actions such as closer integration with its Human Development area, and taking a more systemic approach in the selection and support of its grantee portfolio, according to the broader agenda of changes it wishes to support in Portuguese civil society.

The Foundation's public credibility, its access to government, as well as its own project portfolio, could leverage the achievement of the goals of the NGO Program. Arguably, the CGF is better positioned to do so than any operator, but if it chooses to operate *Cidadania Ativa* in a silo within the Foundation, it will not harness any of this potential.

While it is too early to foresee the impact of the project supported by the Program, some outcomes can be predicted or hypothesized. The rigorous selection process carried out, along with diligent monitoring, will no doubt result in worthy initiatives being implemented with the donors' funds.

Yet as the Operator itself noted, many of the funding proposals submitted appear to be for support of the ongoing normal operations of the NGOs, repackaged into project form to compete for a grant. As such, the contribution of the grants to sustainability and innovation is minimal, and the sectorial-changing impact is entirely doubtful. Furthermore, the atomized nature of the grants and the lack of a portfolio approach may result, at best, in the finest projects being selected, but not in the "necessary things" being funded, from a Civil Society-wide perspective.

2. Main bottlenecks and challenges in the implementation of the programs

At all levels, Portugal has been playing catch up in the implementation of the Program. This may be the highest achievement of the Operator, who has successfully produced two major calls for proposals with twelve separate competitions in the course of 18 months. This achievement merited the increase in funding of the NGO Program, in detriment of other NFP-managed EEA Grants Programs.

The constrained implementation time, however, takes its toll on important components of the Program, as stated previously: most notably the networking efforts so necessary to the sector, and the capacity building and knowledge sharing among organizations. This tight timeline is not helped by a process

obtained from other sources (i.e. put an equal sum of funds), such as other institutions or members of the public. Matching or challenge components are usually limited to a fixed sum or percentage of the total grant amount.

that is perceived as excessively and unnecessarily bureaucratic, focused on control and compliance, rather than management procedures built on trust and focused impact. This rigid, by the book, bureaucratic approach is noted by all parties involved and is a source of frustration across the board. To be fair, this cannot be attributed to the Operator or to any individual stakeholder, but in our view appears to be a feature related to the overall procedures, the contractual obligations with the FMO, and the requirements to which they are bound.

X. Recommendations

1. For improvement of the current Programmes:

- There is limited room for improvement and change in the current cycle of the NGO Program, as it approaches its final year of operation. However, this initiative is arguably the single most relevant opportunity for the development of the Civil Society sector in Portugal (and elsewhere), which has already mobilized a significant number of organizations and resources. There is much that can be done to support a process that is already in motion.
- The Foundation should immediately develop a strategy to work more systematically with its portfolio of grantees, to promote not only the implementation of individual projects, but to support the overall program strategy of strengthening Civil Society. The CGF could identify steps that it could take, within the scope of *Cidadania Ativa*, but also from a broader perspective, to achieve these goals.
- Expanding its mandate on the Programme is an objective it can no doubt do without necessarily renegotiating the terms of its contract or seeing additional funds. This may involve creating an advisory group, or empowering its existing selection committee, to propose new lines of action, in coordination with the Foundation's Human Development department, that are consistent with its overall mission.
- At the very least, activities could include enhanced support to grantees, through additional capacity development activities, and a stronger focus on networking and partnership building, through activities such as sharing events, matching organizations, mentoring schemes and other ideas.
- The CGF should take advantage of the significant leverage it has on its grantees during the implementation period to challenge these to work collaboratively. With additional funds, helping establish or supporting existing network organizations would build on the momentum of the partnerships it is fostering through its grants. This would help to address the most universally acknowledged challenges of the sector: its fragmentation and lack of coordination. Bonds created during the months of EEA Grants sponsored collaboration will no doubt contribute to strengthen the trust that is perceived to be lacking in the sector.

2. For the next financial period:

- For the following financial period profound changes may be introduced in the EEA Grants NGO Program. We suggest that many of these should take place primarily at the European, or overall Programme level though many may take place at the national sphere.
- The merits of the NGO Programme are universally recognized, its stated goals are ambitious and the support of the donor countries is greatly appreciated. Civil society has been mobilized in Portugal and in Europe and has responded positively to the challenge posed by the NGO Program. Changes proposed are not a rejection of the value of the program, but rather an attempt to build on its initial success and to equip it with tools more suited for its purposes than the current ones.
- Firstly, the Operator should be empowered to act with more flexibility and more discretion in the implementation of a work plan that is tailored to meet the country's needs, less constrained by rules, formulas and procedures that focus primarily on control. This flexibility should not be seen as a *carte blanche* conferred by the donor, but should be bound clear rules and shared

oversight mechanisms that are focused on impact. Performance should be monitored and rewarded, and risk-taking in funding decisions should be selectively encouraged.

- Oversight mechanisms should focus attention on monitoring outcomes and, ultimately, on impact, as opposed to activities and outputs. This applies at all levels – from the overall governance of the Programme to the supervision of grants. This cannot be achieved without a thorough revision of the theory of change of the Programme as a whole, leading to tighter and more coherent links, between activities, outputs, outcomes, as well as their indicators and sources for verification.
- As mentioned before, the Programme should encourage the selection of project proposals balancing the individual merit of each applicant with the relative need and other considerations, establishing a portfolio of projects that is tailored to maximum impact and systemic change. The selection criteria and process should be revisited accordingly, as described previously.
- The size and duration of the grants should be revisited, with longer and larger grants favoured over the current format, even if this may result in a smaller number of projects being supported. Furthermore, the selection criteria and the non-grant support offered to projects should be tailored to the aims of each grant type: e.g.: small grants for innovative new ideas or new start-ups, as a project incubator; large grants focused on replication or expansion of successful initiatives. Other possibilities to consider include different forms of disbursement, with small grants as pilots, for project incubation, followed by large grants for initially funded projects that reveal high potential.
- Special grants for hand-picked or Operator-incubated initiatives, such as networks, capacity building or sector watchdog organizations, and other instances of infrastructure projects should be expanded. These initiatives may prove to have a larger impact on sector-building than the individual grants.
- The EEA Grants NGO Program, whether in Portugal or at a Europe-wide level, should explore the possibilities of the new funding mechanisms for the social field that have been developed in the last decade. An emerging field, sometimes referred to as “impact investment”⁷¹, drawing on the expertise of the financial industry, has been challenging all of the traditional tenets of traditional grant funding, from the philanthropic sphere to the public sector.
- New hybrid forms of organization and novel and sophisticated funding instruments are taking shape in the Civil Society sector. *Social impact bonds*, for instance, emphasize performance and outcomes-based investment decisions, quantification of savings generated to the public purse, and the ability to generate leverage by attracting private sector investment for social purposes. The Civil Society sector has been witnessing a revolution in its manner of operating that is akin to what the Industrial Revolution was for the private sector. Portuguese NGOs are only recently awakening to this new field, and NGO Programme has steered clear of what appears to be a trend towards strategic social investment. The EEA Grants Programme may have a natural vocation to this realm, and it could take small but decisive steps in this path in the next iterations. Some of the suggestions outlined in this report point in this direction.
- Finally, it is in everyone’s interest that the overall program, in future editions, begins earlier and is implemented in a longer time horizon during the course of the EEA Grants funding cycle. While this depends on the political will of the multiple parties involved in its

⁷¹ Impact investing is a form of investing that blurs the conventional boundaries between the business and the social realms. According to the definition of the Global Impact Investing Network (GIIN): “Impact investments are investments made into companies, organizations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return.” This growing field of “social” finance seeks to combine the private sector discipline, funding availability and focus on impact and scale with initiatives with a social purpose.

negotiation and is beyond the control of its administrators, the negative consequences of the abbreviated time frame – in value for money – should be brought to the attention of the decision-makers. Most of the shortcomings of the NGO Programme in Portugal can be traced not to limitations or ill-will of the key players (particularly the FMO and the CGF), but to the severe time constraints in implementation - from more time to design and implement calls for proposals and capacity building interventions, to longer grant cycles.

The NGO Fund in Romania

Ioana Derscanu

I. Context

1. The environment for civil society work in the country

The general legal and institutional environment for civil society work in Romania did not register major changes in the past few years. However, the civil society, as part of the entire Romanian society, has been affected by a series of obstacles, some of them being related to the political disputes and economic crisis.

Transparency, good governance, and participative democracy are instrumental areas for civil society work and development. In spite of the existing legislation on transparency of the public decision process and access to public information, the enforcement of the legislation is often problematic. Some relevant examples are the deadlines for public consultation – either short or missing, the public information provided with certain delay, and the non-transparent actions of the public authorities in matters affecting local or wider communities.

In the context of the economic crisis and the budgetary constraints of the public administration, over the last years there has been a continuous deterioration of the direct lines of communication between the NGOs and the policy makers. According to the 2013 CSO⁷² Sustainability Index (USAID), *“During 2013, the government attempted to limit the operational capacity of CSOs and increasingly portrayed CSOs as potential threats to national security. Negative public statements by elected officials and mass media reporting of these statements also damaged the public image of CSOs. **The level of civic dialogue and public consultations is the lowest it has been in a decade.**”*.

The **increasing citizens’ protests** (e.g. in 2012 protests for a diversity of citizens’ problems, 2013 protests against gold mining in Roşia Montană) reflect the grievances in the country and show an increased civic response to actions strongly perceived as bad governance and corruption.

Racism and discrimination based on ethnicity are still issues of concern. The most affected category remains Roma people, who are still victims of racist attacks based, in most cases, on racial prejudice and negative stereotyping. In addition, other discrimination criteria, such as gender, disability and sexual orientation, are met often in the general population’s speech and actions, and sometimes also at the level of public figures and politicians.

The **NGOs legal framework**⁷³ did not register significant changes, except for the new legislation recognising volunteering as professional experience⁷⁴, expected to encourage volunteer work. Some of the general challenges related to the existing framework legislation refer to long waiting time for the court to recognise the statutory documents and the fact that newly established NGOs do not benefit of functional or financial facilities, as opposed to the economic operators. In addition, no significant facilities or measures to encourage public authorities to subcontract NGOs as service providers are in place. The total number of officially registered NGOs is increasing (currently over 86,000), but not all of them are active.

⁷² CSO – Civil Society Organisations

⁷³ Government Ordinance no 26/2000 on associations and foundations

⁷⁴ Law no 78/2014 on volunteering activity in Romania (enforced from 26 July 2014)

In the context of withdrawal of certain significant international donors (e.g. CEE Trust) and of the persisting economic crisis, the access to funding continues to be problematic for the NGO sector. The main **sources of funding** currently accessible to the NGOs are briefly mentioned below:

- The Swiss funds, the Civic Innovation Fund (Civil Society Development Foundation), and the Romanian-American Foundation funds often provide – increasing their potential impact – financial support together with complementary assistance. Other funds (e.g. Black Sea Trust, EC managed programmes, etc.) allow access to funds of the Romanian NGOs together with NGOs from other countries.
- The EU structural funds, especially the European Social Fund (ESF), though do not target the NGOs as a sector, often include them on the list of eligible applicants and/or partners. While the considerable size and number of grants represents an important income source for the NGOs that accessed ESF funds, the complicated and instable procedures and the cash-flow problems represent serious challenges for the granted NGOs.
- The existing 2% mechanism allows individuals to direct 2% of their income tax to NGOs at their choice; in 2012, according to the Association for Community Relations, over 1.6 million taxpayers directed about 25 million euro to around 26,000 non-profit entities. The total amount was smaller than in the previous years, but came from a bigger number of donors.
- Local philanthropy continues to develop; among the most relevant initiatives there are the 12 grant-giving community foundations active at local level, and the platform “Donate More Easily” (www.Donatie.ro), developed by the Association for Community Relations; in 2013, the latest registered over 230,000 donations from 210,000 individuals (by text messages and direct debits), contributing a total around euro 470,000, directed especially to social and environment NGOs.
- The corporate social responsibility area is still in an initial development stage; in spite of some valuable initiatives, there is still tremendous need to further develop.

2. Main challenges and opportunities related to the development of the NGO sector as a catalyst of civil society

Despite the contextual challenges, the NGO sector in Romania benefits of **opportunities** that could be used in view of further development and progress, the most significant including the following:

- Romanian NGOs still have access to *financial resources* targeted to the sector needs.
- The Romanian civil society is *diversified* as geographic spread, organisational structure and capacity, and it is represented in almost all fields relevant for the society, from social to democracy and human rights, sustainable development, research, etc. Over the last 2 decades civil society registered notable *progress and success* that can use as inspiration and learning tool for the new, emerging organisations, leaders and initiatives. The *grassroots organisations* develop slowly, yet constantly, in formal or informal structures, sometimes with support from more knowledgeable NGOs. Individuals became *increasingly active*, better understanding the benefits of the civic participation. The people who work in civil society are *committed and motivated* acting as powerful engines to support good causes.
- Romanians are adopting *online tools* at an impressive rate. Social IT instruments like Facebook or Twitter are designed to support communication and aggregation – the fundamentals for a healthy civil society. As citizens begin using these channels, they rapidly find in the online space a place to communicate and group. Some of them continue collaborating also offline – mirroring classic grassroots civil society development, engaging citizens in change and bringing new energies that could be captured to support good causes.

On the opposite side, there are important **challenges** faced by the Romanian NGOs, which require further thinking and action, such as:

- *limited sources of flexible, stable and long term funding, and lack of strong fundraising strategies* – necessary not only to ensure sustainability but also to facilitate and encourage innovation and strategic thinking at the level of NGOs; limited sources of funding in particular

for capacity building and democracy/human rights/watchdog/advocacy organisations and initiatives;

- *limited capacity, with impact on the sustainability but also legitimacy of NGOs, e.g. lack of strong functional networks and coalitions in some sectors; minimal solidarity within the NGO sector; difference of capacity between rural and urban NGOs, and between NGOs from the different 8 regions of the country; only moderate awareness of the importance of strategic planning – many NGOs, forced to survive to the lack of flexible resources, are used to think on project-based logic, neglecting long-term strategic vision, which leads to limited impact of their interventions; the NGOs' weak public image, which often does not reflect even their existing successes – many NGOs have little awareness of the importance of their communication strategy; limited constituency of NGOs combined with limited efforts of some NGOs to develop their constituency and capture the new emerging energies; a certain fatigue of some of the existing leaders can be noticed in parallel with insufficient new strong leaders rising from the community.*
- *certain gaps or declines in different sectors highly relevant for the society, e.g.: there is a low number of think tanks; many of the old human rights/democracy/watchdog experienced NGOs face resource problems and have low capacity to address the important issues, while the new organisations in the field, in particular at local level, are insufficient and/or weak; the NGOs providing services (in particular social services) are mostly service oriented and less focused on strategic interventions and advocacy.*

II. Strategic Relevance

1. The Strategy of the NGO Fund Programme in the Country

The overall objective of the NGO Programme in Romania is ***strengthened civil society development and enhanced contribution to social justice, democracy and sustainable development***. Over one third of the grants allocation will cover the **core areas of concern** related to democracy, human rights, good governance and transparency, participatory democracy, combating racism and xenophobia, anti-discrimination, social inequalities, poverty and exclusion (including in rural areas), gender equality, gender-based violence. Special focus is on **Roma** inclusion and countering **hate speech**.

More than 20% of the Programme allocation is dedicated to services to vulnerable groups and an important financial allocation is also foreseen for protection of the environment and climate change. Over 10% of the funds are allocated for projects addressing **children and youth**. **Horizontal concerns** are related to extremism and hate crime, homophobia, anti-Semitism, tolerance and multicultural understanding, sexual harassment, violence against women and trafficking. **Bilateral relations** are encouraged to facilitate networking and collaboration with donor states entities, outreach and exchange of knowledge.

The allocation of resources is established on five components, and the allocation for the first round is:

1. **ENGAGE (3,600,000 euro), with 3 sub-components:** 1.1. *Participation in decision-making and community engagement*, 1.2. *Volunteer*, and 1.3. *Encouraging democratic values*;
2. **SOCIAL JUSTICE (3,780,000 euro), with 2 sub-components:** 2.1. *Rural interethnic communities development* and 2.2 *Fighting social inequalities, poverty and exclusion*;
3. **SUSTAINABLE DEVELOPMENT (2,100,000 euro)**;
4. **WELFARE AND BASIC SERVICES (4,800,000 euro)**;
5. **NGO CAPACITY DEVELOPMENT. NETWORKS AND COALITIONS (1,650,000 euro)**, with 3 sub-components: 5.1. *Support for coalitions and networks at regional and national level and for think tanks*, 5.2. *Support for initiatives that contribute to an enabling environment for NGOs in Romania and strengthen the overall sector representation*, 5.3. *Strengthening membership and volunteer base of organisations and increase participation of members/volunteers in organisation activities*.

The Fund covers all of the 10 pre-defined outcomes leading the EEA NGO programmes across Europe.

All supported projects are requested to address the **cross-cutting issues** of good governance, sustainable development (social, economic and environment perspectives), and gender equality.

In addition to the grant and the bilateral relations schemes, the Fund includes the following **pre-defined projects**:

- **Social Atlas of Roma Communities in Romania** (150,000 euro with min. 20% co-financing from the project promoter), which has as main product the updated dataset on Roma communities resulted from the extended data collection done within the research, defining typologies and profiles of Roma communities from the point of view of their wellbeing, locating Roma communities by localities and regions; identifying the social problems of the Roma communities in order to help targeting the resources according to the needs;
- **NGO Forum** (150,000 euro) – since 1992 this platform of NGOs is aimed at building consensus around significant issues and provides stakeholders with valuable information about the NGO sector and civil society at large. The objective of the project is to bring together Romanian NGOs from various fields of activity for establishing in a participatory and transparent manner a vision for the NGO sector and facilitating the knowledge and co-operation of politicians, public authorities, business sector and mass media;
- **Resources for the future** (250,000 euro) – aiming at developing and strengthening capacity of NGOs to efficiently fundraise.

2. Relevance of the strategies

The NGO Fund is of high strategic relevance to the main needs of the Romanian civil society, and combines the financial support with highly effective assistance tools for building the project promoters' capacity. The strategic framework is well conceived and coherent. The thematic areas supported by the programme include many fields not covered by any other donors (especially democracy, human rights, transparency, good governance, capacity building), or fields addressed by others but with limited concern of the promoter capacity (*e.g.* social inequalities, poverty and exclusion, gender equality, environment, social services). Different stakeholders mentioned education as a field where NGO Fund should provide explicit, dedicated support to the relevant NGOs, as it registers severe, systemic needs at both public and private level.

Split on sub/components and project types (small, medium, large) ensures fair competition between similar organizations. The horizontal concerns are also highly relevant for the Romanian context. Treated sometimes at a minimal level by promoters, even their simple nomination transmits a strong message of their importance.

A particular aspect is that the disadvantaged Roma population is targeted within the wider frame of the interethnic communities: respondents mentioned that the tendency to consider Roma ethnicity as a self-standing funding reason generates the mechanic assimilation of the Roma population with vulnerability elements as poverty, low education, poor living conditions, *etc.* By its integrated approach, the NGO Fund avoids such negative effects.

The Operator has designed the strategy rooted in good knowledge of sector developments, including other donors' strategies and interventions.

3. Strategic positioning of the NGO Programmes

The NGO Fund supports a unique variety of projects, as activity fields, approaches and size of grants (small, medium, large). It is the only donor for NGOs in Romania working in the areas like of democracy, human rights, transparency, good governance. The capacity building support – tailored information, assistance, training and funds, together with the motivation and experience of the Operator – generate a significant potential for impact of the interventions. The dimensions of available funds (36.3 million euro) are placing the programme on the first position as compared to any other ongoing grant programme dedicated to civil society in Romania.

At the national level, the Operator is very active in communication with the other relevant donors, as well as with stakeholders (promoters, authorities, organisations, resource persons, *etc.*). The Operator is searching for strategic complementarity between grant programmes and financed projects.

In addition to the NGO Fund, there are 21 other EEA and Norway Grants programmes (9 Norway and 12 EEA) in Romania aiming at supporting specific fields of activity where NGOs are sometimes eligible as applicants or partners. Examples for programmes where NGOs are eligible only as partners are “Public Health Initiatives”; “Children and Youth at Risk and Local and Regional Initiatives to Reduce National Inequalities and to Promote Social Inclusion” – under the grant scheme “Local”, and under the pre-defined project; “Mainstreaming Gender Equality and Promoting Work-Life Balance”; “EEA Scholarship Programme”. Programmes where NGOs are eligible as main applicants include: grant schemes under “Domestic and Gender-based violence”, “Green Industry Innovation”, “Children and Youth at Risk and Local and Regional Initiatives to Reduce National Inequalities and to Promote Social Inclusion”, “Conservation and Revitalisation of Cultural and Natural Heritage”, “Promotion of Diversity in Culture and Arts within European Cultural Heritage”.

Some of the interviewed NGOs mentioned that they transmitted project proposals under some of these Programmes – most often being mentioned the programmes related to culture and children and youth at risk. About 33% of the respondents to the online survey had experience in applying under other EEA/ Norway Programmes. About one third of these NGOs considered the NGO Fund as allowing more space for the innovative ideas, 40% considered that the NGO Fund provides a wider support to NGOs in fields like advocacy, human rights, *etc.*, severely affected by the lack of funding sources. And about one third appreciated the NGO Fund staff as more rapid and effective than the staff of the other programmes. 9% considered that the Fund application process is better adapted to the small NGOs specific, and 15% that the implementation process is friendlier under the NGO Fund than under the others.

Under these Programmes where NGOs are eligible they are recognised as able to provide good contributions in the respective thematic field of activity. The NGO Fund Operator follows the coordination with some of these programmes and is responding to consultation requests from other EEA Grants Programme Operators.

Still, this exercise is not an ample one. Under the programmes where NGOs are eligible as partners or applicants, there were organised consultations with NGOs (*e.g.*, Ministry of Culture and Ministry of Justice) and occasionally with the Operator of the NGO Fund (*e.g.*, Ministry of Justice). The most substantial collaboration, due among others to the significant complementarity of the programmes’ objectives, is the one with the Romanian Social Development Fund, the Programme Operator for “Children and Youth at Risk and Local and Regional Initiatives to Reduce National Inequalities and to Promote Social Inclusion”, being also represented in the Selection Committee of the NGO Fund.

III. Management set up

1. Profile of the Operator of the NGO Fund

The Operator was selected by an open tender among 7 consortia in June 2012. The Programme Implementation Agreement (PIA) was signed in February 2013. The delay was caused by the clarifications requested, the long time for PIA drafting and other requests that were not part of the initial Terms of Reference for the bid. The Operator of the NGO Fund is directly contracted by the FMO.

The Operator is a consortium of 3 Romanian organisations: the Civil Society Development Foundation (CSDF), the Romanian Environmental Partnership Foundation (REPF), and the Resource Centre for Roma Communities Foundation (RCRC). All of them are non-profit independent NGOs with substantial experience and knowledge in the NGO sector, active in various fields of activity, experienced in grant-making. Practically, they have been among the key strategic stakeholders of the civil society in the country assisting its shaping and development in the past decade. Two of them have been managing the NGO Fund in the previous Financial Mechanism of the EEA and Norway Grants.

CSDF, founded in Bucharest in December 1994, aims at developing the NGOs and empowering

citizens' participation at national and international level. CSDF acts as a national resource centre, research centre, promoter, grant-manager and provider of technical assistance for the financing programs dedicated to the NGO sector. CSDF is currently one of the biggest, most active and experienced Romanian NGOs. Their long-term impact activities include advocacy, training and consultancy, database of Romanian NGOs, newsletter, portals on youth and children, social economy, Roma communities.

CSDF has been at the forefront of working for consolidation and systemic change at the NGO sector level. It organises yearly the ONGFest – a festival promoting philanthropy, volunteering and engagement in community development. CSDF has been also ensuring the Secretariat of the *College for Consultation with Associations and Foundations*, within the Chancellery of the Prime-minister, where they organised annual meetings with the non-governmental sector on issues important for the NGOs.

At the European level, CSDF's executive director, Ionuț Sibian, represents the Romanian civil society in the *European Economic and Social Committee*, currently being at his 2nd mandate. Since 1994, CSDF managed directly and respectively provided technical assistance for 20 grants schemes totalling over 70 million euro, from public and private funds. CSDF was also the Operator for the previous SEE NGO Fund in Romania (2004-2009). The Foundation is also focused on stimulating innovation in the NGO sector. It has established a *Civic Innovation Fund*⁷⁵ to trigger new ideas and civic initiatives by annual calls for proposals supported by involvement of philanthropists and social responsible companies.

REPF, established in Miercurea-Ciuc in 1999, has as main objectives the financial and capacity building support for organisations with environmental protection and community development goals, promoting and implementing cross-sectorial partnerships between civil society, local administration and public institutions, as well as citizens' involvement in the process of identifying, preventing and solving community problems and conflicts.

As a grant-making organisation, REPF developed and implemented over 10 grant-making and 8 operational programmes related to sustainable and community development, environment, heritage protection, *etc.*, supporting over 720 projects implemented by more than 200 organisations. All the grant-making programmes of REPF are based on participative needs assessment processes, involving hundreds of environmental and community development NGOs. REPF runs regular surveys within the NGO sector, to identify their needs and to assess the development processes inside the sector. Almost each funding programme has capacity-building components for the NGOs.

RCRC was set up in December 1999, in Cluj-Napoca, as a spin-off organisation of the Open Society Foundation, with the mission to contribute to the improvement of the life conditions of the Roma communities in Romania. RCRC is a recognised partner of Roma NGOs and communities, being perceived as an efficient and credible organisation by Roma communities and NGOs, public administration structures and private institutions. They were actively engaged in civil society development, training, community facilitation, promotion of Romani culture and language, anti-discrimination, creation of a new young Roma elite and public participation/election education. The RCRC activity involved management of grants and scholarships programmes, including the administration of Phare EU grants focused on health, vocational training, small infrastructure and income generating activities.

⁷⁵ The Civic Innovation Fund (CIF) supports the NGOs' innovative ideas which encourage individuals' responsibility and involvement in the communities' development. The available funds are gathered with support from socially responsible companies and private donors. The CIF aims at supporting initiatives like: mobilization and responsibility of citizens, advocacy, monitoring public institutions/authorities, civic education, and children/ youth involvement in the community life.

2. Resources of the Operator

The lead partner, **CSDF**, has a total staff of more than 40 persons, out of which 22 are involved in the NGO Fund management. The 2013 annual budget was € 2,378,830 euro. The share of the management costs for the Fund is of 3,078,700 euro for the whole implementation period. CSDF is responsible for the overall coordination of the programme implementation and components 1, 2.2, 4, and 5 of the Fund, as well as for the complementary, bilateral and capacity building actions.

Out of the seven staff members of **REPF**, five are involved part-time in the Fund implementation. REPF's annual budget for 2013 is 880,000 euro, and their share for the Fund management is of 323,620 euro for the 4 years. REPF is responsible for component 3 of the Fund.

RCRC had a total budget of 354,000 euro for 2013, and a share of the management costs of up to 293,700 euro. The staff members are 37 (10 full time and 27 part-time), out of which 8 work part-time on the implementation of the NGO Fund. The RCRC is responsible for the component 2.1 of the Fund.

The tasks in the consortium were appropriately allocated based on their specific areas of expertise and resources. CSDF has the responsibility for the overall management of the Programme (including coordination, reporting and feeding data into DoRIS) and maintains close links with the FMO and the NFP. CSDF also ensures the payments to the consortium members. Each of the three members has their responsibilities towards the projects promoters financed under the component/s that they are in charge with, as regards monitoring the project implementation and making payments, reporting, financial management, financial flows to projects, projects modifications, and irregularities.

3. Operators' capacities – strengths and challenges

The *strengths* of the consortium come from their high credibility within the civic sector and among the other stakeholders, as well as and the professionalism and experience of its members in different areas.

- The three NGOs are highly respected by peers and stakeholders in their fields of activity and their grant-making approaches and practices. Of particular value for the Programme's effectiveness is their experience combining grant-making with research, advocacy and consultations provision.
- They also have a high degree of continuity in their human resources flow and benefit of the capacity, functionality, and quality of their Boards. REPF and CSDF have successful track record of long strategic collaboration.
- The three organisations understand the consortium beyond its role to manage the NGO Fund. They are committed to use their partnership to further develop their capacity for the benefit of civil society and the non-profit sector.

The strength of the Operator and its effectiveness was also confirmed when the FMO decided to increase the initial budget of the current programme with the additional 6 million euro out of underspent EEA grants funds in the country.

The *main challenges* that the Programme management confronted with were the following:

- the short time (2 months) to launch the NGO Fund;
- the high number of proposals (almost 1,500) to be evaluated under the 1st round;
- the volume of documents to be obtained and processed for the financing contracts' signature;
- the difficulties related to the correct understanding of the procurement rules by the promoters;
- the PIA provision that 30% of the advance and interim payments under the management costs shall be retained until the FMO has approved the final programme report;
- the absence of a clear definition for the legal nature of the funds allocated under the PIA for complementary actions: these funds can be classified under the Romanian legislation either as grants (non-taxable) or as services additional to the management (taxable as economic activity), the applicable rules differing significantly from one case to another.

The Operator managed to overcome most of these challenges by mobilizing supplementary resources. Complementary actions' legal nature (funds disbursed as grants or as services additional to the management fee) should be defined explicitly; currently they are considered and further reported to donors as fee-based services, the Operator developing an internal procurement procedure for some of the costs. Considering their current purpose of bringing additional value to the grants interventions, and being directly managed by the Operator, it is recommended to have them included in the fee-based system.

4. Advantages and disadvantages of the management set up of the NGO Fund in Romania

Based on the views of respondents, entrusting the management of the NGO Fund to a consortium of well-established and recognized NGOs is a key factor for the success of the programme. For the sector it is important that they are independent from the Government and close to civil society.

The main *advantages* are the profound understanding of the national context, mechanisms, legislation, threats and opportunities, organizational culture, history of the sector and of its key actors, as well as familiarity with the cultural patterns. The consortium members develop their grant-managing experience and support in a pro-active manner their aims regarding civil society development.

As regards *disadvantages*, there were identified two aspects. One is that the NGOs often consider the consortium as being responsible for some negatively perceived aspects which in reality are out of the Operator's control (*e.g.* complexity of procedures, procurement rules limitations, *etc.*). The other one is the underpayment of the resources used to ensure the sound management of the Fund, as compared to the high workload often requested by the implementation process.

5. Efficiency and effectiveness in interaction with the FMO

Based on PIA, the FMO makes the payments under the Programme, provides advice to the Operator on Programme implementation aspects, participates as observer in the Selection Committee, and collaborates with the Operator to remedy eventual deficiencies related to interim payments. The FMO must be informed about future launch of calls for proposals, receives various reports from the Operator on the Fund implementation, receives justified forecasts of likely payment and lists of all applications received. FMO meets at least once a year with the Operator in Romania, as they attend the Selection Committees as observers, and also participate in the Annual Review Meetings dedicated to the implementation of projects, bilateral relations, complementary actions, capacity building, reports, publicity, irregularities, *etc.*

All three members of the consortium appreciate the support they receive from the FMO. Communication is reported as prompt and effective. A key factor for the effective collaboration is the FMO staff's substantial knowledge and experience in the SEE area.

6. Efficiency and Effectiveness of the interaction with the National Focal Point (NFP)

The Operator informs the NFP about all calls for proposals before their announcement. The NFP is invited to participate in the meetings of the Selection Committee as observer, receives the annual programme report from the Operator, and the final programme report. Consultations on possible overlaps between the different EEA/ Norway funds in the NFP portfolio are held. As compared to the implementation mechanisms of the other EEA Grants coordinated by the NFP, in the case of the NGO Fund the collaboration with the Operator is minimal (similar to the funds managed by Innovation Norway/ Norway Embassy). The Operator is invited at the NFP annual meetings together with the other Programme Operators. Collaboration between the Operator and the NFP is regarded as smooth and effective. The consent of the NFP to the reallocation of 6 million euros from other EEA Programmes to the NGO Fund also represents a relevant indicator on the credibility of the Fund Operator in the NFP vision.

IV. Grant systems and processes

1. Application process

The 1st round of calls for proposals was organised in 2013. All components and sub-components were launched between 27 May and 10 June 2013. The deadlines for receiving full proposals differed

between components 1 – *Engage*, 3 – *Sustainable Development*, 4 – *Welfare and Basic Services*, and 5 – *NGO Capacity Development*, from 63 to 66 days; for each of the two sub-components under 2 – *Social Justice*, the deadline for the receipt of intent letters was of 36 days. The 2nd round for all components will be launched in by the end of September 2014.

The late signing of PIA (February 2013) led to a delay of about 4 months in launching the Fund. This put a high pressure on the Operator as regards preparing the launch of the Programme and ensuring the evaluation of almost 1,500 proposals in the shortest possible time.

The Programme was effectively promoted by events, mass-media and online announcements, websites and direct communication with potential applicants. The events included a launching conference with also used to promote awareness and understanding of horizontal concerns via workshops, 5 general information sessions (1 in the capital and 4 in other cities), and 4 thematic sessions in the capital (inclusion and innovation in social area; active citizenship and respect of human rights; advocacy and watchdog, sustainable development; horizontal concerns). All events were perceived by grantees as useful and providing clear information and clarifications, and all instruments were appreciated as appropriate and user-friendly. The promotion events had very good media coverage, with journalists really interested in the content of the programme, resulting in broadcasts via national television and radio, as well as through the social media.

The Project Promoters appreciate the Guidelines and the selection criteria as clear, transparent and complete, except for the public procurement rules, where legislation was modified after the deadline for applications, therefore being impossible to have been anticipated by the Guidelines. Some challenges came from the structure of the Programme: most respondents referred to difficulties in distributing costs per project results, in defining contribution of the project results to the Programme outcomes, and in correlating the outcomes with the indicators.

The Guidelines' complexity was not an issue for most of the experienced NGOs, especially those that have successfully applied before for public funding. Meanwhile, the less experienced organizations consider that the Guidelines were complicated. Some respondents shared that they were confused on how to complement horizontal concerns and thematic areas, and this resulted in a rather superficial approach of these elements in their projects. The instructions on how to fill in the application form were considered exhaustive and often contributed to developing the capacity of the less experienced promoters to design project proposals. All stakeholders appreciated that although organised around set objectives and components, the Programme was leaving enough space for creativity of Project Promoters. The opinion is confirmed by our review of over 60% of the projects supported in the 1st round, based on the information collected via online survey, interviews, and focus groups.

In the application phase, the Operator's assistance was provided by answering to the questions during the information events, phone and email communication. Clarifications of wider relevance were published for all interested applicants. The vast majority of the respondents to the online survey and interviews evaluated this process positively, pointing out that the answers were prompt and clear, respecting the limits of the procedures and the fair competition rules.

The two-step application process (letter of intent and full proposal) was used only for the sub-components 2.1 and 2.2. The elements presented in letters of intent could only be developed, not modified in the full proposal. Most respondents find both single-step and two-step approaches adequate, but some mentioned that the effectiveness of these two procedures actually depends on the promoter's level of experience: as indicated in one of the answers, the two-steps procedure *"is effective in case of experienced promoters, who have the vision necessary to summarise correctly a project idea in an intention letter"*.

Under these two sub-components, the Operator provided effective assistance – with full respect of the fair competition rules – to promoters in developing their full proposals based on their approved letters of intent; for these applicants, two information sessions (1 in the capital and 1 in Cluj-Napoca) were organized, in order to ensure equal access of promoters to support and clarifications.

As a general picture, the more experienced is the NGO, the simpler is perceived the application process. For many less experienced NGOs it appears as rather bureaucratic, though still clear. As compared to other donors, most respondents to the online survey see the application process as being less bureaucratic and more flexible (approx. 60% agree or strongly agree with this statement). The

Operator's staff involved in the process was supportive, knowledgeable, and solution-oriented. As compared to the previous NGO Fund, according to most of the respondents with experience with both funds, the current Fund is more complicated as application process, but much closer to the needs of the civil society and better encouraging innovative ideas.

2. Efficiency and effectiveness of the selection procedures

2.1 Organisation of the selection process

After the verification of the administrative compliance and eligibility, rejection letters were sent, and a report was submitted to the Selection Committee. Applicants rejected at this stage (over 20% of all applications) could contest the decision – there were about 10 contestations in each component, and all were analysed by a commission formed of grants officers. Most of rejections were because proposals were missing the annual report, had ineligible partners, or did not commit to the correct minimum co-financing.

25 external evaluators selected by open call were involved in the selection process. The average number of applications per evaluator varied between components and type of selection procedure: between 70 and 110 for the single step components 1, 3, 4 and 5, and between 60-75 letters of intent and 20-25 full proposals, respectively, for C2.1 and C2.2. In less than 10 cases where the difference between the scores of the 2 evaluators was over 30%, a third expert was invited. Evaluators' identity was confidential towards the public and between components.

A good practice was applied in Romania. After the external experts were done with individual assessments and sent their scoring grids, the Operator made a summary table with the different scoring on all projects and sent it back to the experts. They were then provided with the contact of the other evaluators that worked on the same projects and were allowed to contact each other and discuss differences. This communication was done without the participation of the Operator, and was found to be very useful by external experts. It did not always lead to changing the individual scoring, but it definitely provided for clarification on the different perspectives and views of the experts. *"It helped develop a more shared understanding on what we mean behind the arithmetic of scoring"*, one of the evaluators said.

The evaluators submitted ranking of the projects to the Selection Committee of 7 members: 3 outside experts (1 representative of the Romanian Social Development Fund⁷⁶, and 2 independent experts), 1 representative of each of the consortium members, and 1 person from the CSDF board. There was only 1 case where projects recommended for financing by the evaluators were rejected by the Selection Committee, as the concerned organisation was recommended for financing on more components in parallel, and financing all their projects was over the capacity of the respective applicant. The available amount was granted to the next positions from the reserve list.

The interviewed evaluators appreciated the process as based on good quality collaboration, effective communication and useful support on behalf of the Operator. No pressures or incorrect practices were noticed at any level.

The Operator notified the applicants about the results and published the results on the NGO Fund and CSDF websites, as well as on the NGO electronic news channel. The evaluators' recommendations were discussed with the selected Project promoters in the pre-contracting phase.

2.2. Effectiveness of selection procedures

The Operator selected the evaluators based on criteria ensuring high level of professionalism, experience in the relevant fields, availability, and avoidance of conflicts of interests. Project management experience in their fields of expertise was an asset. Each component had its own independent evaluators, and no common meetings were organised in order to keep the confidentiality.

⁷⁶ Programme Operator for the EEA grant programme "Children and Youth at Risk and Local and Regional Initiatives to Reduce National Inequalities and to Promote Social Inclusion"

The evaluation process started with a common meeting for each component, to ensure a unitary approach of the evaluation grids and the programme concept. The process was based on correct, transparent principles, and no realistic suspicion of incorrect practices was raised.

The average quality of the proposals was different between the various components. Under components 1 – *Engage*, 3 – *Sustainable Development*, and 5 – *NGO Capacity Development*, most proposals were appreciated as good and very good, with the approved projects often representing effective developments of previous experiences. Under 2.1 – *Rural Interethnic Communities Development*, there was noticed a clear difference between the non-Roma and Roma NGOs, the projects of the latter being sometimes weaker as writing skills but better as content (problems identification and proposed approach) than the first. Under 2.2 – *Fighting Social Inequalities, Poverty And Exclusion* and 4 – *Welfare and Basic Services*, the general quality was appreciated as moderate to good.

2.3. Clarity and transparency of the selection process

The selection process followed the criteria published in the Guidelines and respected the applicable rules and principles. The evaluators were strongly recommended to elaborate their comments so that these could be easily understood by the applicants interested in detailed reasons for decreased scores, as a valuable learning tool.

Interviewed unsuccessful applicants (who preferred to remain confidential) often expressed discontent; most of them did not use the possibility clearly stated in the Operator answering letter, to ask for supplementary information. Many of them considered the rejection as an unfair treatment, manifesting minimum openness to analyse and understand the process details. They often invoked unfair practices as a general problem. On the other hand, no information to confirm such concrete cases could be identified. By contrast, most of the grantees who requested supplementary information considered it clarifying and useful. Applicants who had both rejected and approved proposals appreciated too the supplementary explanations, when they choose to request them.

3. Contracting and reporting systems

The standard **grant contract** includes the usual content for public funds, structured in a clear and comprehensive form. The volume and complexity of documents for signing the financing contract put high pressure on both Operator's staff and promoters under all components, with Component 2.1 – *Rural Interethnic Communities Development* registering the highest volume of promoters' incomplete or outdated documents. However, requesting the documents only for the successful projects proved effective; there were very few cases where submitted documents revealed that the projects were actually ineligible because of the promoters or of their partner/s.

Pre-contracting visits were performed before the signature of the contracts, based on the evaluators' recommendations or because they belonged to promoters winning more projects in parallel, raising a question mark on their capacity to carry all the successful projects. In all cases, the aim of the visits was to verify the real capacity of the organization to handle the respective initiatives. At the **signature of the contract**, every project promoter received from the Operator a full dossier containing the full contract documentation and a full copy of the pre-contracting correspondence – a useful tool to ensure a common, safe base for the further collaboration.

Modifications to the original proposals were introduced immediately after the contracts' signature, at the promoters' initiative, because of the changes intervened between the submission date and the effective start of the projects (the earliest projects started in March 2014, 10-11 months after their submission). Modifying the contract by addendum or notification was regarded by the interviewed respondents as implemented in an effective manner, with the full support of the Operator's staff, strongly oriented to find good solutions for the smooth implementation of the projects. More than 70% of NGOs from the online survey consider amending initial project proposals as working effectively.

At the Operator's initiative, both reduced and not reduced budgets of the projects were re-organised in the pre-contracting phase, mainly to make them more detailed and accurate in the perspective of future justification of costs. In spite of the justification of this measure, most project promoters perceived it rather as a non-necessary bureaucratic complication. As regards the budget reductions recommended

by the evaluators, a rough estimation at the moment of the present report indicates it represented between 2.5-4% of the total value of the signed contracts.

Indirect costs were regarded by some of the respondents as needing future improvement. Under the current conditions – provided in the PIA – they can be reported without supporting documents only if based on an audit certificate, which in reality is not quite useful option, given the costs of the audit services. During project implementation, the indirect costs are identified based on a methodology developed by each promoter and are proved with supporting documents. The indirect costs could become a valuable contribution to the grantee's capacity building if they are treated in their original sense as costs which cannot be determined and therefore cannot be proved with supporting documents.

Estimation of **volunteering costs** for the calculation of in-kind contribution raised problems as many of the applicants missed the section in the Guidelines requesting to refer to the average national salary and applicable taxes; as a consequence, they had to adjust the budget accordingly during the pre-contracting phase. This usually resulted in the decrease of the initial own contribution, and the subsequent need to identify supplementary resources to cover the gap.

The **reporting** system was perceived as friendly, clear and easy to follow by more than 60% of the online survey respondents. The submission of reports depended on the percentage spent from the paid amounts: the grantees could report and ask for payment only after they spent 70% of the amount previously received. The Operator did not impose a fixed date, but recommended for projects up to 18 months 1 interim and 1 final report, and respectively 2 interim and 1 final report for projects over 18 months. Meanwhile, promoters being able to advance all payments after spending the advance payment (*e.g.* if the project lasts for 8 months) can also choose to send directly the final report. In addition to these reports, the project promoters had to send each 4 months Statistical Progress Reports with information based on which the Operator further monitors the projects and also reports to the FMO.

Particular concerns were systematically expressed by promoters as regards **procurement rules**. According to the Regulation on the implementation of the EEA Mechanism 2009-2014, the procurement under the contracts financed under the Mechanism must respect the national and EU legislation. Such national rules were introduced by the Order no 1120⁷⁷ of 15 October 2013 obliging, for contracts over 30,000 euro, to be published on the NFP website. The new legislation appeared after the deadlines of the calls for proposals, but before the contracts' signature.

Most of the applicants see this procedure as more complicated than the previous one. It was also an unfair change, considering that their projects were based on the initial procedures, but in the pre-contracting phase they had to switch to the new rules. Though the Order did not modify legal framework on human resources, it was only with this occasion when many promoters realised that their initial estimations for contracting human resources were actually not correct. Needed corrections often involved inclusion of taxes initially disregarded, thus leading to higher costs within same budget. Therefore, the level of non-satisfaction expressed towards the public procurement under the Fund is actually generated in most of the cases by the low level of knowledge of the legislation on human resources and on public procurement. In order to help the grantees to understand and implement correctly the legislation on human resources, as well as public procurement rules in general, the Operator employed a specialist in public procurement for training and consultancy actions.

With or without these difficulties, the obligation to have standard documentation for procurements with a value of over 5,000 euro is considered to generate an extra-burden and it often needs dedicated expertise. Most of the respondents do not have procurement experts, and do not either have the budget to hire any.

⁷⁷ Order no 1120/2013 on the modification and approval of the procurement procedure applicable by the private beneficiaries of projects financed under the structural funds – Convergence objective, as well as of the projects financed under the EEA and Norway financial mechanisms

Another challenge mentioned by many respondents concerns the **visibility rules**, *i.e.* the requirement of the Operator to provide feedback on grantees' materials before their effective production. The discontent was even greater with the promoters having their own PR specialists, as well as with the ones facing situations when they needed to act urgently and spontaneously.

A particular remark concerns the **monitoring of projects implemented by grassroots, newly established, rural, and/or community based organizations**, representing about 30% of the total number of projects contracted under the 1st round. As compared to the general picture of the access to public funds of such NGOs in the past decade, this represents a high proportion, therefore a positive trend. Meanwhile, further increase of the volume of these NGOs and their projects is still needed, mostly considering that many of these organisations are currently directly dependent on close support from bigger, experienced NGOs. Coming back to the NGO Fund, most of these projects receive small grants under the components 1 – *Engage*), 2.2 – *Fighting Social Inequalities, Poverty And Exclusion*, 4 – *Welfare and Basic Services*, and 5.3 – *Strengthening Membership And Volunteer Base Of Organisations And Increase Participation Of Members/ Volunteers In Organisation Activities*. The effort necessary to ensure their smooth implementation is much higher than for the rest, as they often need substantial support to prepare documentation, pre-contracting and monitoring visits, training, support in public procurement, *etc.* A rough estimation by the management of the Operator shows that the actual effort in man-days necessary to these projects is with approx. 50% higher than the resources actually covered from the management costs. The challenge could be partially avoided by using *simpler procedures* for smaller projects of these NGOs.

4. Monitoring and evaluation

4.1. The Operators monitoring and evaluation system

In view of monitoring the programme, the Operator collects information by various tools: electronic database, DoRIS (treated in the section below), technical, financial, and statistic reports from the evaluation stage and then from the contracted promoters (as described in the previous section), monitoring visits, questionnaires for evaluating the events, *etc.* The information collected during the monitoring process is aggregated in the reports prepared by the Operator to the FMO.

The Operator keeps close permanent relation with the project promoters through visits, reports, communication on visibility materials, notifications and addenda, *etc.* Their approach is to use any opportunity to check correct understanding and respect of the applicable rules, and to provide support where necessary. Minimum 25% of the financed projects will be also audited.

At least 1 monitoring visit for the projects up to 12 months and at least 2 visits for longer projects are organized. The visits are performed by a team formed of financial and technical experts, and are usually announced in advance, if not otherwise necessary. The visits are organized primarily at the headquarters. Most of the interviewed promoters and over 85% of the online survey respondents find the support received from the Operator as being useful of very useful.

4.2. Linkage with the overall results based framework of the EEA Grants - the FMO DoRIS database

The information collected via DoRIS is relevant for the Fund administration, monitoring, and evaluation. Meanwhile, the system has functional aspects which would need improvement. It works slowly, so that downloading information is time-consuming. The process to fill in the information on NGO data (both, Romanian and donor countries) and contact persons is highly time consuming, as detailed steps must be saved one by one, together with getting out and entering back into the system.

For the Operator members, the system is difficult to use: once the information is downloaded, one cannot access them anymore, as the respective data is not visible anymore. The available downloaded information is not editable, except for the person responsible with feeding the system, so that it cannot be used as a database by the rest of the staff. Once submitted and while waiting for the FMO approval, one cannot work on it again to change/ modify/ correct anything – in such a case it is necessary to wait for the FMO approval, go for the "update" function, fill in, and then send the registration again for the FMO approval.

The system registers certain gaps as regards the correct reflection of the financed projects. Main problems concern the pre-defined target groups list limitations and omissions, the sector codes section, the measures section, as well as the financial data registration deadlines.

Also, significant data fields are missing from the system as regards concrete, detailed information, providing a clear, defined image of the projects. The space for the description of the projects is too limited, and some sections do not refer to the project ID, but only to a registration number which is not used anywhere else but in DoRIS.

Feeding the data only in English obstruct matching of the information fed in the system with the one in Romanian (e.g., NGO name). The information under sections OUTCOMES and INDICATORS cannot be copied and the text must be written each time it is necessary for the different sections in the system. Also, when re-transmitting a registration/ information, only the most recent comments are kept (the older ones disappear).

As the promoters also feed the Operator with information for DoRIS, CSDF simplified as much as possible the forms to collect this information, and gave detailed instructions on how to provide the necessary data. Still, the information collected for the system is perceived by many promoters as complicated and difficult to understand.

4.3. Information gathering

Information on indicators is collected through the application form for the application phase, and DoRIS – for the implementation phase. In the application form, correlating outcomes and indicators is perceived sometimes as difficult by the promoters. DoRIS has the potential of being even more useful in the implementation, provided that technical problems are solved and the system becomes more user-friendly. In order to balance the DoRIS gaps, the Operator developed their own databases, so that they can register and make full use of the existing information collected from the supported projects.

All gathered information is used in monitoring the programme implementation, presenting different statistical data, extracting relevant data for the general picture on the Fund implementation status, etc. The information is also useful to follow potential overlaps or to identify complementarities with other initiatives.

4.4. Learning system

Learning is one of the core values of the consortium. The close collaboration between CSDF, REPF and RCRC ensures permanent consultation and exchange of information. The identified lessons are communicated and applied in the shortest possible time, either within the consortium internal procedures or in the collaboration with the project promoters. The findings are also used in a proactive manner, CSDF communicating the lessons learnt also to the FMO. The Operator in Romania ensures exchange of information and experience towards NGO Funds Operators from other countries, like in the case of the NGO Fest in Romania, in 2014.

V. Effectiveness of the programmes

1. Results: What was funded?

The total number of proposals received under the 1st round is of 1,496, out of which 231 were selected. The distribution between large and small grants was realised in a natural way, project promoters being the ones to select the most suitable options for their capacity and project ideas. Also, the spread of projects over geographical areas represents a spontaneous result of the natural answer of promoters to the calls for proposals, as no particular priorities were established as regards the geographical provenience of the NGOs – except for the component 2.1 – Rural Interethnic Communities. As a consequence, the application and respectively the accession of the funds by different categories of NGOs and projects could be also considered as a relevant picture of the mixture between the interest and the capacity of the organisations towards acceding such financing opportunities.

The biggest number was received under components 4 – *Welfare And Basic Services*: 398 proposals (41 selected), followed by 4 – *Sustainable Development*: 198 proposals (25 selected), 2.1 – *Rural Interethnic Communities*: 182 letters of intent (42 proposals selected), 2.2 – *Fighting Social Inequalities, Poverty and Exclusion*: 150 proposals (10 selected). Component 1.3 – *Encouraging democratic values* had 126 proposals (25 selected); 1.1 – *Participation In Decision-Making And Community Engagement*: 111 proposals (29 selected), 5.1 – *Support For Coalitions And Networks At Regional And National Level And For Think-Tanks* had 100 proposals (26 selected), 1.2 – *Volunteer*

registered 92 proposals (19 selected). Component 5.3 – *Strengthening Membership And Volunteer Base Of Organizations And Increasing Participation Of Members/ Volunteers In Organizations' Activities* had 80 proposals (6 selected), and 5.2 – *Support For Initiatives That Contribute To An Enabling Environment For NGOs In Romania And Strengthen The Overall Sector Representation* registered 63 proposals (8 selected).

The spread of projects on fields of interest is very diverse. Under the online survey, most of the projects cover areas related to social services (37.14%) and education (32.86%). A significant amount of projects addressed the needs of youth and children (22.86%), while only 10% of the projects funded supported efforts to change legislation or influence public policies. Projects aimed at developing the non-profit sector represented 14.29%, while 35.71% of the respondent NGOs declared they conduct advocacy, and 32.86% – other activities aimed at encouraging civic participation. These differences are representative for both the limited interest and capacity of NGOs towards strategic impact initiatives, as compared to the better developing area of grassroots communities' actions.

As regards distribution per priority areas and outcomes, the collected data should be interpreted by taking into consideration that some of these elements overlap with each other, which was often declared to having had generated confusion among promoters. This generated also inexact ticks in the dedicated sections of the application form.

Geographic distribution

41.43% of the projects referred by the online survey belong to NGOs from the capital, and 38.57% - from district urban centres, and only 11.43% are implemented by NGOs from villages. However, 50% of the respondents have activities that cover both local community level and rural areas, which might contribute to addressing communities otherwise outside the focus of other interventions. This spread reflects two well-known gaps: the low number of NGOs based and active in the rural area, and the big discrepancy between the capital city NGOs' developed life and representation, as compared to the much more reduced volume of NGOs' activities in the rest of the cities of Romania. This also confirms the need for explicit and substantial encouragement of better addressing rural areas, also supported by the fact that 46% of the population of Romania lives in rural areas⁷⁸. It may be also a reflection of the resources available during the time for development in each of these areas (rural, urban other than capital, capital city), including access to funds, expertise, networks, and good practice examples.

Respondents to interviews and online survey consider that the low number of proposals from grassroots NGOs (especially from rural areas) results also from the exaggerated complexity of the application process as compared to the low grant value. It did not take into consideration that in rural areas resources are expensive to get, e.g. specialists (lawyers, accountants, consultants), court, notary and other services, etc.

Most of the projects address the local level: approx. 2 thirds of the selected projects address local needs, having an impact in one or more localities/ counties/ regions, while about one third intend to have a national impact..

The Programme has an impressive national coverage. An important and unprecedented success is that the Fund succeeded in covering the Southern part of Romania, an area traditionally poorly or not represented in the previous financing programmes for NGOs. At the end of the 1st round, there is only 1 county (Caraş) out of the 41 of Romania, where no project is implemented.

Distribution per priority area

Based on the status of contracting at the moment of collecting the information, the following data could be provided for distribution of projects per priority area: democracy and human rights – 64 projects contracted; environment – 25 projects contracted; social services – 35 projects contracted; Roma people – 34 projects contracted. However, the distribution per priority area is difficult to

⁷⁸ According to the official data collected by the National Institute for Statistics via the national Census of 2011 (http://www.recensamanromania.ro/wp-content/uploads/2013/07/REZULTATE-DEFINITIVE-RPL_2011.pdf)

measure, as the promoters could not declare more than one priority area even in cases where their projects actually addressed two or more, because of the given structure of the standard application form.

Distribution per outcomes

According to the data available at the moment of the present report, distribution per outcomes is presented in the table below. The information regarding the outcomes must be also interpreted under the reserve that, no matter how many outcomes the project actually contributes to, the promoter could finally choose to tick only one outcome. Therefore, the table below should be understood as the number of projects which were considered to contribute *primarily* to the following outcomes:

Outcomes	Planned allocation/ outcome	No of projects/ outcome	Actual allocation of funds (euro)
Active citizenship fostered	4,300,980	48	2,840,585.97
Increased involvement of NGOs in policy and decision making process at local, regional and national Governments	1,750,000	10	1,001,002.25
Cross-sectoral partnerships developed, particularly with government organisations at local, regional and/or national level	1,250,000	2	288,384.00
Democratic values, including human rights, promoted	3,924,000	18	1,755,580.16
Advocacy and watchdog role developed	1,750,000	4	331,228.20
Developed networks and coalitions of NGOs working in partnership	1,750,000	12	1,163,309.45
Strengthened capacity of NGOs and an enabling environment for promoted sector	1,250,000	9	718,866.52
Increased contribution to sustainable development achieved	3,990,000	24	2,413,785.03
Provision of welfare and basic services to defined target groups increased	7,500,000	39	5,446,738.17
Empowerment of vulnerable groups	3,750,000	35	2,606,925.62
Grand Total	31,214,980	201⁷⁹	18,566,405.37

Horizontal concerns

Distribution of projects per horizontal concerns is available at the moment of the elaboration of the report only on received applications, and not on finally contracted projects: 963 proposals on tolerance and multicultural understanding, 821 proposals on Roma population, 370 proposals on racism and xenophobia, 367 proposals on hate speech, 261 proposals on violence against women, 170 proposals on extremism and hate crime, 141 proposals on homophobia, 132 proposals on trafficking, 121 proposals on sexual harassment, 119 proposals on anti-Semitism. Information available at the date of the report reveals the partial picture of the distribution of funds per horizontal concerns. Concretely, about 25% of the total number of contracted projects tackle the Roma population, by the addressed target group and/ or by the fact that the project promoter is a Roma NGO; as regards the (no) hate speech, the contracted amount under the dedicated sub-component 1.3 was of about 569,000 euro, as compared to the minimum amount of 220,000 euro provided for this sub-component under the 1st Round.

Bilateral relations

⁷⁹ According to the information available and approved in the system at the moment of the request for data. The available information was in a continuous change during the elaboration of the current report, as the contracting process was in progress and data was modifying from one day to another.

128 proposals for donor partnership projects were registered. 32 of them were recommended for financing, mainly in the area of environment protection, followed by social services, community development and investigative journalism. 13 of the selected projects benefited of seed money support.

2. Emerging or potential effects towards the different clusters of outcomes

At the time of the evaluation the effects of the programme can only be estimated based on the objectives of the projects selected under the 1st round. According to the currently available information, all the programme objectives and indicators will be reached, with some of them most probably over-achieved.

2.1 (Sector Strategic Capacity Outcomes) Building civic infrastructure and capacity among civil society organisations

The NGO Fund provided dedicated support to 26 networks and coalitions under its sub-component 5.1 – *Support for Coalitions and Networks at Regional and National Level and for Think-Tanks*, where funds were available for both already existing and creating new networks. Partnerships were encouraged under all other components (the guidelines mention explicitly that projects in partnership are strongly encouraged, and 2% of the score in the evaluation grid is given to projects implemented in partnership with donor states partners). Networks and coalitions are considered an important sector priority for many of the interviewed respondents.

The capacity building was supported by the whole component 5 (NGO Capacity Development. Networks and Coalitions), and up to 20% of the total eligible costs of any project on other components could be dedicated to capacity development related costs.

Most of the projects are implemented jointly with various partners – other NGOs, public authorities, *etc.* 70% of the online survey respondents had partnerships with other Romanian structures (over 61% of them with 1 or 2 partners, 20% with 3-5, and over 18% with more than 5 partners).

The 20% allowed for capacity building were used at a level lower than expected: few NGOs allocated funds for capacity development; few of these used this opportunity for strategic planning and develop knowledge on fundraising. There were identified two main reasons for this. One was that, because of the long lack of financial support for capacity building, some of the applicants – as more of them said – *“did not dare to believe that they could really ask for funds for genuine capacity development measures”* and preferred not to risk, therefore not using it or using it only at the minimum. The other reason was often invoked especially by the promoters of small and sometimes even medium grants, who declared that they preferred to use all the available money for their core activities in the project, as capacity building was not considered such a stringent priority.

Potential to produce visible contributions have first of all the projects which proposed changes applicable to a specific sector or at national level. A number of these projects are under component 5.1 *Support for Coalitions and Networks at Regional and National Level and for Think Tanks*, as a natural result of these component objectives. Examples of such projects are:

“Good governance community – think tank open to the public” (Association Expert Forum), where an existing think tank extends their fields of activity, and public participation is also envisaged; “Think tank for equitable gender policies” (Centre for Curricular Development and Gender Studies), where a new think tank is created; “Coalition for Gender Equality” (Centre Partnership for Equality) ; “Let’s talk about sexual violence” (Association for Liberty and Gender Equality) or “Strategic development for children rights’ protection” (NGOs Federation “For children”), “RuralNet – community development network” (Foundation for Community Action and Transformation), “Access to justice and solutions for victims of discrimination” (Accept Association), where existing sectorial coalitions develop and extend their membership and activities; “Sponge – connecting the networks and communities of innovators from media, IT and communication” (Investigative Journalism Romanian Centre), “Coalition for Open Data” (Soros Foundation), aiming at establishing new sectoral networks.

The selected projects often have a **high degree of innovation**, as it results from the evaluators’ comments, the overview of the selected projects and the opinions expressed by the Operator’s staff. In addition to this, all of the interviewed respondents consider that *the NGO Fund gives generous room*

for innovation, and 48.57% of the survey respondents regard it as accommodating innovative ideas better than other donors.

3.2. (Impact Related Outcomes) The value propositions that NGOs are bringing to society

A wide variety of projects, both national and local, contribute to the Fund outcomes related to societal change. Most of the projects on promotion of human rights and democracy, active citizenship, sustainable societies, empowerment of vulnerable groups are funded under components 1, 2, 3 and 5, while projects aiming at providing services to clearly defined segments of society are best represented under component 4. About 24% of the contracted projects declared fostering active citizenship as one of the Programme outcomes they tackle, 9% - promotion of democracy and human rights, 12% - sustainable societies, 17% - empowerment of vulnerable groups, and 14% - increased provision of welfare and basic services.

Projects that are **most likely to have a visible contribution** to achieving the outcomes concerning capacity to provide social and basic services to defined target groups are especially those under the dedicated component 4. Such examples would be:

- “ICAR – Resource and Services Centre for Migrants” (ICAR Foundation), aiming at addressing one of the fast growing vulnerable groups in Romania;
- “ACCESS to education, services and community for children and adults in wheel chairs” (Motivation Foundation), addressing the problem of low accessibility of people in wheel chairs to spaces, health services, education and participation to community life;
- “Bridges for social inclusion – child – family – community” (Foundation Saint Dimitrie), aiming at reducing social exclusion of disadvantaged families in the sector 3 of Bucharest by providing social services identified and implemented within a public-private partnership;
- “Together for the future – innovative social services network for disadvantaged children and youth” (Saint Stelian Association), aiming at supporting predominantly Roma youth and children, also in partnership with public and private structures, including from Norway;
- “Innovative social services for the isolated rural communities from the North-East Region” (Save the Children Association, Iași), aiming at creating a social intervention mobile clinic and provide psycho-socio-educational services to 10 communities;
- “Always young, always active!” (Foundation “Together” – Galati), aiming at providing home care and day centre for the elderly;
- “Chance and challenge – improvement of social services for victims of traffic” (Association Pro Refuge), aiming at providing social services.

For the outcomes concerning promotion of human rights and democracy, active citizenship, developing the partnership, empowerment of vulnerable groups, some examples are:

- “Participative democracy. Pilot citizen initiative for the interethnic communities in Romania” (Community Development Agency “Together”, C2.1), aiming at mobilizing citizens of interethnic communities;
- “Inclusive education – a right of the children with disabilities” (Abilitation Foundation Hope, C2.2), aiming at running a national monitoring process of the manner in which is respected the Art. 24 of the UN Convention on the Rights of People with Disabilities;
- “Mining Watch Romania” (Independent Centre for Development of Environmental Resources, C3), aiming at developing the capacity to monitor, plan and intervene of the civil society and local communities, as regards the mining field in Romania;
- “Nature in schools and schools in protected areas” (ProParkFoudnation for Protected Areas, C3), aiming at establishing a national impact programme of education in schools;
- “Lobby and advocacy for equal opportunities for providers of social services interested in public funds” (Caritas Romania, C5.2) aiming at mobilizing and consulting approx. 60 NGOs all over the country, or

- “Re-use of confiscated goods for social aims” (Centre for Legal Resources, C5.2), aiming at promoting a law which will benefit to the whole NGO sector.

As regards the welfare and basic services, the projects are weakened if they do not identify correctly all needs of their target group, and do not provide the complex approach necessary to improve the addressed situation. According to the interviewed evaluators, many of the rejected applications targeted youth and children, but without being able to prove their real capacity and experience in working with these groups. Also, there were a significant number of projects not identifying the problems concerned by the project, or proposing outdated methods to solve the problems, or projects not proving the creativity necessary to work with the targeted children or youth.

According to the respondents having a general picture of all the applications (Operator, evaluators), the selected projects often have a **high degree of innovation**.

3.3 (Influence Related Outcomes) Advocacy, watchdog and partnerships vis-à-vis government

According to the partial information available at the time of the evaluation, the selected projects declaring to address advocacy and watch-dog activities would represent around 2% of the total number of projects, while projects contributing to involvement in public policy-making and decision-making represent 5%. According to the Operator and to the selected projects lists, these numbers are much lower than the real ones, but these percentages are generated by the limitation to tick only 2 of the Fund outcomes; most of the promoters running such activities chose to tick other outcomes, though their projects include obvious advocacy or watchdog components.

Most of the **projects likely to contribute visibly to the outcomes** are under Component 1 – *Engage* that were mentioned above under the section on networks, coalitions, and capacity building, but also under components 3 – *Sustainable Development* and 5 – *NGO Capacity Development. Networks And Coalitions*. Examples of projects contributing to these outcomes are the following (mainly granted under component 1 – *Engage*):

- “4 ACCESS: Activating citizens from 4 communities for social equity” (National Association of Citizens Counselling Bureaus), aiming at improving the access to services of the groups economically vulnerable, by empowering them to act for their own rights;
- “Our community, our decisions” (PACT Foundation), targeted at the capacity of citizens from 5 local communities in the Southern part of Romania to advocate for their needs rights and interests;
- “Campaign <Save locality Roşia Montană>” (The Goldsmiths’ Association Alburnus Maior), aiming at mobilising the public opinion in ensuring the law enforcement as regards the disputed mining project from Roşia Montană;
- “Civic Bucharest – for the citizens with critical sense” (Foundation Resource Centre for Public Participation), mobilising and consolidating 4 neighbourhood associative structures to get involved in the local decisional process;
- “Transparency and quality in the public administration via social media” (Assistance and Programmes for Sustainable Development – Agenda 21), in partnership with the National Agency of Public Servants, aiming at increasing the advocacy and watch-dog role of the civil society;
- “Power of implication – CRIM at high school” (Association Civic Movement Spiritual Militia), aiming at training high school youngsters to involve and also to determine others’ participation in the public decision process;
- “Participative youth budget in Cluj 2015, the European Youth Capital” (Group PONT), in partnership with the local city hall and city council, aiming at running a budgeting process with the participation of youngsters.

Projects with little chances to bring a real contribution to these organizations were those who addressed the active citizenship only by developing certain citizens’ skills without assisting them also in effectively use them in interacting with the targeted authorities. These projects were not approved

for finance. Meanwhile, the projects accepted for financing have all a good potential to contribute to the Fund outcomes.

The projects selected under these outcomes also present a **high level of innovation and effectiveness of solutions**, as it is commonly appreciated by the relevant stakeholders and reflected in the descriptions of the projects.

Among the projects addressing these outcomes, most are envisaging partnerships with local or national structures, and only few – watch-dog activities (see also the examples presented above), therefore reflecting the general situation of small number of organizations with this profile.

4. Emerging or potential effects from the measures in the strategy targeting systemic changes of the NGO sector

The 3 pre-defined projects under the programme were designed as follows:

The Social Atlas of Roma Communities in Romania was supposed to be done based on data collected from around 2,000 localities. The study should be publicly released and sectorial recommendations for public policy improvement should be discussed with relevant public institutions. The strategic benefit for the NGO sector would consist especially of having a solid base, currently inexistent, for the NGO sector addressing Roma.

The 2 editions of **the NGO Forum** planned under the Programme aim at stimulating debates and developing common vision forward, generating ideas for strategic changes, beneficial for the NGO sector, increasing the credibility of the NGO activists in their efforts of advocacy on themes acknowledged by a larger number of organizations. It should also legitimize the NGOs interventions on public arena as being the result of a common sector understanding and should contribute to the visibility of the sector towards the public decision makers and journalists. The project would also facilitate the sharing of interests, experiences and knowledge inside the NGO sector.

The action **Resources for the future** aimed at developing and strengthening capacity of NGOs to efficiently fundraise, but its implementation has actually never started due to internal problems.

The implementation of the first two pre-defined projects is currently reconsidered given the evolutions since the initiation of the NGO Fund, i.e. significant overlapping with similar project dedicated to Roma, and early identification by the sector of resources for the NGO Forum. Therefore, these two pre-defined projects will most probably be cancelled and the funds – redistributed under the NGO Fund.

The pre-defined project on sustainability is still to be launched, probably in the autumn of 2014, based on internal agreements on procedural aspects.

5. Emerging lessons

5.1 Key success factors for achievement of planned outcomes

The knowledge and commitment of the Operator member organisations was transferred in their contribution to the programme structure (components, types of grants, *etc.*), documentation (guidelines, contract, correspondence), training and permanent assistance to promoters. Complementary actions and capacity building elements proposed by the Operator are original and effective, including ideas such as the workshops organised as part of the launching conference, the photo project organised on (no) hate speech during the NGO Fair, or the Laboratory of Non-formal Education. The complementary expertise of the consortium members and their substantial networking ensures the quick transmission of lessons learnt.

The following success factors were important for projects, as expressed in per cents from the total online survey respondents, also confirmed by the other respondents: long-term commitment to work on issues close to their mission and core work (86%); good record and high expertise of work on the issue (73%); partnership with other organizations (46%); organizations and management capacity to carry out the initiative (37%); capacity to advocate for beneficiaries' interests, and ability to make government adopt suggested changes of the current situation (30%); high level of trust among the addressed beneficiaries and communities, and ability to mobilize their support (24%); government openness for cooperation at their level (11%). These aspects were mentioned also by the interviewed

promoters. Based on the projects selected under the 1st round, it can be estimated that the NGO Fund succeeded in mobilizing organizations and initiatives committed to these success factors; final results are to be measured at the end of the projects' implementation.

5.2 Main bottlenecks and challenges in the implementation of the programmes

The main bottleneck was the delay of the start of the programme. This together with the big number of applications lead to the late signature of the project contracts, and the final negative impact was the reduction of the projects duration from the initial maximum of 32 months, to 28 months. Between projects' submission and their effective starting date many modifications to the initial proposals occurred. In order to ensure the correct details and distribution of costs within the budget, there was often necessary the re-doing of the budget. Completing procedures in view of the contract signature took longer time and bigger efforts than estimated, especially in the case of less experienced NGOs. The Operator managed successfully the overlap of the pre-contracting, contracting, training and start of projects' implementation - all because of the tightened framework with the delay of the start of the programme.

At the level of projects, some promoters proved a limited capacity to cope with the Fund rules and procedures. Frustration was often expressed as regards *complexity of procedures* – they were considered too high for the small and sometimes even for the medium grant amounts. Many NGOs did not have their legal and administrative documents up to date, having to solve this situation for being able to sign the financing contract, which prolonged significantly the contracting duration. Some of the promoters whose projects started in March – April 2014 recommended to ensure the support training as close as possible to the beginning of the projects or even in the pre-contracting period; in this way, they would be fully aware of the rules and donors' expectations before making any mistakes.

6. Effectiveness of addressing the specific and horizontal concerns

The Operator substantially promoted the horizontal concerns during all phases. The launching conference included workshops treating promotion of tolerance, multicultural understanding, respect for the rights of minorities including Roma, combating hate speech. The information sessions included descriptions of horizontal concerns, presenting their added value to the Fund and methods to correlate them with the Fund outcomes and priorities.

The thematic workshops in the beginning of the programme introduced to potential applicants themes such as inclusion and innovation in social services, active citizenship, human rights, advocacy, and sustainable development. A special thematic workshop was dedicated to (no) hate speech. The continuous consultation provided to potential project promoters included clarifications on horizontal concerns. These were also promoted explicitly through the Guidelines, as well as in the evaluation grid presented to the potential applicants, where 3% of the total score is given for the correlation of the project with the horizontal concerns.

Though the approach proposed by the programme left significant space for innovation, and the component objectives were formulated generously enough to encourage creativity, many of the interviewed respondents considered that, despite the visible efforts of the FO to promote the horizontal concerns, many projects actually tackled them only superficially, at a rather declarative level. Even more, during one of the focus groups organized with promoters it was mentioned that sometimes project promoters themselves disregard some of these values, giving examples of NGOs whose members are against the LGBT rights, or NGOs addressing to the large public but not respecting the physical accessibility elements (*e.g.* no ramp of access for people in wheel chairs), or allowing unsuitable attitudes regarding the Roma population.

As regards the (no) hate speech, according to the Operator the novelty of the topic for Romania was one of the reasons leading to the high number of proposals addressing it – almost 25% of the project proposals.

Roma population, another key issue of the NGO Fund, also benefiting of a special allocation of minimum 10% of the overall funds allocation, was approached in a surprisingly large percent of the applications – almost 55%. Among the Roma projects with high potential are the ones in partnership with public authorities, where the latter were substantially involved, providing in some of the cases co-financing or in kind contribution. The applicants often proposed activities regarding children,

education, community development, and, to a certain extent, vocational training. Much less were initiatives related to culture, sport and music.

7. Use of capacity building

Though not used by all, many respondents really appreciated the possibility to include a capacity building component of their projects (of maximum 20% of the total eligible costs), as a unique opportunity, as compared with other ongoing financing programmes for NGOs. But – for the reasons explained above, under sub-section 2.1 – this opportunity was used at a lower level than expected, and often for minimal activities (purchase equipment – though accepted only if related with capacity building activities or objectives; training related to the staff field of activity rather than on topics relevant for the further NGO long term development, *etc.*). The reason for the minimal complexity of these activities was the need for safety and the fear not to get rejected because of "daring" to ask money for such actions, as well as the desire to use the respective money for the main activities in the project, considered as a priority in front of the capacity building needs.

Many of the survey respondents realize the benefit of capacity building but prioritize it differently. Most NGOs limit capacity building support to payment of their operational costs (78.57%) while fewer would like assistance with their strategic planning process (37.14 %) or fundraising (34.29%). Less than half see a benefit in exchange of experience with other organizations (44.29 %). There is limited awareness of the need to build advocacy skills (22.86 %).

As regards Roma NGOs who applied for capacity building funds, they were often interested in equipment and meetings, with lower interest in strategies; some promoters asked for funds for publishing annual reports. The small and medium projects promoters preferred to use all money for their projects' core activities. It may be useful for the capacity building costs to be delimited by the other costs under the project budget, and accompanied by dedicated long term technical assistance for needed areas of organizational development.

The training sessions for project and financial managers, and the consultancy provided by the members of the consortium were also highly appreciated by promoters as capacity building elements. As regards the capacity building matrix, this tool was introduced to the promoters during the capacity development training sessions; once explained which is the role and the usefulness of the matrix, many promoters appreciated it as a possibly useful tool to be further tested. Training for strengthening the board for a number of maximum 15 organisations from each of the two rounds will also be provided, to promote the good governance principles among the Fund beneficiaries. The grantees will also benefit of training sessions on visibility and promotion rules applicable to the projects.

8. Bilateral relations

Measure A – Partnership building (216,000 euro), supports searching donor countries partners for future projects, and includes thematic workshops within the launching conference of the Programme, 2 calls for proposals for Seed money facility, and organisation of an outreach/match making seminar. The initial maximum allocation/person was diminished, so that costs for more actions could be covered; the interested organisations had the possibility to bring more people under the same amount.

Measure B – Networking and exchange (initial 284,000 euro, increased after the overall reallocation to the programme, to 304,591 euro), for networking, exchange, sharing, and transfer of knowledge, technology, experience, and best practice between project promoters and entities in donor states, includes thematic study visits, call for proposals for participation in seminar, conferences and other events facilitating contacts, participation to the final conference organised by the Operator – Good practices and future trends.

In the 1st round of the NGO Fund the bilateral support contributed to the registration of 128 proposals for donor partnership projects, out of which 28 were contracted. 28 representatives of entities from Norway and Iceland attended the launching conference and the 5 thematic workshops. The Operator facilitated the match-making of interests for collaboration on future common ideas. As a result, 15 of the attending donor state entities registered as partners in proposals submitted by Romanian NGOs

within the 1st round. 22.86% of the survey respondents had partners from the donor countries. 50% of them identified their partners based on their previous contacts, and 31% did so with the Operator's support.

As a result of the 1st Call for proposals for seed money, there were registered 50 proposals submitted by Romanian NGOs in partnership with entities from donor states; 24 mobility projects (52 participants) were successfully implemented. 29 projects ideas resulted in proposals submitted under the 1st round of the NGO Fund, while some others were discussed and postponed for the 2nd round. According to the available data, 93% of the respondents declared themselves at least satisfied with the financial support of the seed money.

The match-making seminar of November 2013 gathered 36 Romanian NGOs (from Bucharest and the rest of the country), 11 representatives of entities from the donor countries, and 2 representatives of the Norwegian Helsinki Committee – partner NGO Fund. The Romanian NGOs were selected out of more than 250 persons interested to attend.

The seminar was useful, and Promoters would even have expressed their interest in another seminar for preparing projects for the second round as well. This type of seminar is considered especially interesting due to the wide range of Romanian and Norwegian organisations, as it is much easier to conclude a partnership after a seminar than through e-mail correspondence.

As regards Measure A, the Operator expected that the organizations would use these opportunities to work on their future projects, which eventually happened, as everybody has presented draft or advanced proposals. Not all of these NGOs finally submitted their projects, as some did not succeeded in preparing and sending them by the deadline, in spite of full support by CSDF so that the potential promoters would have sufficient time.

A second call for proposals under Measure A was organised before round 2 of the NGO Fund. Out of the 44 registered proposals, 32 mobility projects were implemented. Final reports of the grantees are under analysis and the complete results for 2nd call shall be collected when the process of analysis is complete.

As part of Measure B, a call for proposals shall be opened to promoters covering both rounds of the NGO Fund. The first study visit (autumn 2014) will involve 10-12 granted promoters who will travel to donor countries to run activities based on a theme which will be established by the FO; they will have to justify in writing their interest in the topic; there will be selected the proposals the most relevant as good practice and multiplying effect.

There was noticed the fact that NGOs need to improve their abilities to present themselves and their concrete interests, as they tended to use rather their mission and other general elements of their identity, which had limited potential to raise the interest of potential partners. The donor states entities answered only to part of the requests, because of their significant number and also because of differences between entities from the beneficiary and donor countries as regards capacity, international experience, fields of activity.

As regards the concrete interests within the partnerships, the highest interest was in Roma and vulnerable groups projects, and in the sustainable development field. Certain challenges were noticed especially as regards administrative documentation, and costs for human resources. The documents to be provided under the Fund by the donor countries partners were often discouraging, being significantly more numerous and complicated than in their home countries. The level of costs for human resources for the donor countries partners were often much higher than what the Romanian partners could allocate in the project budgets. On the other hand, once decided to get involved, the Norway partners are perceived as very good counterparts.

The bilateral collaboration is reportedly functional, useful and effective; most of the Norway partners were satisfied with their Romanian partners. It ensures transfer of experience and good practices from the donor countries, in fields like environment and sustainable development, the social area and gender equality issues. Almost half of the survey respondents consider the partnership as instrumental in expanding their area of expertise (45.71%); 20% see an opportunity to develop future projects at European level as a result for the bilateral relations established during support from the Fund.

Increased impact in the area of civil society may be generated especially by partnerships based on fields of expertise where the partner countries have comparable relevant experience. For successful cooperation it is of key importance to allocate time, money, and types of eligible activities for the partners to explore each other in order to establish solid, long term partnerships. They would also need to benefit of a friendly timeframe, with relaxed deadlines, allowing the effective search to take its normal flow: looking for partners, exploring, analysing, agreeing the basis for their collaboration, *etc.*

9. Visibility

The Programme was promoted via events, mass-media and online announcements, website. The promotion events had good media coverage over the initial expectations, with journalists interested in the content of the programme, and not in trying to identify negative aspects to transform them into aggressive news. The information about the programme was transmitted via national television and radio (TVR – „Drumul succesului”; Digi24 – broadcasting opening events from the NGO Fest; Prima TV – „Cafeneaua Dilema Veche”; hotnews.ro – live debate broadcasted online; Radio Romania Actualități), and by the social media (Google, Facebook). By the partnership with “Dilema veche”, a highly credible national weekly publication, weekly articles of success stories under the programme are promoted. By the middle of 2014, the website registered over 35,000 visitors and 400,000 views.

At the level of projects, each promoter must follow the visibility plan assumed within their application and the visibility rules. Both are closely monitored by the grant officers, who approve the materials before their use or publication. The Operator also is planning to train project promoters on communication matters, which is expected to be of great help especially as regards small, inexperienced NGOs. The materials which will appear about the projects in the mass media, will be collected by both the Operator and concerned project promoters.

At present, the visibility of the Programme relates mainly to its launch, its calls for proposals and the events under the capacity building and complementary actions. Given the experience of the Operator in organising public events, the visibility of the donor and of the opportunities provided by the programme was very good not only in the inner NGO sector, but also to the wider public. The promoted elements were related to the basic programme information, but also to sophisticated aspects related to horizontal concerns and priority areas.

VI. Making a difference: Impact, Sustainability and Added Value Prospects of the programmes

1. Levels of potential impacts

Acting as an Operator has further increased the capacity of the NGOs in the consortium to strategically manage funds that can contribute to the development of civil society. It has confirmed their already recognized role among the NGOs in their fields of activity. The public sector respondents expressed their strongly positive opinion about the way in which the Fund is managed, especially about the clear procedures, guidelines transparency and integrity.

A vast majority of the respondents evaluate the NGO Fund positively both in terms of funding and capacity building, and see a number of aspects of impact on their organizations. Increased capacity to design and implement projects in the future is the most often mentioned benefit. NGOs also identified as future impact their increased visibility in the community and in the sector, and the increased trust of their beneficiaries. As regards their beneficiaries, most respondents mentioned that both individuals and informal groups have acquired new capacities to implement their activities in an efficient manner. A smaller number of NGOs consider that their ability to influence public decision making has increased substantially.

2. The added value of the EEA grants support to civil society

In Romania, as also mentioned before, there are several Norway and EEA programmes having NGOs among the eligible applicants or partners, but the NGO Fund is the only one promoting the consolidation of the civil society. Therefore, the support provided to civil society under the other programmes is limited to the cases of NGOs whose concrete projects are supported under these funds. Even more, under the NGO Fund are eligible NGOs' projects otherwise not supported by any other

donor, like the ones on democracy, human rights, anti-corruption, think-tank or watchdog initiatives, *etc.* The mix of supported areas combined with the innovative tools and significant amounts available for granting makes of the Fund the most important and complex donor for the Romanian NGOs, at present.

The NGO Programme has a significant added value as a multi-country learning mechanism. A variety of instruments supporting effective interaction with the Operators from other countries were applied under the *Complementary actions*.

- In 2013, the *launching conference* of the NGO Fund in Romania brought together representatives of NGO Programmes from Slovakia, Hungary, Spain, Lithuania, Slovenia, Estonia.
- The *Civic Arena* is an original forum for discussions and debate about new trends and developments in the recipient and donors countries' NGO sector.
- Other actions are the *regional conference on Roma and discrimination* in the region, to analyse perspectives in view of Roma inclusion and remediate discrimination in the countries facing these matters, the *thematic conferences* on democracy, social policies, children and youth, and environment.
- Of a particular value was the *Fellowship – Good Practices exchange*, proving to be a real opportunity for the NGO Operator's staff to enrich their existing knowledge of the topic.
- The event *Civil Society: Trends in working with children and youth* provided the space for debates on education and work with children and youth, with the participation of over 100 practitioners in the field; one third of the conference was dedicated to the topic (no) hate speech/ tolerance and anti-discrimination, and Operators and promoters from other countries shared and learnt from others' experiences.
- The *NGO Fair* in 2014 brought together Operators who also attended various workshops and group discussions. The mechanisms proposed by the Operator are innovative and opportune, and proved until now a high level of effectiveness.

All these complementary actions have as a final beneficiary the project promoters, benefiting of access to information, good practice examples, visibility and chance to exchange information and to identify possible partners for future activities.

3. Sustainability Prospects

34.39% of the survey respondents expect their projects' sustainability to be at a very high level. Meanwhile, concerns on sustainability are often mentioned and are also reflected in most of the NGOs' recommendations. The sustainability of the supported projects is widely diversified, but many granted projects defined it wisely, so that the necessary resources would be minimal and their availability and the impact – maximal. While general lack of public or private funds for NGOs and the relatively short duration of the projects are factors hampering the projects' sustainability, there are also remarkable success factors such as created partnerships, learning systems, simpler or more sophisticated tools developed under capacity building (strategic planning, fundraising or income generating systems, *etc.*).

An effective sustainability tool was provided under the capacity building component, by the inclusion of fundraising and especially strategic planning actions under the eligible activities. Though not put in practice yet, the measure keeps being highly recommended, as it has a significant potential to contribute to the increased financial capacity and sustainability of the project promoters. On the other hand, more explicit promotion would be necessary in order to raise wide awareness of the importance of these actions for the NGOs.

One of the most significant elements to encourage sustainability as a donor is the strategic thinking and approach of the provided funds: the types of eligible projects, the capacity building components, the clear definition of sustainability in the Guidelines, the score in the evaluation grid are as many potential incentives or, if treated superficially, as many risks to the sustainability. These are to be completed with allowing longer project duration and ensuring the best possible predictability of the

future funding, and by providing early information on future developments in the funding strategies of the current donors.

From the project promoters' perspective, other important elements are the existence of strategic plans in the organizations, and consideration of various funding sources including economic activities (clear rules on the income generated within the grant are essential), as far as they do not generate a decrease of the non-profit focus of the organization in its core fields of activity. For the associations, a valuable source of income could also be the membership fee.

VII. Main conclusions and Recommendations

1. Main conclusions:

- (1) In the current Romanian landscape, the NGO Fund represents the most significant, highly strategic mechanism to support NGOs. The programme succeeds in addressing real key problems of civil society by allocating an important amount to available grants (36.3 million euro for 2009-2014), together with the permanent focus on NGOs' needs, addressed by the unique combination of supporting tools like capacity building including tailored assistance and training, bilateral relations, and complementary actions.
- (2) By its wide variety of objectives, themes, and priorities, the NGO Fund provides generous space for most of the NGOs' fields of activity. Meanwhile it has the capacity to ensure fair competition between NGOs, respectively projects of similar dimensions by creating different categories of grants (small, medium, and large).
- (3) By its structure and mechanisms, the Fund allows the access of NGOs from the least to the most experienced ones, therefore having a real potential to generate impact at both, local communities and strategic level. Even more, the NGO Fund represents the only substantial resource for valuable NGOs active in fields like democracy, anti-discrimination, transparency. Its strategic role and subsequent estimated impact at the sector level is materialised by supporting think-tanks, watchdog, and advocacy types of actions, as well as development of networks and coalitions – of key importance for a functional infrastructure of the sector.
- (4) Allocating significant funds to address priority needs of the Romanian civil society received a correspondingly substantial answer, reflected in the high interest raised by the programme. The initiatives supported under the 1st Round address the Fund objectives in a wide diversity targeting both local community and sectoral levels. The allocation of additional funds during the current NGO programme is highly appreciated by stakeholders; it also represents recognition of the Operator's capacity and determination to support benefits to the sector at large.
- (5) The Operator members' capacity, experience, and recognised position in the NGO sector ensure a highly positive general perception on behalf of NGOs, as well as a stable and trustful relationship between Operator and promoters or other stakeholders (other Operators, authorities and structures relevant to the Fund).
- (6) The management of the NGO Fund by a consortium of strong NGOs is appreciated by all stakeholders. The consortium members' capacity to strategically manage the grant schemes under the current programme is a key success factor for the programme. Their effectiveness is demonstrated also by the indisputably good results obtained to the present in the programme implementation, in spite of the tough challenges. A key element is also the good, functional relation between Operator and FMO, and the smooth collaboration with the NFP.
- (7) The Operator closely follows contract rules and procedures under the programme. Within these limits and based on its experience and expertise, it managed to bring genuine added value to the implementation. The system of communication with the promoters goes beyond simply transmitting information, and focuses on capacity building thresholds in different phases of the programme cycle. Despite the existing challenges in the Fund management, the Operator succeeded in ensuring an extensive outreach and made significant, fruitful efforts to ensure equal treatment of promoters in all implementation phases. These mechanisms included

also collecting feedback from stakeholders, based on which adjustments are introduced to the 2nd round of calls for proposals (e.g. implementation of the online submission system). The projects selection was organised in a transparent manner, with focus on the quality and estimated impact of proposals and with the full respect of rules regarding independence of evaluators.

2. Recommendations for the next Financial Mechanism:

Strategy

- (1) Continuing to provide consistent support for all current thematic areas is strongly recommended, as resources to ensure NGOs' continuity in development and create opportunities for extended impact continue to be a challenge in all these areas. A starting point could be provided by the information gathered during the previous calls for proposals: overall request for funds and total number and value of selected projects, calculated by also including the projects on the reserve lists. Another tool could be a wide consultation process, e.g. an online survey asking for the NGO respondents' opinions on the matter.
- (2) It is highly recommended to maintain the current approach where financial support combines with consistent capacity building support tailored to the needs of the different types of NGOs, such as close assistance during the application and implementation stages, specialised training sessions, etc.
- (3) The Fund should continue to maintain a focus on NGOs reaching citizens and in general increasing visibility and public image of NGOs among citizens and relevant stakeholders.
- (4) It is essential to maintain and further develop the current approach encouraging support of 1/ grassroots and other small NGOs, and 2/ NGOs acting for systemic changes or outcomes at sectoral level. In addition to the current funding conditions, the first ones could be encouraged especially by simplified procedures and close assistance in implementation, while the second ones could be significantly better supported especially by longer duration for the project implementation (at least 4, if not 5 years).
- (5) Partnership and networking, experience exchange and sharing should continue to be valued at different layers (amongst NGOs, NGOs and public authorities, NGO less experienced with larger and robust NGOs, NGOs with entities from other countries, between operators, etc.).
- (6) **Sustainability** of NGOs should be further supported and encouraged at all levels:
 - 6.1. *Donors* must keep considering sustainability as a prerequisite in the effective use of funds; they could also introduce different other additional tools to boost the effective encouragement of sustainability by their current support, such as: finance initiatives focused on diversification of income sources for NGOs, extend the donors' base, contribute where possible to mobilisation of private resources, diversify capacity building actions addressing both operators and national relevant stakeholders.
 - 6.2. *Operator* could develop further measures for promoters' increased awareness of sustainability in all project cycle stages, combined with targeted capacity building assistance, by information sharing and dissemination, training, networking and encouraging exchanges directly between promoters, supporting identification of concrete actions for sustainability even during the project implementation, etc.
 - 6.3. *Project promoters* should be explicitly encouraged to define their strategic directions and develop projects contributing to these directions, include activities that would contribute to sustainable results even from the early project implementation, initiate networking with other NGOs and stakeholders who can contribute with their lessons learnt, to valuing or multiplying their results, developing their achievements and continuity, etc.
 - 6.4. As an effective method for extended outreach of NGOs from smaller communities, rural and remote areas, and of community/informal groups and grassroots NGOs, **re-granting** should be allowed: small grants (e.g. several thousand euro) could be allocated and supervised by NGOs having the knowledge, capacity and objectives to support such organisations to develop in their early stages. In this way, the workload necessary in the learning process for the supported

NGOs would be transferred from the Operator to the re-granting organisations, and dedicated tailored assistance according to the re-granting organisations missions would be effectively provided. The risks for the Operator awarding the funds for re-granting could be addressed by imposing specific conditions for the eligibility of the re-granting organisation (e.g. administrative capacity, specialised human resources, turnover, *etc.*) as well as detailed conditions on the re-granting process (principles, procedures, *etc.*).

- 6.5. A significant contribution to the programme objectives and sustainability may be brought by introducing **conditional grants** (*in particular for institutional and/or strategic grants*), where suitable NGOs are paid in tranches depending not on percentages, but on results: the promoter is paid when they reach a specific benchmark in their project. For the maximum effectiveness of this mechanism, the programme implementation duration should be of at least four if not five years. This would allow funding project ideas which are good but affected by certain risks – in this way they would not be lost by choosing not to support them, but would be experimented and developed in a precautious manner. The mechanism should be used for projects possibly able to produce strategic changes for the sector.

Management set-up and procedures

- (7) Assigning the responsibility of **programme management** and implementation to a national NGO/consortium of NGOs, with proven expertise in grant making and excellent knowledge of the sector (experience in research, policy and data analysis, capacity building, advocacy, change enabler and promoter, *etc.*) is a valuable asset that should be maintained.
- (8) For increased relevance to sector needs, before launching the **terms of reference for Operator selection**, consultation with NGOs would add value in terms of considering specific national features, defining priorities, setting specific benchmarks. Using the experience and input from current Operator members is also a valuable input.
- (9) **Direct contracting** of the Operator by the FMO should be maintained, as well as the system of direct payment from FMO to promoters, being highly appreciated the easiness of dialogue among parts, the openness towards flexible approaches allowed by contractual rules. **Independence of public authorities** should be also maintained.
- (10) **The legal regime of the funds for the complementary actions** should be defined in a unequivocal manner, either as grants or as services additional to the management fee, so that the applicable rules, procedures, and eventual collateral costs such as taxes could be correctly taken into consideration from the very beginning.
- (11) The level of **financial guarantee** should be adjusted to the specific of the selected Operator. The current level could be diminished, considering that in case of NGOs the banking system issues guarantees by blocking actual amounts in the organisation's account, which can affect their cash flow and functional capacity.

Procedures related to projects

- (12) Support to smaller NGOs should include tailored **simplified procedures** and a corresponding level of resources – at the level of both, the Operator and the project promoters – for the necessary assistance in view of consistent capacity building all through the project cycle.
 - a. For better impact and sustainability, **longer projects' duration** (4 or even 5 years) is highly recommended, to be established by the different categories of available grants, project types, and promoters.
 - b. If new cases of **shortening the project duration** appear, reducing duration and costs should be accompanied by a proportional reduction of the initial project activities and expected results; minimal adjustments (in particular budget ones) should be allowed also during the pre-contracting phase, provided they do not question the evaluators' decisions.
 - c. The **training** on project and financial management, as added-value support services for promoters, should be further delivered as close as possible to the beginning of the contracts.

- d. Given the stringent lack of resources, **co-financing** should be reduced and, in case the state decides to contribute, this should not affect anyhow the independence of the Fund management process to the public sector. A good example of co-financing rate could be the one used under most of the ESF grants, where NGOs were usually requested for minimum 2% of the total eligible costs.
- e. The Operator and project promoters should be fully aware and able to allocate sufficient resources to ensure observance of the recent rules and the principles of **public procurement** (transparency, equal opportunities, efficiency, *etc.*). The Operator should be able to further provide additional capacity building support through different actions along the project cycle: information, specialized advice and even mentoring on rules and procedures, *etc.*
- f. The legal aspects applicable to NGOs performing **economic activities developed under the awarded grants** should be clarified from the very early stages of programme negotiations, in order to eliminate the risk for the grant to be wrongly qualified as state aid and reduced according to the applicable legislation; in this way, the project promoters would be encouraged to include economic activities in their sustainability plans.
- g. The **monitoring and reporting system** and the **visibility requirements** should be sufficiently flexible, adjusted to the beneficiary type, project size, and selected target groups. For visibility rules, the size of the actions should be also considered, and strict rules should be adapted to the continuously evolving alternative channels of communication (especially social media).
- h. The **evaluation process** independence is highly relevant and should be further nurtured for future programmes; for ensuring better quality of the selection process, facilitated common meetings between external experts should be introduced as a standard procedure, in order to increase the effectiveness of the evaluation process.

The NGO Programmes in Slovakia:

Active citizenship and Inclusion (SK10) and Human Rights and Democracy (SK3)

Anna Ivanova

Czelsaw Walek

I. Context

1. Key contextual tendencies

Slovakia is a country with a stable democracy, functioning institutions and active civil society. As stated in the 2013 Freedom House Democracy Index Slovakia is a free country with the best scores in all free ratings – freedom, civil liberties and political rights.⁸⁰ As reported by the US State Department Country report on Human Rights Practices for 2013, notable human rights problems in Slovakia included abuse of power by judicial figures, a continued lack of checks and balances within the judicial system, low public trust in the judiciary, and continued societal discrimination and violence against Roma.⁸¹ According to 2013 Transparency International's global Corruption Perception Index, Slovakia was ranked 61 out of 177 evaluated countries. Similarly to previous year it was fifth worst position among EU countries, after Italy, Romania, Bulgaria and Greece.⁸²

According to the Slovak Institute for Public Affairs that evaluates the quality of Slovakia's democracy, the quality of democracy in recent years somehow deteriorated. In a scale 1-5 (one means optimal quality of democracy) in 2013 it was 2.9, in 2014 already 3.2 whereas in 2011 for example the mark was 2.8. Part of the reason for this shift may be seen in the change of government. The previous, centre right government led by Iveta Radičová adopted policies aiming at support of active citizenship and citizen's participation on public matters, including the Strategy of Civil Development in Slovakia.⁸³ The Institute for Public Affairs reports that the current government is less receptive to these concepts, contributing to the deterioration of the "Quality of democracy in Slovakia" index between the first quarter of 2011 and the first quarter of 2014 (it started improving again only in the second quarter of 2014).⁸⁴

Strong anti-Roma sentiments are common in the Slovak mainstream society. This translates into hate crimes, hate speech, Anti-Roma demonstrations organized by extreme right groups, police rides on Roma settlements, discrimination in all areas of life from health care, education through services or employment. Politicians increasingly respond to these attitudes riding the wave of radicalisation. Prime Minister Fico, for example, made a few populist statements on the need of radical solutions (including force separations of families) in times of despair. Anti-Roma sentiments are being heavily used by right-wing extremist parties. The 2013 regional elections in Banská Bystrica region (mid Slovakia) were even won by Marian Kotleba, the leader of the far right political party People's Party – Our Slovakia, who openly built his campaign around xenophobic messages and anti-Roma stereotypes.

The influence of the Catholic Church on Slovak society is strong and even increasing impacting the activity of numerous civic initiatives or NGOs connected to the church. Conservatism is the common

⁸⁰ <http://freedomhouse.org/report/freedom-world/2013/slovakia#.VABYIYCSwdZ>

⁸¹ <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>

⁸² <http://www.transparency.sk/sk/vystupy/rebrickly/>

⁸³ http://www.tretisektor.gov.sk/data/files/1870_strategy-of-civil-society-development-in-slovakia.pdf

⁸⁴ <http://www.ivo.sk/7486/en/news/ivo-barometer-the-quality-of-slovak-democracy-in-the-second-quarter-of-2014-is-evaluated-to-3-1-points>

denominator bringing ideologically remote attitudes closer. This may explain the apparent paradox that the *Catholic Church's* influence is even more visible with social democratic government than with previous liberal one. One of the examples in that regard is the recent amendment of the Slovak constitution that defining “marriage” as a unique bond between a man and a woman. This has direct implications on the LGBT rights debate. Recent attempt of the Alliance for Family to hold referendum focusing on the protection of family is another example of such a boost. The Alliance collected more than 400 000 signatures in support of the petition to hold a referendum.⁸⁵

Slovak civil society is in a difficult situation vis-à-vis the increasing presence of the Catholic church and its civic initiatives in the society as a whole. On the one hand, it may look like it gave up in its efforts to increase the general public's awareness of the alternatives to the conservative paradigm. On the other hand it should be acknowledged that a big part of Slovak population does share these conservative values, hence they need to be taken into consideration when designing the next programme.

The recent direct presidential elections reenergized the Slovak civil society and proved its maturity. Robert Fico – the current Prime Minister and leader of the socialist party SMER –lost to an independent candidate, a businessman and philanthropist Andrej Kiska. The people voted against one party monopolizing the power in the country and in favour of a person with civil society experience, who knows how the civic sector works, what challenges it faces. As the founder of “*Dobry Anjel*” (“Good Angel” charity foundation), Kiska is seen as a defender of the civil society cause and the improvement of the of the “Quality of democracy in Slovakia” index in the second quarter of 2014 was attributed to the first actions of the newly-elected President.

The economic crisis did not hit Slovakia as hard as other European economies. But the economy definitely slowed down and the sense of increased hardship is present. It increased ordinary people's sensitivity to the way public resources are being managed and on what money is being spent. In these circumstances interventions with more clearly defined tangible results would have higher chances of receiving public support than vaguely defined general “policy level” or “strategic” interventions.⁸⁶

2. The development of the NGO sector as a catalyst of civil society: strengths and challenges

Slovakia is a country with a well-developed and active civil society. In 2010 Slovakia had 44 176 registered NGOs, out of which some 10 000 are active⁸⁷. As mentioned above, the country has a Government strategy for civil society adopted in 2011 with an Action plan for 2012-2013, created by the Office of the Plenipotentiary for the Development of Civil Sector that was created in 2011. According to 2013 CSO Sustainability Index for Central and Eastern Europe and Eurasia⁸⁸ Slovakia belongs to countries with the highest overall levels of NGOs sustainability in Europe and Eurasia.

The change of the government two years ago somewhat broke fast development of NGO sector. Civil Society was deeply influenced by steps of Iveta Radičová government, which introduced participative methods and processes and started number of financial programmes or projects financed through ESF that benefited civil society. The new government is not receptive to needs and voices of civil society to the same extend as the previous one. Reforms and policies that were under preparation with the former government (under auspices of NGO governmental plenipotentiary) slowly faded away. It is worth noting that the “Quality of democracy in Slovakia” index reached its worst level before Radicova's government and saw its steepest improvement in its two years in power (July 2010 – April 2012).

The country's EU accession in 2004 had dramatic long-term implications for the funding opportunities for the sector. Most of the traditional donors withdrew and the development of civil society was not a priority for the new sources of funding, namely the EU structural funds emerging as a core funding opportunity. Managed by state Managerial Authorities, the structural funds were also changing the

⁸⁵ http://spectator.sme.sk/articles/view/55066/10/alliance_for_family_collects_enough_signatures_for_referendum.html

⁸⁶ Martin Bútorá et.al. (2012).

⁸⁷ Strečanský 2012: 77

⁸⁸ http://www.usaid.gov/sites/default/files/documents/1863/EE_2013_CSOSI_FullReport.pdf

dynamics of the relationship between the civil society organizations and the state gradually eroding the independence of the former from the latter.

The two most important grant mechanisms in Slovakia in 2013 were the Swiss-Slovak Cooperation Programme and the (EEA)/Norwegian Financial Mechanism. Swiss NGO Fund focuses on social services provision and environmental issues and is operated by Ekopolis (12 organizations received support both from the EEA grants and the Swiss NGO fund). The EEA Grants and its Programme Area „Funds for non-governmental organizations” however remain the only grant scheme that supports in serious scale issues related to human rights, fight against corruption, advocacy and watchdog activities.

State grant schemes were minimal and were even decreasing during the last year. For instance, state resources for work focused on human rights and ethnic minorities decreased by €700,000. Environmental NGOs continue to receive funding from the state-financed Envirofond and the corporate-funded Ekofond. In 2013, NGOs received approximately €20 million from Envirofond and €1.6 million from Ekofond.⁸⁹ EU Structural Funds are still inaccessible for most of the NGOs due to complexity of procedures and eligibility criteria. The Plenipotentiary for development of civil society involved NGOs in the preparation of the new programme period for 2014-2020 that might lead to some improvements in this area.

Individual donations are not a significant source of funding for NGOs yet. Organizations increasingly utilize online donation tools, including Darujme.sk, Dobrakrajina.sk, Ludialudom.sk, and Dakujeme.sk.⁹⁰ At the same time, the decentralized sources of funding for CSOs are gaining in significance. The overall revenue from tax assignments to CSOs was €46.7 million in 2013, an increase of €3.8 million compared to 2012. Of this total, businesses assigned €25.7 million, 1.5 percent less than in 2012, while individuals assigned €20.9 million, an increase of 12 percent.”⁹¹ According to a survey by the Pontis Foundation, companies are most likely to support NGOs working on Slovak heritage and culture, education, and the environment – and less so the ones working on human rights, anti-corruption or inclusion of ethnic minorities. But the pattern may be changing - local philanthropists and business people are increasingly focusing on serious societal problems (see box 1).

Box 1: Private sector funded anti-corruption activities: support for the CS sector?

In July 2014 the first privately-financed foundation for anti-corruption was launched (www.zastavmekorupciu.sk). This foundation is unique because it brings together the business and the NGO sector in a joint endeavour. It is founded by two successful businessmen (the co-founder of the IT company ESET and the owner of a communication and advertising company MARK BBDO) and the foundation’s programme director is the former director of a successful NGO Via Iuris.

The case is indicative for at least two reasons. On the one hand, it illustrates the degree of maturity of the civil society in Slovakia dealing with acute problems of the society as corruption public policies oversight. Second, the magnitude of the challenge of corruption is so huge that it cannot be addressed by the civil society actors alone. Involving the business in this fight is expected to push the anti-corruption issue forward.

According to the respondents interviewed for this evaluation (focus groups and interviews), **the lack of funds is the main challenge for many Slovak NGOs.** Civil society is weakened by serious lacks of funds for capacity development and organizational support, as well as for substantial civic work, in controversial areas. However the lack of funding is an indicator of two other underpinning problems: **lack of seriously modern approach to fundraising in many NGOs and lack of serious cooperation among the Slovak NGOs.**

⁸⁹ *The 2013 CSO Sustainability Index for Central and Eastern Europe and Eurasia*, USAID, 2013, p. 197

⁹⁰ See above

⁹¹ See above

Narrow experience and closing of many NGOs in their specific areas of work is another challenge. The periodical “rotation” from the civil society to public administration or to private sector and then back to the civil society is not typical in Slovakia. As a result the people working in civil society often do not have internal knowledge of the other sectors. They are not sufficiently aware of the mechanisms, the motives, the interests involved and often express "expert opinion" on issues on which they have limited competence. As a result their voice is not taken as seriously as it might be (interview with a representative of an NGO).

II. Strategic relevance of the NGO programmes

Similarly to other countries, the strategy of the NGO programme in Slovakia was elaborated in consultation with broad audience and using the lessons learnt from the previous programming period. This is how the thematic structure of the programme was defined and some strategic operational decisions were taken, such as the direct contracting of the Programmes by the Financial Mechanism Office (hereinafter FMO), instead of having National Focal Point (hereinafter NFP) as an intermediary.

1. The two programmes’ core areas of support

Unlike other countries, there are two NGO Programmes in Slovakia: SK03 operated by Open Society Foundation and SK10 operated by an Ekopolis led consortium. The bids of both Operators diverged from the original TOR – the original individual areas of support were modified to reflect better the bidders’ specific expertise. OSF’s programme took 7 of the initial 9 core areas of support as listed in the TOR integrating 4 of them into two broader groups. The Ekopolis led consortium took the two core areas of support not covered by OSF (“Participatory democracy” and “Social inequalities, poverty and exclusion, including in rural areas”) and developed the remaining part of the programme based on the “Additional areas of support” as outlined in the TOR. They also redefined the requirement of the TOR to have “at least 10% of the total allocation to the programme shall be allocated to children and youth-driven organization and/or activities targeting children and youth” into a separate area of support suggesting to allocate 30% of the grant for it.

As a result, both FOs managed to design the Programmes as complementary as possible to each other (in terms of planned outcomes, target groups, content of supported projects, financial support offered, etc.) which is a great achievement. In the case of SK10, the consortium went even further to utilize the specific expertise of its members. The first two areas (1. “Active citizenship” and 2. “Protection of the environment and climate change”) are operated by Ekopolis; the third area “Children and youth, including children and youth at risk” is operated by Children of Slovakia Foundation; SOCIA is operating the forth area “Welfare and basic services to vulnerable groups”.

Table 1 summarises the areas of support, objectives and outcomes of the two FOs.

	OSF	Ekopolis
Areas of support (with priority sub-areas in the case of Ekopolis)	1. Democracy, good governance and transparency (958 268 EUR) 2. Human rights including minority rights (578 045 EUR) 3. Gender equality and gender-based violence (946 009 EUR) 4. Anti-discrimination, combating of racism and xenophobia (579 528 EUR)	1. Active citizenship (30% of the grant budget, 947 601 EUR). 1a. Participatory democracy 1b. Social inequalities, poverty and exclusion, including in rural areas 2. Protection of the environment and climate change (20% of the grant budget, 521 181 EUR) 2a. Public participation, awareness raising and active citizenship 2b. Supporting sustainable development 3. Children and youth, including children and youth at risk (30% of the grant budget, 852 842 EUR) 3a. Children, Youth and Active citizenship 3b. Activities targeting children and youth at risk 4. Welfare and basic services to vulnerable groups

		(20% of the grant budget, 521 181 EUR) 4a. De-institutionalization of the services for children and youth with special needs and adults placed in institutions 4b. Supporting development of field and ambulant social services of NGOs 4c. Supporting social cohesion of inhabitants on local level 5. Fund for bilateral relations 5a. Search for partners and development of partnerships 5b. Exchange of experience, internships, study tours and networking
Objectives/outcomes	1. Active citizenship fostered 2. Increases involvement of NGOs in policy and decision making processes with local, regional and national governments 3. Democratic values, including human rights, promoted 4. Advocacy and watchdog role developed 5. Strengthened capacities of NGO and enabling environment for the sector promoted 6. Empowerment of vulnerable groups	1. Active citizenship fostered 2. Increased contribution to sustainable development achieved 3. Provision of welfare and basic services to defined target groups increased 4. Empowerment of vulnerable groups
Capacity development	Mainstreamed in individual projects	Mainstreamed in individual projects and through a separate pre-defined project "Capacity building and networking" (100 000 EUR)
Sources: individual operators' PIAs, programmes' public web-sites		

The programme for Slovakia is split equally between the two Fund Operators (3,701,500 EUR each). The allocation of the resources between the two FOs is summarized in Table 2.

<i>Table 2. Distribution of the financial resources of the Operators of the NGO Fund</i>					
Operator	Overall budget	Management fee	Capacity Building	Complementary Action	Bilateral relations
OSF	3 701 500 EUR	380 608 EUR	51 773 EUR	114 182	138 060 EUR
Ekopolis	3 701 500 EUR	469 995 EUR	104 743 EUR	59 205 EUR	100 000 EUR
Sources: individual operators' PIAs, programmes' public web-sites					

OSF has originally planned 3 open calls for proposals with grants respectively

- First call – 65% of the total funding (1 877 383 EUR), grants between 30 000 and 150 000 EUR.
- Second call – 30% of the total funding (866 485 EUR), large grants between 20 000 and 60 000 EUR and small grants between 3 000 and 5 000 EUR.
- Third call – 5 % of the total funding (144 414 EUR), large grants between 5 000 and 15 000 EUR and small grants between 3 000 and 5 000 EUR, The explicit objective of the third call is

to support small projects focusing on communication and sustainability of the areas of support of the program.

Ekopolis led consortium has two calls.

- The first call encompasses all areas of support with the total funding of 1 632 828 EUR, grants vary by area of support and are between 0 and 80 000 EUR.
- The second call included only 3 areas of support without “Welfare and social services to vulnerable groups” with the total funding of 1 406 484 EUR, grants vary by area of support and are between 0 and 60 000 EUR.

2. The strategic relevance of the NGO Programmes

According to all conducted interviews and focus groups the NGO programme is a unique funding mechanism with strategic importance because it is among the few, if not the only one, to support issues like human rights, anti-corruption, watch-dog, civic participation – and the NGO sector as such. The NGOs working in above mentioned areas are largely dependent on this financial mechanism. Almost 65% of respondents of the online survey conducted by this evaluation consider NGO Programmes as very relevant to the needs of civil society in Slovakia, 31% considers it to be relevant and approximately 4% consider being more or less relevant. None of the respondents ticked non-relevant box.⁹²

EEA / Norwegian Grants have also other programmes, where NGOs might apply. However due to the specifics or limitations of these programmes, in practice very few NGOs benefit from them. The Programme on climate change is distributing financial resources mainly for schools and municipalities and NGOs may be partners of these entities, but not direct applicants. The Operator of the social inclusion programme strategically decided to direct its 1 million euros to schools, which excludes NGOs. Hence the NGOs can apply directly only under the Programme for Cross border cooperation, but only for activities realized in border regions (Košický and Prešovský), albeit local NGOs are obviously favoured. Based on the Online survey around 45% of respondents did not even try other EEA and Norway financial mechanism programmes. 55% of respondents consider the NGO programme as a better tool to realize their activities and fulfil their missions as other programmes.

The NGO Programmes are strategic in terms of topics and type of functions that it supports – human rights, anti-corruption, community development, environment protection. As one of the respondents of the Online survey noted, “the priorities of the programme were designed well, but more emphasis should be placed just on fields, which are not supported by any public or corporate resources... the programme should focus on a smaller number of areas that are not covered by public or private sources, either because they are unpopular or sensitive, but for the development of Slovak democracy are absolutely necessary, such as watchdog activities, advocacy activities, whistle-blowers, monitoring of the management of public resources, protection of human rights as well as gender equality *etc.*” In other words, the broad focus of the Programme is boosting both the stability of the NGO sector and its ability to address some of the most acute challenges the Slovak society is facing in an innovative way (see box 2). No other financial mechanisms operating in Slovakia at this moment offers such an opportunity.

Box 2: Outcomes of whistle-blowers campaigners

The outcome of our work is the increased respect to people who stand up against corruption. For example people buy on regular basis T-shirts with “White Crow” logo because they want to thank someone for the courage or just to show that they share the values promoted through the campaign. The newly elected President invited for his inaugurate reception three “White Crows”. In our view, it is an important message for the society. “White Crow” already became a symbol of an honest role

⁹² Online survey conducted by Creda Consulting as a part of the mid-term evaluation of NGO Programs, 48 respondents filled in Slovak part of the survey, which is 50% of all supported projects.

model standing up against corruption – and this is a real outcome. The project “Public officials under civil spotlight” also sets some trends – like the on-line meeting of Councils for the Judiciary, which attracted the attention of the media, of ambassadors, the NGO sector). Various users (analysts, auditors, *etc.*) use Datanest.sk for verification of their hypotheses and tracing additional information on the subjects you are currently working on. It is currently the only source of certain historical data - for example, on the old annual reports of political parties that journalists cannot trace elsewhere and proving the links of politicians to various companies.

But all this is difficult to capture in figures. We write these in the narrative reports but the information may stay hidden there. Additional efforts (and resources) are needed to capture it and make it publicly available.

From an interview with *Alliance Fair play*

On the other hand, the strategic positioning of the two NGO programmes may constitute a problem of its own. The fact that they are the only programmes in Slovakia financing on larger scale the Slovak NGO sector creates extremely high expectations on the side of civil society that might be difficult to meet leading to NGOs’ frustration and backlash against the operators of the programmes.

III. Management set up

Unlike in other countries the NGO Programme in Slovakia is operated by two operators. Two bids received to the open tender for Fund Operator (from the Open Society Fund and from a consortium led by Ekopolis). Reasons for this rather unorthodox decision were: a thematic narrow focus of both applicants and donor to equally cover all areas of support. As one interviewer mentioned “each of applicants was very narrowly focused on their topics and target groups“, selecting only one of them would have left behind core priority areas. “By choosing two operators all priority areas are well taken care off.”

Surprisingly this decision is not negatively perceived both by recipients of grants and by unsuccessful applicants. There were no complaints about additional burden of bureaucracy or duplications of grant schemes. Quite an opposite, the majority of interviewees sees an advantage in such a set up: “it gives bigger diversity, opportunity to compare different managerial set ups, but most importantly it supports impartiality and objectivity as well as it increases the chance to receive a grant from one or the other operator” as one interviewee mentioned.

1. Profile of the Operators of the NGO Programmes and the selection process

Slovakia has two types of Fund Operator – a consortium and an individual organization. As both Operators have operated the NGO Fund in the previous programming period, they are experienced and familiar with the logic and requirements of the EEA Grants. Both operators are considered to be long lasting experts in areas of support of their programme.

The Programme Democracy and Human Rights (SK03) is operated by Open Society Foundation (OSF). The OSF is established grant maker and since 1992 has been supporting democracy, rule of law, protection of human rights and freedoms, building civil society capacities and education.

The Programme Active Citizenship and inclusion (SK10) is operated by a consortium led by Ekopolis in partnership with SOCIA and Children of Slovakia Foundation. Ekopolis is established grant-maker and since 1991 supports projects in area of democracy, civic participation and nature preservation. Other partners include SOCIA - Social Reform Foundation and Children of Slovakia Foundation who are both grant-makers and operational NGOs. The first one was established in 2002 and focuses on support and development of social services, including systemic changes. The second one was established in 1995 and its primary interest is children and youth.

The communication between the two Operators is rather formal and not very intensive. The Operators are delegating their representatives as members of the other Operator’s Selection Committee thus allowing to identify possible overlaps of support. None of the calls for proposals had the precondition for one organisation to have only one project supported. It seems the Operators did not rule out the possibility of supporting organizations, which already receive funding under the condition that the

objectives, the activities and the budgets were not duplicated. The results of the calls for proposals seem to indicate some overlaps in that regard. For example, Alliance FairPlay, People in Need have 2 projects supported by OSF and 2 by Ekopolis. Via Iuris has 2 projects from SK10 and one from SK03. Slovak Governance Institute has 2 from SK03 and 1 from SK10. Fenestra Foundation, Iniciativa Inakost, Youth from the Street, Quo Vadis, Transparency International Slovakia and Philanthropy Centre – all have one project from SK03 and one from SK10. The Milan Simecka Foundation has two projects from SK10; the Centre for the research of ethnicity and culture and the „Citizen, democracy and accountability” NGO both have two projects from SK03.

There is no evidence of duplicated activities but the overlaps between organizations supported by both Operators *de facto* have concentrated the resources and have reduced the number of the active NGOs in the sector. Such cases also suggest that few leading organizations set the trend and are always ahead of the rest – in terms of ideas, innovative approaches but also in regards fundraising success rate at the expense of the potential newcomers into the sector.

Another reason for these overlaps might be the selection process putting too much emphasis on scoring by external experts. They may be intuitively inclined to give more support to organizations they know, particularly in small countries like Slovakia (at least because they know better what they have done already). When the resources are limited – as they are in the case of civil society support – better communication between FOs and deliberate efforts to provide newcomers with equal chances to get support are advisable. In that regard the Selection Committee members might be encouraged to use their power to change the ranking compiled by the external experts in justified cases.⁹³

The OSF has 5 staff members who dedicate 50% of their time to the Programme, one “Area of support” coordinator per each area (with one of them also acting as a Programme Manager), and a financial manager. The Programme manager is spending approximately 40% of its time on communication with FMO (including reporting, Annual and Financial Reports, *etc.*). OSF is submitting annual report and “irregularity report” every 4 months, together with the financial report.

The members of the Ekopolis-led consortium evaluated the cooperation within the consortium as beneficial for the development of their own capacity. Each of the consortium members have decision making autonomy in clearly defined areas of their operation. Ekopolis has 5 full-time members of the programme team - director of the programme, “area of support” coordinator and financial manager. In addition, the members of the Ekopolis led consortium have also staff allocated (programme manager and financial controller, who devote half of their time to the project). The Programme manager is spending app. 30% of its time on communication with the FMO, including reporting. Similarly to OSF the consortium is submitting annual report and quarterly “irregularities reports” and financial reports.

Both operators have built their reporting systems around outputs but with one important difference: the link between output and outcomes. OSF summarizes the outcomes only in the narrative reports from the grantees. It makes it more difficult to follow the link between outputs and outcomes. On the other hand, it also does not create the impression of linearity (individual outputs automatically translating into outcomes). Unlike OSF, Ekopolis has established a reporting system integrating the outputs of individual projects by outcomes as anchored (described) in the grant agreement. Each project promoter (grantee) receives an electronic form that monitors the outputs for the period and cumulatively (for the entire period). The system is transparent and allows following the link between the individual projects and the overall programme easily but creates the impression of linear link between outputs and outcomes.

Both OSF and Ekopolis are professional grant operators that operate grants smoothly without major problems. There were no official complaints sent to FMO regarding SK10 program. In the case of OSF, despite twenty years of grant operator experience leading expertise in human rights and

⁹³ The issue of project promoters received funding from both Operators will be addressed in the last open call that is still to be launched by SK03.

transparency issues, the FMO received 5 official complaints regarding SK03 program. First three were concerning 1st call for proposal, the two were complaining about 2nd call for proposal.

2. FMO as a Programme operator

There is a one important difference between the previous and the current Financial Mechanisms. During the first period (2004-2009), the NGO fund was contracted through the NFP and the Slovak Governmental Office was seriously involved in its administration. During the second period (2009-2014) the NGO Programmes are directly contracted by the FMO in Brussels (FMO). The change from NFP to FMO was widely advocated during the first programming period by Ekopolis as well as by the Norwegian Embassy. The main reason was excessive bureaucracy, which in case of Ekopolis amounted into several months delay in transfer of financial resources due to minor accounting problem.

The change decreased the bureaucratic burden and speeded up the procedures. Both Operators acknowledge that the communication with the FMO is smoother and faster than with the NFP in the previous financial period. The direct contracting by the FMO decreased the volume of supporting documentation required; financial reporting and monitoring was also simplified – for example, the reporting of salaries was simplified fundamentally and the grantees are not obliged to establish separate accounts. The introduction of a flat rate of indirect costs made financial reporting easier and the approval of reports and consequent cash flow smoother.

Apart from the reduction in administrative and bureaucratic burden, the shift of direct supervision from the NFP to the FMO also changed the focus of the Programme Operator. While the NFP focused mainly on administrative monitoring and control, the FMO puts stronger focus on the merit when monitoring administration of the program.

A matter of concern is primarily shift of the responsibilities. While in previous Financial mechanism the primary responsibility for the proper usage of funds rested with the NFP, now this responsibility is with the Fund operators in the second programming period. Both Operators responded with increasing bureaucracy in order to protect themselves from possible frauds, and to mitigate the loose legal framework for recovery of funds from civic associations.⁹⁴

Another, more strategic, matter of concern is the lack of any involvement (including co-financing) on the part of the state. As mentioned by respondents, the “lack of any involvement of the NFP and Slovak state results in the lack of interest in human rights in general.” However this may be an overstatement because: a) the National Focal Point is placed at the Governmental Office of the Slovak Government, while the offices focusing on human rights, civil society development and Roma inclusions were shifted to the line ministries; b) Co-financing is decided on higher level and not by the NFP; c) Governmental Office serves as Programme Operator for other 6 programmes, hence has very little capacity to be involved with the NGO Programmes.

The communication and interaction of the FMO with each of the programmes however differed. This depended on the different capacities of the two Operators, as well as on the availability of human resources at the FMO to effectively monitor the Programmes. The communication between Ekopolis (SK10) and the FMO was flawless. The FMO was present at the Selection Committee meetings and any emerging problems there were solved timely based on good communication.

This was not the case with SK03 “Democracy and Human rights” program. FMO considered the second call for proposals conducted by SK03 to be problematic due to inconsistent design of the guidelines and the call itself. As a result 36 applicants were rejected based on eligibility check. At the same time due to serious shortage of human resources at the FMO NGO team the FMO could not attend the SC meeting of the first call for proposals. The SK03 Programme had to be monitored by more than one member of other teams of the FMO to overcome the above mentioned human resource constraint in the NGO team.

⁹⁴ For example monthly check of financial spending on the side of grantees is not a requirement of FMO but innovation by Fund operators.

The complaints of rejected applicants triggered another problematic issue. The FMO intervened to resolve the problem of equal treatment of applicants by supporting the complaint of the rejected NGOs. As a result 12 of them got funded. As the interviewee from the OSF stated, this left them with eroded legitimacy and the scent of mistrust on the side of the FMO. All these issues could have been prevented if both parties would communicate effectively prior to the announcement of the call. Trust crucial in FO-FMO relations, thus both parties might consider making the necessary steps to restore it.

IV. Grant systems and processes

1. Application and selection process

The Operators of the two Programmes have different application processes and basically the same evaluation and selection processes.

The results of the evaluator's online survey generally show that the Slovak NGOs are satisfied with applications processes. More than 87% of respondents of the survey considered time frame for application process sufficient. More than 70% of respondents found available information on the application process and evaluation criteria clear and transparent around 12% felt opposite and approximately 14% of respondents were not sure. 75% of respondents of the survey found information meetings organized by FOs sufficient and helpful and nearly 90% of respondents did not have any difficulties contacting FOs for consultancy. Only 56% of respondents found application process less bureaucratic than in case of other grant programmes, whereas 18% of respondents think that the process was more bureaucratic. The survey did not differ between two programmes, however during the focus groups and interviews we were able to spot differences in approach of both programmes.

SK10

The Ekopolis led consortium supported projects through two open calls for proposals. The application was one-stage process, hence the applicants were submitting directly full project proposal including annexes (10 – 12). The NGOs needed to send the application by post including electronic version on CD. The application forms were in word and excel formats.

After announcing each call, information sessions were held (12 in total). In addition, individual consultations were held with potential applicants. From information gathered it seems there were no huge problems with application process: the guidelines were clear, the selection criteria were transparent and the communication with applicants was frequent and friendly. The majority of the interviewed grantees expressed the opinion that the application guidelines were clear and understandable. A few NGOs did not find manuals clear enough and recommended improving their clarity.

The selection process was described in the text of the Call for Proposals. It consisted of formal control by Fund Operator and merit evaluation by outside expert evaluators. A meeting and a decision of the Selection Committee followed by an approval by the Board of Directors of the Operator finalized selection process.

A crucial part of the selection process was the external evaluation. Each project was evaluated by 2 external evaluators, if their evaluations differ by 30%, a third evaluator was asked to step in and evaluate the proposal. The criteria for evaluation were published with the call for proposal. The Evaluators were chosen by FO based on impartiality and expertise criteria. The evaluators were trained by FOs, as the training was the only way for the FOs to explain the link between the supported projects and the programme objectives.

The external evaluators were given extensive competencies in terms of recommending which projects should be supported. Based on their evaluation a ranking list of projects with their scores was created and sent to the Selection Committee. According to the Programme documentation, the Selection Committee can suggest some changes in the project, such as modifications or dropping of selected activities, reducing the budget or setting additional conditions for granting. However any significant change in the ranking of the proposals as suggested by the external evaluators had to be very well justified. The desire to avoid potentially long lasting disputes between the applicants, the Operators and the FMO was probably the most decisive factor for not using the Selection Committee decision-

making power in full. Taking into consideration the fact, that the Selection Committee has the strategic overview of all proposals and how they fit into the objective and desired outcomes, it should be given more significant role in the evaluation process. The Board of Directors of each consortium member approved the decision of the Selection Committee of the priority area, for which it is responsible.

There are no serious complaints about the application and evaluation processes of the SK10 programme managed by the Ekopolis led consortium. It seems that the system was transparent, communication sufficient. The Operator received one formal letter of complaint after the first call for proposals. Interestingly enough, the applicants did not complain about the transparency of the selection process (listing names of evaluators, publicizing Selection Committee minutes, logic of budget cuts, *etc.*) unlike in the case of the other Operator, though the process in these aspects was very similar, if not the same. One can only assume that the communication of these aspects must have been different. Both operators have agreed that they will publish the names of the evaluators after the calls for proposals are finalized. Ekopolis did publish them together with the minutes from the Selection Committee meeting after their 2nd call for proposals, and OSF is planning to do so after finalizing the third call for proposals.

The Ekopolis led consortium (SK10) has completed with the calls for grant support. Under the programme 70 projects have been supported of total value 3 061 001 EUR. The first call was announced on 28.02.2013 with a total allocation of 1 632 828 EUR. The applicants submitted projects in all 4 areas of support. The results were announced two months later. Out of 186 applications received requesting 8 129 659 EUR in total, 34 projects (or every 5th applicant) were supported in this call for proposals. In addition a call for proposals for the Pre-defined project was announced on 24 May 2013. In total 11 organizations applied and the results were announced on 18 September 2013 (the winner was PDCS in partnership with the Carpathian Foundation). In total in 2013 Ekopolis and consortium has supported 35 projects of total value 1 660 075 EUR. The second open call for proposals was announced on 25.09.2013 with total allocation 1 406 484 EUR. The applicants could submit projects only to three areas of support. In total 137 applications were received with total requested amount of 5 431 510 EUR. The results were announced three months later and 35 project proposals were supported with total amount 1 400 926 EUR (or nearly every 4th application was approved).

SK03

The OSF (SK03) is supporting projects through three calls for proposals. The application was a two stage process. In the first stage the applicants were submitting letters of intent (including 12 annexes). After an administrative check, those selected for the second round of the call were submitting full project proposal. The application forms were in Word and Excel formats, sent by post and electronically. After announcing each call, information sessions for applicants were held – one in the capital and one out of the capital. In addition individual consultations were held with potential applicants.

The idea of the two-stage standard application process is good and was welcomed by the potential grantees. At stage one the OSF was supposed to assess just the administrative eligibility thus save the applicants' time. Once the Letter of Intent is assessed positively, the applicant was to be invited to develop it in a grant application. One applicant could apply with several ideas. However the procedure was set in an unnecessarily complex way. What is more problematic, the two-stage process was not adequately reflected in the PIA, which effectively made stage one (shortlisting the potential applicants based on a Letter of Intent) obsolete. This gave ground for complaint from the few applicants that were not approved for stage 2.

The situation escalated during 2nd call for proposal. According to the interviews with different stakeholders, the wording of eligibility criteria was different in the text of Call for proposals and the text of the guidelines, which caused considerable number of application errors. Following the formal complaints, FMO intervened and asked OSF to return the 36 rejected LOIs back to the selection process. As a consequence the 2nd call for proposal effectively had 2 rounds (with the second round including the 36 rejected LOIs). The leadership changes of OSF (director and programme management) the fragmented communication with the FMO (mentioned above) most probably

contributed to problem. Ultimately it had negative implications for the Operator's image and the way it is administering the program.

From the information gathered during the interviews, it seems the application process of the SK03 programme had some problems. Interviewees were mainly complaining that: the guidelines were not clear and were changing during the process; the application forms were unclear, lines were repetitive and especially project budget form was very ambiguous; indicators were confusing. In addition the communication with applicants was somewhat bewildering especially when it comes to institutional support and choice of priority. One interviewee stated that "the Operator was deliberately encouraging us to submit big projects that will include institutional and capacity development to several priorities, and after that they have cut budget to half, cutting mostly the organizational capacities building."

The selection process was identical to SK10 selection process: formal check → external evaluators → the Selection Committee → the Board of Directors. Similarly to SK10, the Selection Committee was left with no extensive power, which is seen by the Fund Operator as inadequate. The transparency of the process was the same as in SK10. Yet the number of voices or formal complaints about transparency of the SK03 process was higher than in the case of SK10. There may be few explanations for that – insecurity about the future policy of OSF related to long lasting managerial changes; different communication of these aspects to applicants; frustration coming from unfulfilled expectations that OSF raised very high but could not meet later on. The transparency of the selection process was challenged by a number of NGOs not only during the evaluation process but also in letters to the FMO or to the Norwegian Ministry of Foreign Affairs. The interviewed NGOs mentioned the following issues: the names of the evaluators were not published; the minutes of the Selection Committee and the Board of Directors meetings where decisions were made were not published; the applicants were not provided with the text of the evaluation (not even summary) of their proposals. Some of these suggestions were taken into account during 2nd call for proposals.

SK03 focused merely on national human rights and anti-corruption projects. As one of the few source of funding for such activities it naturally created lots of expectations on the part of NGOs. The inability to fulfil the high expectations created frustrations that later on backlashed on the Operator.

The first call for proposals was announced on 25.02.2013 and was closed on 25.03.2013 for Letters of Intent. 166 „Letters of intent” were received and 112 of these applicants were invited to develop and submit “Grant application”. The call for grant applications was opened on 8.04.2013 and closed on 10.06.2013. 100 used the opportunity to submit proposal and were passed for evaluation stage. 26 projects were supported at overall value of 1 929 173 EUR, which means that approximately every 4th applicant was supported. The second call was announced on 20.01.2014. Initially 175 Letters of intent were received, out of which 133 were invited on 3.03.2014 to submit Grant applications. 114 of them submitted applications within the initially announced deadline (5.05.2014). 25 projects were awarded in total value of 495 670 EUR. Due to several complains and after extensive discussion with FMO, OSF decided to invite 36 initially rejected applicants, who meet the administrative eligibility criteria to submit full project proposals. The evaluation is in process and 462 004 EUR have been earmarked to distribute in addition to the initial amount of the second call. The announcement of the first results is delayed by two months.

2. Budgets, reporting and monitoring systems

Two problems were reported in the area of budgets: **budget cuts** and **co-financing**. In the case of Ekopolis the budgets were cut minimally from the approved amount (the magnitude of cuts is negligible, in the range of 2%). The situation was different in OSF *where budgets were cut massively* suggested mainly by Selection Committee. The reasons vary – limited resources, suggestions by the external experts, duplicating of activities from previous periods, inflated personal costs (both through high daily rates and through high number of consulting hours), duplication of activities supported under European Social Fund, *etc.* It seems that the depth of the cuts was less problematic than the way they were done – in a non-transparent manner, with little options for adjustment. The grantees were given the revised budgets they had to work with but keeping the scope of the envisaged activities.

In „Democracy, good governance and transparency“ out of 8 supported projects, 4 have their budgets cut by 30%, 3 – by approx. 50% and only one project has been supported with 90% of the requested budget. In „Human rights including minority rights“, out of 5 supported projects, only 2 received the

originally requested budget. The budgets of the remaining applications were cut by between 20 and 30% from the initially requested. Out of the 8 projects supported under „Gender equality and gender-based violence“, 4 had their budgets cut by more than 50%; one was granted 100% of the requested budget and 3 received approx. 80%. In “Anti-discrimination, combating of racism and xenophobia“, out of the 5 supported projects, 4 received some 85% and one – 50% of the requested budget.

The practice of massive budget cuts provoked strong resentments among the grantees because they were only informed about the approved amounts and were requested to adjust the budgets. They were also informed that it is not good to cut the activities because in that way the applications approval would enter a different procedure. That's why the cuts were done primarily in the remuneration, the number of events (conferences, seminars, workshops) printed materials, *etc.* As a result the envisaged activities are to be delivered at much lower cost, in some cases with negative implications for the quality of the outputs. The programme operator explains the budget cuts with “inflated hourly rates of experts and coordinators and ineligible expenditures”. This was the reason why OSF developed a special manual “Advisable limits for remuneration”, which can be considered as a good practice in term of clarity of rules and procedures.

The co-financing required is 10% (with possibility of in kind co-financing) in both programme operators. The grantees have to state under which budget line the co-financing will be provided, which is the normal practice in any co-financed project. The co-financing is reported periodically, as part of the trimester reports (every four months). In Slovakia this reporting pattern is problematic because it requires the grantees to be able to provide a proof of the availability of the financial resources or in-kind contribution every four months. It means that the grantee should have either another project running in parallel to the one financed by the EEA grants or have their own financial resources (donations, savings, 2% income tax contribution *etc.*). It is difficult to expect from most of the grantees to match these cash-flows for each trimester. The approach adopted by the Operators is understandable as an attempt to prevent risks. But by doing so, they neglect the specifics of the financial flows of the beneficiaries. Reporting co-financing on annual instead of trimester basis seems a better option providing the grantees with more space for manoeuvre and keeping the risk for Operators acceptably low.

Using in-kind contribution as co-financing is also problematic. Co-financing is rarely used because the “Voluntarism Act” stipulates the voluntary work to be accounted on the basis of the minimum wage. When a highly-paid expert is committing work in kind, the contribution is valued (and accounted for) as unqualified labour.

In both cases grantees are required to send excel sheet filled in on monthly basis with expenditures of the project. If expenditures do not relate to the approved budget or include ineligible expenditures, the Fund Operators communicate directly with the grantee and solve the problem before the financial report submission. OSF's financial manager has been regularly checking the books of the grantees. Although the grantees admitted that at the beginning this kind of reporting and visits were extremely burdensome, now they are satisfied as these measures help them avoid possible complications related to financial mismanagement. For the FOs these measures are equally burdensome but reduce their financial risks.

Each grantee needs to submit narrative and financial report every 4 months. The output and outcome monitoring is based primarily on self-reporting. The grantees report what they have done, the FOs enter the information and report to FMO. On the other hand, the grantees are eager to be visited so that they could show what they are actually doing. Both FOs maintain frequent contact with the grantees and attend the public events they are invited to.

While OSF is struggling with the problems related to the second call, Ekopolis has finalized the selection process and from the beginning of June 2014 is concentrating on the monitoring process, including on-site visits.

V. Effectiveness of the programmes. The link between the outputs (what was funded) and outcomes

The analysis in this chapter is based on the projects supported under SK03 in its first call (26 projects) and on the projects from the two calls of Ekopolis (70 in total, including the pre-defined project that was selected through a separate call).

1. The geographic distribution of the supported projects

The geographic distribution of the supported projects is an important aspect of the effectiveness of the programme. Out of the 26 projects in the first call, OSF has supported 18 at central level. These projects constitute 70% of the funding and relate to policy work, elaboration of methodologies, advocacy, judiciary monitoring, public procurement monitoring, public officials oversight, anti-corruption, *etc.* The remaining 8 projects (with 30% of the funding) have regional scope and are implemented in other big cities in Slovakia. No local projects were implemented under the first call of OSF.

OSF was aware of the need to reach out to the local level Roma NGOs. In the Annual report to FMO for 2013 OSF states that “the local Roma NGOs haven’t enough their own financial resources to bring up funds needed for co-financing” and proposes to introduce “a small grants scheme accessible for local and grass-root Roma NGOs”. This small grants scheme was announced under Priority Area “Human rights, including minority rights” with total budget allocated 72 544 EUR. Under this Priority Area, 6 projects were supported (total budget 26 262 EUR). Under priority area “Anti-discrimination, combating of racism and xenophobia” with total budget allocated 74 024 EUR, another 7 projects were supported (total budget 26 095 EUR). But it is not clear to what extent the resources allocated under these two small grants schemes have actually reached local and grass-root Roma NGOs. One way of improving the outreach to Roma grass-root organizations in the future might be cooperating closer with the Roma Institute or other umbrella organizations having direct contacts with local organizations working directly in the Roma communities.

The Ekopolis-led consortium has much more explicit regional and local focus. Only 46% of the funding (32 supported projects) went for national level; 30% of the funding (21 projects) went for regional level and 24% (17 projects) were implemented at local level.

The geographic distribution of the supported projects is summarized in Table 4. The data confirm the differences and the complementary nature of the two programmes (SK03 and SK10). OSF is more policy-oriented while Ekopolis has more explicit “nurturing citizens” focus. The geographic distribution of the programmes supports the idea of splitting the NGO Fund in two dimensions – one addressing strategic level initiatives (falling primarily into the national-level policy interventions) and another focused on “nurturing citizens” through smaller scale local-level initiatives implemented by “brick-and-mortar” organizations. The general perception is that SK03 was targeting rather bigger central organizations and SK10 was reaching out more to grass root NGOs. To a certain extent, this distribution reflects the current composition of actors involved in human rights defending, transparency and advocacy in Slovakia which are usually national organisations based in the capital. But maintaining and reinforcing this composition bears the risk of reducing the protection of human rights to central-level interventions only at the expense of empowering citizens at the local level. One interviewee even mentioned the support for grass roots and local NGOs as one of major impacts of the programme as a whole.

	Ekopolis		OSF*	
	Projects	Funding – EUR (and % of the total)	Projects	Funding – EUR (and % of the total)
National	32	1 388 820 (45%)	18	1 348 916 (70%)
Regional – Central	11	520 342 (17%)	5	305 017 (16%)
Regional – Eastern	7	308332 (10%)	3	275 240 (14%)
Regional – Western	3	92 493 (3%)		
Regional total	21	921 167 (30%)	8	580 257 (30%)
Local – Central	4	176 301 (6%)		

Local – Eastern	2	90 000 (3%)		
Local – Western	11	484 712 (15%)		
Local – total	17	751 014 (25%)		
* The data for OSF are for the first call and for Ekopolis – for the entire programme (both calls and all 70 supported projects).				

2. What was funded?

Both operators were addressing different priority areas reflecting their expertise and comparative advantages. On the one hand, following the TOR, the bids of the two FOs and the requirements specified in the calls for proposals, the programme is monitored by “core and additional areas of support”. On the other hand, the programme with its results is being monitored by set of outcomes and outputs with the related indicators. The analysis in this chapter follows the distribution by outcomes and the potential of the programme to achieve them (the distribution of projects by priority areas is summarized in Table A1 in the annex).

Table 5 summarises the data on the supported projects by intended outcomes⁹⁵. It shows what resources have been devoted for reaching the respective outcome. As the table shows, the two FOs share two common outcomes. The analysis of the projects proposals leads to the conclusion that many projects fit rather loosely to the outcome they have been “assigned” to. For example, under “Active citizenship fostered” OSF has 5 supported projects but only one of them fits clearly to the outcome – the rest belong rather to “Democratic values, including human rights, promoted”. This is due to the dual reporting required from the FOs. It is their obligation to stick to two financial matrices – Annex 3 to PIA (in which the allocation for each outcome is fixed) and the financial allocation announced during the call for proposals (where the allocation is distributed by areas of support). As a result, the only way to meet both targets is to flexibly “assign” individual projects by outcomes.

The outcome “Active citizenship fostered” is a good example. It is general enough to accommodate such adjustments. This outcome is equally important for both FOs and most of the projects until 30 June 2014 (40 projects with total value 1 924 574 EUR) have been supported under this outcome. Under “Active citizenship fostered” Ekopolis supported a wide range of projects falling in two big areas, “participatory democracy” and “social inequalities, poverty and exclusion, including in rural areas”. Under this outcome one sees projects on public participation, awareness raising and active citizenship in the framework of environmental and climate change (as well as self-employment, employability in rural areas, eco-farming and beekeeping, tackling homelessness, volunteering, poverty reduction, career counselling for young Roma, coordination of network of Environmental NGOs, etc. The projects supported will most probably yield concrete and valuable results and in this sense the resources were allocated wisely. But these meaningful results vaguely fit into the outcome they are assigned to with its indicators putting into question the utility of the entire reporting framework.

Outcome	Ekopolis		OSF*	
	Projects	Value	Projects	Value
Active citizenship fostered	35	1,580,380	5	344,193
Increased involvement of NGOs in policy and decision-making processes with local, regional and national governments			4	323,431
Democratic values, including human rights, promoted			5	349,259
Advocacy and watchdog role developed			4	372,353
Strengthen capacity of NGOs and enabling environment for the sector promoted			4	247,062
Increased contribution to sustainable development	6	390,886		

⁹⁵ The distribution of the projects by priority area and programme operator is shown in Table A1 in the Annex

achieved				
Provision of welfare and basic services to defined target groups increased	8	521,181		
Empowerment of vulnerable groups	21	568,554	4	292,875
Total	70	3,061,001	26	1,929,173

Source: Projects selection reports, available on line, <http://www.eeango.sk/>

* - the data for OSF summarizes the projects from the first call. Data is available also on the projects from the second call but they are not included because the call results were announced after 30 June

In the case of less vaguely defined outcomes, the link between the supported projects' outputs and the programme outcome is more explicit. This is the case of the 4 projects supported by OSF under "Advocacy and watchdog role developed". They form a "cluster of projects" whose outputs are mutually supportive and they achieve clear results already. The organizations supported ("Alliance Fair Play", "Against Corruption", "Transparency International – Slovakia" and "Via Iuris") are partners and possess complementary expertise (legal matters, media outreach, innovative technologies and social media, advocacy, public pressure and campaigning, *etc.*). If achieved, the outputs of such projects will clearly contribute to developing the civil society's advocacy and watchdog role. But as reported by the grantees, estimating and quantifying the outcome requires specific instruments to measure the long-term trends in attitudes of the public or level of civic participation. These instruments are expensive and time-consuming. Neither the grantees nor the FO have resources for that.

The second shared outcome is "Empowerment of vulnerable groups". It is also the second as regards number of supported projects (25). Their total value is 891 895 EUR. 22 of the 25 are targeting children (all 21 supported by Ekopolis and one by OSF). The explicit focus of these 22 projects is on Roma children (7 out of 22). Three projects (supported by OSF) target Roma women and gender-based violence.

The outcome "Strengthen capacity of NGOs and enabling environment for the sector promoted" is specific for the programme and chosen by OSF. Under this outcome two established and well-known and two new organizations with good potential were supported. The established ones are *People in Need* (with a project on "Youth and democracy") and *ASPEKT* (with a project on promoting the public awareness of gender issues maintaining a library and data base of information on the topics). The new organizations supported are *TransFuzja* working on LGBT rights and *Quo Vadis*, a gender organization working on empowering Roma women. The overview of the projects suggests that "innovation" and "established record" should be applied with caution as criterion of support. A less innovative project may be extremely important and useful and supportive of the civil society development (like the one of *ASPEKT*) and a newcomer can deliver really meaningful results (like *Vagus NGO*). The projects under this outcome also fit well into the monitoring framework (table 6).

Table 6: The link between the outcomes, indicators and the projects contributing to achieving them – the example of outcome "Strengthen capacity of NGOs and enabling environment for the sector promoted"

Outputs and projects	Output indicator	Target	Achieved by 31.12.2013
Projects aimed on building the professional groups' networks and organizations to watchdog public administration with special emphasis on youth/volunteers involvement <ul style="list-style-type: none"> • People in need 	Number of meetings, summer schools, manuals/education tools and materials	17	0
Human rights/minority rights/gender equality campaigns <ul style="list-style-type: none"> • Quo Vadis • ASPECT 	Number of campaigns	3	2

Capacity building activities <ul style="list-style-type: none"> • TransFuzja • Quo Vadis 	Number of targeted NGOs	8	2
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Under the outcome “Provision of welfare and basic services to defined target groups increased” 8 projects were supported with 521 181 EUR. One of them (“**Domec – low threshold day-care and integration centre**”) is worth special attention. It stands out for a number of reasons. It provides tangible and clear results taking homeless people out of the streets providing them with basic needs (food, hygiene, clothes, healthcare services) and specific psychological and professional placement counselling. It also matches the soft components with investment in refurbishing the building that hosts the centre and the homeless people were volunteering in the reconstruction works. In the course of the project the attitudes of the people living in the neighbourhood has been reversed from negative to supportive of the cause. The grantee works intensively with the municipal authorities – the latter not just provided the building hosting the centre but also engage some of the homeless in public works as a reintegration measure. The organization implementing the project has clear (business-like) vision of its mission, the resources needed, the scale of possible expansion, the possible sources of funding and the potential deficit under different scenarios. Finally, the grantee is a new organization – established by people experienced in the field but with no formal record.

All these elements make the project unique. The results of the project contribute to (and might be accounted for) a number of outcomes. It was possible only because the donor does not have a requirement for minimum years of record and allows new organizations with potential and fresh ideas to enter the sector. The eligibility of investment expenditures also contributes to the success. These two conditions should be maintained in the next programming period.

3. Measuring the results

All these outcomes are supposed to be measured by the set of outcome indicators (standard and custom) developed by FMO and programme outputs (and output indicators). Measuring the results (answering the question “what has been achieved for the donors’ money?”) is increasingly on the agenda of donors. It is also stated explicitly in the “EEA Grants – NGO Programmes: using the capacity building matrix”. Both FOs responded to this expectation in their own ways.

Ekopolis has established a comprehensive and transparent reporting system that tags the allocations and the envisaged outcome and output indicators as specified by FMO. The system allows tracking the link between each individual project and its contribution to achieving the targets. The current system leaves the impression that progress in “Active citizenship fostered” is measured by indicators, such as “Number of mechanisms fostering cooperation and civic dialogue and the public and NGOs” and “number of people from vulnerable groups benefiting from improved access to work opportunities and from social inclusion”. The FO reports on both indicators tracking individual projects’ contribution, including how much resources have been devoted for individual outcomes and through which priority areas. The problem is that both indicators do not measure outcomes. The fact that by 30 June 2014 Ekopolis has anticipated 42 mechanisms fostering cooperation and civic dialogue does not say much about active citizenship unless we know are the mechanisms working or not, are they successfully applied or not, what is the result of their application? Achieving the targets as they are defined provides only the **possibility** for encouraging active citizenship. In that regard the achieved targets are fostering the **opportunities** for active citizenship – bit not necessarily the active citizenship itself. This is why the indicators are tracking rather outputs and not outcomes.

OSF (SK03) applies a different approach. They report by outputs indicating the outcomes to which they **contribute** and do not claim to be reporting on **outcomes** (Table A2 in the Annex). The narrative part of the grantees’ reports to OSF is elaborated and it provides more opportunities for the grantees to describe the expected outcomes of their work. But it is more difficult to track the results and to consolidate the interim reports into one picture of what has ultimately been achieved.

The link between the projects (their outputs) and the programme (its outcomes) is logical but not numerical. Summing up estimates of the outputs does not produce estimates of the outcomes. The funding devoted to achieving immediate results of the projects (the programme’s outputs) is related but not directly translated into programme’s outcomes. The FMO’s own “Programme Operators’ Manual” (Annex 9) clearly defines outputs as the “tangible results” (products, goods and services),

which “most likely will contribute to the fulfilment of the expected outcomes” and outcomes as “the positive situation that is expected to occur at the end of the programme” (p. 8).

Despite the challenges, reporting on outcomes is possible but cannot be done based on the data on the outputs reported by the grantees and consolidated by the FOs. For outcome-level reporting they need information on the real outcomes of the interventions (like change in attitudes or activity of citizens). Part of this information is contained in the narrative reports by the grantees but it needs to be complemented by comparable and methodologically sound data.

During the project visits some of the grantees expressed their understanding of the need to monitor outcomes and shared the concern that resources are not allocated for that purpose. The evaluators were also pleasantly surprised by the grantees’ maturity and willingness to track the real outcomes of their work and not just record the outputs. However two concerns were shared in that regard:

- The intensive project cycle and the need to regularly apply for new projects in order to secure the organizations’ survival does not leave much space for reflection and self-evaluation. Sunk in daily routine of survival, the grantees rarely have the time to reflect on the outcomes of their work and the possible broader partnerships that might expand or build on them.
- No resources are earmarked in the calls for specific activities and instruments for outcome monitoring, like surveys, contextual analyses, focus groups, *etc.* Earmarking even small amounts for that purpose would be an important contribution to promoting outcome-oriented thinking among the project promoters.

4. Horizontal concerns

As stipulated in PIA, the FO “shall ensure that the Programme addresses horizontal concerns under all relevant outcomes in the Programme implementation”. PIA includes as horizontal concerns “hate speech, extremism and hate crime, racism and xenophobia, homophobia, anti-Semitism, tolerance and multi-cultural understanding, Roma, sexual harassment, violence against women and trafficking”. There are several problems here.

First, in the NGO programme two terms are used – “horizontal concerns” and “cross-cutting issues”. The three “cross-cutting issues” (“good governance”, “sustainable development” and “gender equality”) are stipulated in the Annex 9, art. 2.7. with a reference to Protocol 38 B and art. 1.6 of the regulations. The “horizontal concerns” are stipulated PIA, Chapter 2, section 2.1 –e. No explanation how the two overlap and complement each other was found.

Second, in DoRIS “policy markers” with two levels of assessment (“fundamental issue” and “significant issue”) are used to monitor “horizontal concerns” and/or “cross-cutting issues” at project level. Some of the markers reflect “horizontal concerns”, others fit to “cross-cutting issues”. In the case of gender, it may create confusion between the two (what the markers actually denote).

The FOs in Slovakia approach the horizontal concern and their monitoring differently. Ekopolis is consistent in its monitoring system and provides clear information for each supported project –to which horizontal concern it is contributing and how. To give an example, under area of support “Protection of the environment and climate change” one project implemented by SOSNA Civic Association is addressing Roma (100 families equipped with energy efficient stoves). In the reporting system adopted by Ekopolis this project appears under horizontal concern “involvement of marginalized groups, including Roma” and out of its total budget on 78 000 EUR, 10 000 EUR will go for this horizontal concern.

OSF adopts a more general approach and there is no evidence of such detailed reporting. This may be due to the fact that the horizontal concerns largely duplicate the areas of support. The discussions with the FO suggest that the FO shares this understanding and believes it is sufficiently clear which projects contribute to which horizontal concerns.

FMO sets policy markers also on programme level. They “are used to identify programme outcomes that contribute to certain politically important issues to the donors” (Statistical manual, p. 24). Table 3, “List of policy markers with amounts” in file “19. Policy markers report PA10 30.06.2014” shows that the total committed amount per outcomes for the SK03 and SK10 has contributed, quite logically, in their entirety (6 129 655 EUR) to the policy marker “Civil society”. At the same time the entire

amount of 2 645 304 EUR committed to outcomes “active citizenship” of the two programmes, SK03 and SK10, as well as the outcome “increased involvement in policy and decision-making processes with local, regional and national governments” has been assigned also to policy marker “Environment”, whatever this marker refers to. This means that the amounts are counted twice and with no clear rationale how exactly the outcomes of SK03 contributes to the programme policy marker “Environment”. As a result, when reported by “programme policy markers”, the NGO programme of approximately 160 000 000 EUR inflates into a total contribution of 544 877 119 EUR.

5. Use of capacity building

Capacity building component is a novelty in this programming period. Many NGOs regarded this component as a necessary aspect of civil sector development in Slovakia. No other donor puts such a high priority to capacity building of civil sector as the NGO Fund. However this component may be a lost opportunity for NGO sector in Slovakia, as both Fund Operators are struggling with the use of capacity building. One might expect both Operators to put more emphasis on capacity building component after the finalization of application process. But the approaches to capacity building differ between the two Operators and reflect their corporate culture.

SK03

OSF addresses the issue of capacity building mainly through three instruments. First, similarly to other FOs, they have allocated budget for capacity building under their programme management costs (51 773 EUR). This amount was devoted to a set of educational activities elaborated in 4 blocks (law, management, taxes and accounting, ethnics, transparency and grant process). The trainings are designed for grantees of the programme and thus limit the scope of the capacity building activities to the project promoters. These are to last for 10 days and will be conducted in 3 cities in Slovakia. OSF will be running these trainings using its own capacity.

OSF also develops grantees’ capacity for project management and implementation. It uses visits of its financial officer to the grantees as part of its efforts to build their financial management capacities. In addition, OSF has chosen an outcome “Strengthen capacity of NGOs and enabling environment for the sector promoted” under which by 30 June 2014 4 projects have been supported of total value 247 063 EUR. It is clear that at least two of these organizations (TransFuzja and Duo Vadis) will complete the participation in the programme with their capacity strengthened.

SK10

Ekopolis has approached the issue of capacity building differently. They also have a budget for capacity building under their programme management costs (104 743 EUR). The capacity building activities are expected to include provision of support and learning for applicants, project promoters and other NGO community, regional workshops around Slovakia, mentoring and support for project promoters, creating opportunities for experience sharing between funded projects. All the instruments have been launched.

A major instrument for capacity building of the NGO sector in Slovakia used by Ekopolis is the pre-defined project. The organization implementing the pre-defined project has been selected through open call for proposals. The project was granted to Partners for Democratic Change – Slovakia in cooperation with Carpathian Foundation. One characteristic feature of the project is the component ensuring sustainability of the future support for the capacity building of the sector. Independent experts that will be supporting the NGOs in Slovakia in the future were trained for that purpose. It is crucial to note that through the pre-defined project Ekopolis opens the programme and its outcome in terms of capacity development to the entire NGO sector in Slovakia. Wide community of NGOs – and not just the grantees of the current programme – will benefit from the outputs of the pre-defined project. Ekopolis has also supported other projects aiming at strengthening and supporting NGOs that are complementary in nature to the pre-defined one. These projects are being implemented by the *Centre for Philanthropy* (first call) and *Voices* (second call).

In addition, Ekopolis has done an overview of the capacity building development level within the approved projects under the first call using FMO’s Standard Capacity Building Indicators (Table 8). The FO disseminates the Matrix among the grantees. Filling the matrix is optional and according to the feedback received, the grantees have problems with its language and terminology.

Indicators	Number of organizations	
	Meeting	Not meeting
Number of organizations able to evidence good governance and management procedures	14	21
Number of organizations demonstrating robust financial procedures in place and diversifying their funding resources	15	20
Number of organizations regularly consulting with users, beneficiaries and other stakeholders	23	12

According to the online survey around 35% of respondents find trainings in area of fundraising useful and only 27% of respondents find trainings in area of strategic development useful, while trainings in other areas have negligible support by respondents. 81% of respondents of the online evaluators' survey stated that the most useful methods of capacity building is securing admin personal costs. In the case of SK03 programme applicants were first encouraged to submit project proposals that would include development of their capacities and institutions, however these budget lines were usually cut first when adjusting project budgets. This largely undermines the capacity building opportunities for the grantees.

6. Bilateral relations

The general aims of the bilateral fund are the same for both FOs. These are searching for partners for donor partnership projects and development of such partnerships and the preparation of an application and networking, exchange, sharing and transfer of knowledge, technology, experience and best practice between project promoters and entities in donor states.

75% of online evaluator's survey respondents do not cooperate with a Norwegian partner. Out of those 25% that do, 7 organizations are doing it within a supported project and 5 organizations are doing so through the bilateral fund.

Both FOs provided opportunity to develop partnership with Norwegian organization – either within open call for proposals as part of their project or through the bilateral fund. In the first case bilateral relations were given rather high score among the evaluation criteria (14 points out of 100). Many applicants see the requirement for having a bilateral partner as additional burden and bureaucracy for NGOs, which they often undertake only to gain additional evaluation scores. Based on the interviews in Slovakia, the main problem is lack of Norwegian NGOs ready to cooperate with Slovak NGOs, as well as the limited capacity of the Norwegian Helsinki Committee to provide accurate information that would lead to effective interaction between Slovak and Norwegian partners. However, as outlined by the Norwegian Helsinki Committee, it has only a facilitating role and the core responsibility for identifying bilateral partners rests with the Slovak beneficiaries.

The Norwegian Embassy is also helping with searching for partners but it is not an easy task. 58% of grantees with bilateral counterpart found their partner by themselves – online or organizations from earlier collaborations. Only 8% of NGOs used the help of the FOs. And yet there is an example of good practice in this area in Slovakia. Within the other programme supported from Norwegian Funds (Cross border cooperation) 20 Norwegian entities arrived to Slovakia for a networking meeting. The same was repeated by Slovak entities – since then bilateral cooperation in this area is flourishing.

The two FOs have approached the management of the bilateral fund differently in a number of ways. Ekopolis followed directly the two aims and the manual for the applicants; as also, the call was clear and understandable. It was not linking the applications for the bilateral fund to other project calls under the programme. For example an organization may have applied for a conference on a topic fitting its area of work even if it was not supported under the programme – the condition was the objective of the respective event to be supporting the expected outcomes of the programme.

OSF identified bilateral relations as one of the risk in their annual report. They have addressed it through an annual conference. In the case of OSF, the management of the bilateral fund is rather complicated. OSF was explicitly linking the bilateral fund to the other calls making it an opportunity in majority of the cases only for the applications with approved letters of intent or project promoters. In addition, the applications for the bilateral fund were also following the two-stage process (letter of

intent -> grant application). For example, in the second call for the bilateral fund it was divided into three sub-areas and each of sub-area had two different types of eligibility criteria.

Another important difference is related to the eligibility criteria for applying for the bilateral fund. OSF requires from the applicants to have a “partnership agreement” with the partner (which is part of the application package for the “networking” priority area of the bilateral fund). Ekopolis requires “partnership declaration” only.

These differences lead to different results regarding the management of the bilateral fund. 15 months before the end of the programme Ekopolis has absorbed 78% of the bilateral fund, while OSF – less than 10%. Ekopolis has supported under the bilateral fund 4 projects for search for partners and development of partnerships (of total value 9 600 EUR) and 7 projects for exchange of experience, internships, *etc.* (of total value 68 307 EUR). OSF has supported 5 projects for development of partnerships under the bilateral fund of total value 4 357 EUR.).⁹⁶

Box 3: the bilateral fund brings real outcomes

A number of organizations working low-threshold services for children and youth established an association “Children's Fund of the Slovak Republic”. These organizations are MIXKlub, Youth of the street, Ulita - Community Centre Kopčany and KASPIAN. The Association applied for support under the bilateral fund and the project enabled 6 representatives of the member organizations to participate in an international conference in Oslo Outreach work. The conference offered presentations and workshops led by professionals from number of countries including European and out of Europe. The members of the Association visited also other organizations to learn more about their work and the conditions in which they operate and bring more ideas to Slovakia to share.

Upon return, the working team that visited Norway shared the inspiring ideas with other social workers from Slovakia through a seminar open to practitioners, as well as people from academia and public administration, including people and organizations that and practitioners that are not supported by the NGO Fund. In that way the bilateral fund reached much broader constituency than that of the Fund grantees.

The knowledge gained during the visit and later on shared with others was a real outcome of the fund and a great return on the investment of the 10 000 EUR awarded. The presentations of the conference are published online on the webpage www.nizkoprah.sk. A partner of the project was the city of Oslo, through its Agency for Social and Welfare Services, Competence Centre.

7. Complementary actions

Complementary actions as an instrument entail two areas of intervention:

- strengthening the co-operation between the FO and similar entities within the Beneficiary and Donor States;
- exchanging experiences and best practices related to the implementation of the Programme.

Apart from these two, the FOs are obliged to participate in meetings and workshops initiated by the Donor, cooperation with the Council of Europe and FRA and take part in thematic workshops.

In the Slovak case the amounts allocated for complementary actions differ drastically in the case of both FOs, despite the fact that the two programmes are equal in size (3 701 500 EUR each). Under

⁹⁶ However this is the data received from the FO (OSF). It should be noted that according to DoRIS (table “05-bilateral fund overview/funds by programmes and beneficiary state”) the disbursed amount is 64 687 EUR. A discrepancy between the two sources of data (provided by the FO and taken from DoRIS) exists also in the case of Ekopolis but the discrepancy is very small (77 907 EUR reported by the FO and 68 667 EUR in DoRIS). The difference of 9 240 EUR may be one project that has not been entered into DoRIS yet which is not the case of the difference in OSF.

SK03 114 182 EUR have been earmarked for complementary actions, whilst under SK10 – only 59 205.

There are differences also in the conditions as stipulated by the PIA. According to PIA, Article 4.2 Ekopolis shall submit within two months after signature of the Agreement a detailed description of the activities to be implemented (the evaluators received a detailed and updated description of these). Ekopolis seems to be deliberately promoting dialogue between various stakeholders on important issues for the civil society using the national conferences format. In October 2013 the first National NGO conference was organized in partnership with the Office of the plenipotentiary of the Slovak Government for the Civil Society and with broad participation of the NGO sector, ministries and other relevant public institutions. 160 representatives of 130 NGOs took part to discuss important issues for the sector well as practical initiatives like the „Open governance”. A second national conference is envisaged also for end of 2014. Apart from that, two thematic conferences were planned for 2014. The first one, „School 21”, took place in May 2014; the second is scheduled for 29-30 October. Its title is „Yes, it works” and it will focus on successful examples of creating access to income and other basic needs for poor people, especially Roma. It will be in TEDx format with attractive presentations of local projects.

SK03 however does not have a clause in its PIA requiring a detailed description of the activities to be implemented under “complementary actions”. The annual report of OSF suggests that they have been actively involved in all conferences and meetings conducted under the „No Hate Crime” movement, as well as have organized a workshop “Initiatives for Roma Communities”, the recommendations from which have been imbedded in the application conditions for the second call for proposals. OSF has also organized a national Conference in December 2013 entitled „EEA Connections” attended by 48 participants.

In evaluators’ opinion, there is space for boosting the joint actions and for improving the coordination between the two FOs in Slovakia. It would be worth the efforts to conduct a joint conference for exchange of knowledge and sharing experience on the successful approaches supported by the individual FOs. The participants in the focus groups conducted in the framework of the evaluation expressed their desire to learn more about the work of other organizations supported through the programme. There is an opportunity for facilitating successful partnerships given the specifics of both FOs and the complementary nature of the support they were providing (OSF working more on policy level and Ekopolis and the consortium – with more explicit focus on local activity and practical actions).

8. Communication and visibility

All obligations in regards communication and publicity stem from PIA and Annex 4 to the Regulation on the Implementation of the EEA Financial Mechanism 2009-2014. Communication and design manual as well as Guidance on developing communication plans exist.

The support of the Programme „Funds for NGO” is visible through the project-related products and websites of the project promoters, as stipulated in the contractual agreements. Both FOs have Communication plans developed, which they follow to large extent. Both plans envisage launch of the Programme and Programme website, announcement campaigns of Calls of proposals, announcement of bilateral fund, and regional information seminars for applicants. Also the project-level communication and the internal communication are going smoothly for both FO.

A portal of the Programme has been developed (www.eeango.sk) from which the user can get access to both programmes but in different ways. In the case of the “Active citizenship and Inclusion” programme, the access is directly from the portal. The information is structured clearly, logically and allows tracking back all calls, the applicant organizations and projects that received support etc. It also provides the user with access to various materials, manuals, updates etc. In the case of the “Human rights and democracy” programme the user is redirected to the web-site of OSF. There, the information on the programme is diluted in all other activities OSF deals with. The implementation of the Programme is difficult to follow and track back in time. At the moment of the evaluation, data on the first call and the supported projects are difficult to access.

Some project promoters have their web-sites clearly structured and it is immediately visible that they implement a project supported by the Programme „Funds for NGO”. In this group are projects

supported by both FOs (Centre for research of ethnicity and culture, Centre for community organizing, Zivica NGO, Association for help for mentally disabled people „Impulz”, „People in Need” for the project supported under SK10). But this is not the common case. This may be the reason why Ekopolis elaborated the section on publicity in the guidelines for the second call. It contained also the requirement for the projects supported with 50 000 EUR or more to have a dedicated web-site.

We believe that this step will dramatically improve the visualization and publicity of results because 12 projects (or one third of the supported) from the second call meet this criterion. The dedicated project web-sites may also improve the sensitivity to the link between the projects outputs and the outcomes they contribute to. In order to achieve this potential in full, it is advisable to update the information on regular basis including links to relevant (related) media publications, relevant experience, and other useful links. In that way the web-sites may turn into knowledge exchange portals multiplying the outcomes of the supported projects and improving their sustainability.

VI. Conclusions and Recommendations

1. Conclusions

The NGO Fund is needed and beneficial to the Slovak civil society. As the sole funding mechanisms for NGOs in many areas it gives some of them the chance of survival and opens or maintains issues or topics that may be seen in the present moment as marginal for the society, but which are important for its future development. One would even plead for higher allocation of funds to the programme. Thinking out of the box, other option would be merging other EEA/Norwegian programme focusing on social inclusion or gender equality (where NGOs are major players) with the NGO Fund. This would not only increase financial allocation of NGO Fund, but would also secure that NGOs who are major actors in area of gender equality and social inclusion, would be actually recipients of these financial resources too.

Overall the programmes are managed well. Despite some hiccups, there were no major delays of procedures. The selection process is transparent.

The shift of Programme operator from NFP to FMO proved to be a good choice. Despite all its imperfections it is safer and faster set-up and gives FOs higher level of independency, which goes together with higher level of responsibility. The division of programme between two Fund Operators provides additional burden for the applicants, who need to follow and be aware of two application procedures. However as areas of support were clearly separated between two Fund Operators including target groups of those two programmes, this division is not perceived negatively. The split provides benefits that offset the additional burden for the applicants.

As only around 8% of supported projects are in the final phase of its realization and the majority is either at the beginning or in the middle of realization phase, it is hard to assess impact of the programme. The biggest outcome of the programme in Slovakia will certainly be its contribution to the sustainability of the NGO sector as such. This is seen by many interviewees as primary contribution of the programme. One may think that this is too little, however if we consider the current political environment that is not favouring NGOs development and the financial situation of NGO sector as such, this result is not that bad.

Some individual projects may bring some impact on systemic level; however this will be clear only at the final stage of projects realisation. The novelty of the programme is support for grass-roots organizations, which has a potential in activating people on the local level.

The modest outcome of the programme as defined above (its contribution to the sustainability of the NGO sector as such) is largely due to the broad scope of the programme. With its nine “core”, two “additional” areas of support and ten outcomes, it could not achieve impact in all. All it can contribute to the sustainability of the civil society actors involved and the civil society as a whole.

Achieving “systemic change” is seen as crucial by the donor but difficult to achieve. All grantees interviewed shared the opinion that the objectives of the programme (“strengthened civil society development and enhanced contribution to social justice, democracy and sustainable development”) will not be reached. It is too general and the programme is too broad and misses focus. Moreover as

the financial resources available for civil society development are limited, most of grantees are looking at the EEA Financial Mechanism grants as source for mere survival and slight development. Therefore the biggest impact of the programme, may easily be support of sole existence of the NGO sector in Slovakia.

It is hard to talk about “systemic change at the NGO sector”, big part of which is struggling for survival. The old “policy-oriented” NGOs are in crisis and tackling with the “generational change” in the sector. The newcomers are working primarily at operational level, implementing small scale interventions with tangible results. Only the former have the hypothetical potential for a “systemic change” but do not have the resources. Also it is questionable to what extent they would have been able to go beyond the stereotypes of “civil society support” inherited from the early 1990s even if they had the resources. The second group has limited capacity for “systemic change” due to its operational focus.

All this does not make the question of the systemic change less relevant. The civil society community seems to be still far from conceptualizing what “civil society” actually means in the current conditions (EU membership, structural funds targeting various levels with non-state actors involved in their absorption, *etc.*) and how to support it. Part of this insufficient clarity would be solved if the work on “strategic” level is clearly distinguished from the work on “nurturing citizens” through local initiatives.

Generally speaking, the development of the civil society entails efforts in two distinct areas:

- Strategic interventions at policy level shaping the legal and political environment making it more “enabling” for civil society to take active role on societal matters and
- Change in the people’s way of thinking (bringing the people closer to “citizens”)

Both areas are important and contribute to “systemic change”. Active citizens would not do much without political and legal environment allowing them to channel their energy into positive action; enabling environment would be useless if the majority of the citizens are in apathy, passively expecting someone else (the government, the next political party, international organizations) to “improve things”. Both areas need to be supported – but in different ways, through different instruments. Also, the drivers of change in both areas differ, both in the nature of the activities needed (and respectively – the organizational capacities required) as well as in the scope of the interventions (and the scope of the organizations implementing them). There is always an overlap between the two but one of the two should be leading.

It is difficult to address both areas in one programme because they need two different types of interventions. In Slovakia accidentally the programme was split between two FOs with different focus and corporate history. One is closer to the needs of “systemic change” oriented programme (OSF), the second is closer a “nurturing citizens” programme, (Ekopolis). This accidental split provides important lessons for the future. The Programme “Funds for NGOs” might be split into clearly defined two dimensions of intervention (strategic policy interventions and “nurturing citizens” interventions). It does not necessarily entail the existence of two Programme Operators. What is important to keep is separating the two dimensions programmatically and operationally (with two separate components, two types of activities, separate calls, distinct areas of support, eligibility criteria). The separate dimensions would contribute to the same set of outcomes through their different outputs. Clear focus of the work (on systemic change or on nurturing) would make it easier to define adequately the expected outcomes, indicators, *etc.*

2. Recommendations for improvement of the current programme period

- (1) Given the fact that transparency and good governance are important cross-cutting issues, FOs should themselves make an effort to meet highest possible transparency standards. Hence, publishing minutes from selection committee and Board of Directors meetings, sending evaluators feedback, sending clear feedback why a was project (not) supported, why was the budget cut, *etc.*, should be the must.
- (2) The potential of the portal (www.eeango.sk) for publicity and transparency should be utilized in full. Currently the portal provides comprehensive information for “Active citizenship and inclusion” programme only. Data on “Human rights and democracy” is inconsistent, the user

is redirected to OSF web-site where the information on the programme is scattered in different pages or missing. The information on both programmes should be accessible directly from the portal, following the same structure and providing access to all the historical data from the launch of the programme.

- (3) Improving the synergy between the two FOs is advisable, particularly in regards complementary actions. Instead of separate national conference, a joint one in 2015 would contribute to the cohesion of the sector and will provide better opportunities for exchange of experience.
- (4) In addition to the three trimester financial and narrative reports, the grantees are obliged to send excel sheets with project financial expenses on a monthly bases. This is not required by FMO, but was introduced by the Slovak FOs as additional risk-management tool. The application of this reporting requirement might be conditional to the degree of maturity the capacity and the financial reporting culture of the individual organizations.
- (5) At the moment grantees are required to report co-financing of their project every four months, as part of their trimester reports. NGOs however rarely have regular (continuous) cash-flow and it is difficult to secure co-financing on a trimester basis. Therefore it is advisable to allow reporting co-financing on annual instead of trimester basis. This would provide the grantees with more space for manoeuvre and would keep the risk for Operators acceptably low.
- (6) Capacity building component is one of the most important ones of the programme that could have a real impact on NGO sector in Slovakia. Currently there is a delay in implementation of this component by both FOs, which in its effect can compromise intended results. Therefore reshape of FOs approach to capacity building component of the programme is recommended. Especially its usage for mutual networking of likeminded NGOs may be useful for their future cooperation.
- (7) Implementation of bilateral relations component improved in comparison with the first programme period, however in order to be mutually beneficial for Norwegian and Slovak NGOs, it needs to have a boost. One option is organizing thematically study trips of Slovak grantees to Norway. Another option might be a visit of number (20 or so) of interested Norwegian NGOs active in NGO Fund areas of support for a “NGO fair” conference where they could meet with Slovak counterparts and match up.

3. Recommendations for the next financial period

Strategy and learning

- (1) While designing future programme period, donors should make a clear choice between two contradicting objectives: going broad but with little impact or concentrating in fewer areas in-depth but achieving tangible outcome. This is a choice between presence and impact of NGO sector in the country and this choice needs to be made explicit. It is not realistic to expect both, one should be leading the future programme. In the case of Slovakia, one way of solving this contradiction might be to avoid supporting areas that are already in the scope of other donors or EU funds and concentrate in those that are missing such funding opportunities. The NGO Fund programme should be covering areas not covered by others and particularly areas that will be never supported by the state (monitoring of judiciary, public policies and public finances oversight, *etc.*). Clearer focus would make the expectations from the Programme more realistic helping prevent unnecessary frustrations.
- (2) NGO Fund is a sole financial scheme to support NGOs in certain areas (human rights, gender equality, *etc.*). NGOs are not benefiting from other EEA/Norwegian Funds (social inclusion or gender equality programmes), although taking into account magnitude of their work in these areas, they should be natural recipients of these funds. Therefore merging these programmes with NGO Fund is recommended. That would increase the financial allocation for NGOs. Alternatively, similarly to the approach adopted in the Czech Republic, the donor should agree with the Slovak government that these programmes will be also operated by an independent Fund operator (ideally a NGO) that would understand and meet NGOs needs within these areas of support.

- (3) There is an obvious need of some ways of securing institutional support for organizations in the sector. It can be particularly effective if it follows clear principles and conditionalities (*e.g.* an obligation to share knowledge and coach new organizations entering the respective area). If properly done, such institutional support may be effective capacity building tool.
- (4) The NGO Programme should be organized either by outcomes or by areas of support – but not both. This would dramatically reduce the bureaucratic and administrative burden on the FOs. Also, clarification of the outcome reporting system is needed. It will be important to a. clarify the meaning of the predefined outcomes and b. clarify the meaning of outcome reporting. It should be tracking the real outcomes – and not reporting outputs presented as outcomes. The structure and content of the indicators used should be also fundamentally revised.
- (5) The outcome level reporting is complex, time-consuming and requires targeted resources. For that purpose the existing outcome-level reporting done by the FO should be matched by an independent assessment. The role of an independent "country level outcome evaluator" might be introduced to support the efforts for reaching comprehensive and impartial outcome evaluation.

Processes and Procedures

- (1) The evaluators team also suggests a revision of the "programme management costs" budget. Current division of the FOs management budget according to categories (*Project appraisal and selection, Payment claim verification, transfer of payments, Monitoring of projects, Audits and on-the-spot verification of projects, Promotion and information, Reporting to donors, Establishment and operation of bank accounts, Capacity building, Overheads*) is not practical and creates complications. It is not possible to exactly plan for certain expenditures at the beginning of the Programme. It is recommended to structure the management costs according to standard accounting categories, *e.g.* salaries, services, travel, technical equipment, *etc.*
- (2) In case of two or more Fund operators, the donor should require same or similar procedures, guidelines and rules to be implemented by all Fund operators in the country. The time-table of the calls should be also coordinated.
- (3) Two-steps selection process (LOIs and full application) is a good idea but in practice it proved to be difficult to implement. Therefore it is recommended to either reshape of this process (*i.e.* LOIs will be already evaluated by external evaluators on merit) or skipping two round process.
- (4) Priority to Fund operators should be openness and lack of bureaucracy. Therefore they should simplify the process as much as possible. Electronic application process without obligation to send application by post may be one of those needed improvements. Resources should be allocated for developing and implementing such system.
- (5) The need for re-considering the role of the Selection Committees is apparent from all relevant interviews. Too much power to external evaluators and too little competences to Selection Committee may lead to crippled results. Selection Committee should consist of undeniable personalities from the civil society, who have a comprehensive and in-depth knowledge of the sector, its needs and priorities, the challenges and the context in which it operates. They should be given the opportunity to use their experience and knowledge in selecting projects that fit best to the programme.
- (6) Budget cuts are the most painful element of selection process that every grantee focuses at. Hence clear, defendable and transparent rules for possible budget cuts should be published in advance before selection process is over. If it comes to cuts, FOs should focus on transparent explanation of these cuts.

Annex

Priority area	Ekopolis		OSF*	
	Projects	Value (EUR)	Projects	Value
Active citizenship	23	1,171,356		
Children and youth, incl. Children at risk	29	852,831		
Environment and climate change	10	515,633		
Welfare and basic services to vulnerable groups	8	521,181		
Democracy, good governance and transparency			8	608,278
Human rights including minority rights			5	363,707
Gender equality and gender-based violence			8	596,009
Anti-discrimination, combating of racism and xenophobia			5	361,189
Total	70	3,061,001	26	1,929,183

Source: Projects selection reports, available on line, <http://www.eeango.sk/>
 * - the data for OSF summarizes the projects from the first call. Data is available also on the projects from the second call but they are not included because the call results were announced after 30 June

Expected Outcome: Active citizenship fostered					
Output	Indicator	Baseline	Target	Reached by 31.12.2013	Project promoters
Projects focused on awareness raising and education	Number of public discussions, multimedia performances, workshops, seminars	0	32	8	Lotos Romano Kher NoMantinel Edah
Projects supporting sensitisation and mobilisation	Informal forms of education and activities fostered youth mobilisation	0	19	17	Edah IMPD

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