



Wohllebengasse 12-14
1040 Vienna ■ Austria
Tel: +43 1 3197949-0 ■ Fax -15
office@trialog.or.at
Skype: trialog.office
www.trialog.or.at

*This project is funded
by the European Union*



with funding from
Austrian
Development Cooperation

**THE FINANCIAL SUSTAINABILITY
OF NATIONAL PLATFORMS IN NEW MEMBER STATES
ANALYSIS & FUTURE PERSPECTIVES**

TRIALOG CENTRAL TRAINING 2009 VIENNA

Petra Kreinecker ■ Christine Bedoya
TRIALOG

Vienna, April 2009

INTRODUCTION

The Central Training is a TRIALOG seminar for development NGO platforms from new EU member states (NMS). For this year's Central Training, which took place between February 24 and 26 in Vienna, the "Financial Sustainability of National Platforms" was chosen as the main theme, since several NMS platforms had expressed the need for such a discussion and exchange. Each NMS platform was represented by the coordinator/director¹ and a board member making up a group of high level platform representatives. They presented the current financial situation of their platforms as well as receiving new input for their work from the exchange with others and from the speakers' presentations².

TASKS AND ACTIVITIES OF NMS PLATFORMS

The NMS platforms are service oriented bodies that run a lot of tasks and activities, reflecting the high expectations of their member organisations. Nearly all the platforms named information and communication work as work they perform for their members, but also for other stakeholders, in addition to Advocacy and Policy dialogue. Those who specified lobbying as an area of work highlighted efforts related to increased general funding, funding without own contribution and increasing the quantity and quality of ODA.

WHERE THE MONEY COMES FROM ...

All NMS platforms, with the exception of the three Cypriot platforms³, have paid staff members. The financial resources available represent a broad spectrum ranging from one part time employee (in Bulgaria and Lithuania) to two full time and three part time employees in Estonia⁴. Eight platforms⁵ receive regular or project-related grants from their national governments/Ministries for Foreign Affairs (MfA), but only three NMS-platforms (the Czech Republic, Latvia and Slovakia) receive EU money for projects. Furthermore, the Czech project has been granted a so-called targeted project, due to the Czech presidency period which will end in the second half of 2009. A very important income option for several

¹ Only from Cz participated only the coordinator during the first day and nobody from the board was represented

² see <http://www.trialog.or.at/start.asp?ID=195>

³ The Greek Cypriot pf, the Turkish Cypriot pf and the island-wide Meta-pf

⁴ one part time employee in Bulgaria and Lithuania, two part time (in Latvia and Malta), one full time coordinator in Poland, two full time employees in Hungary, Romania and Slovakia, two full time and 1 part time in the Slovakian platform and two full time and 3 part time employees in Estonia (see "Platform questionnaire – Hard facts" at: <http://www.trialog.or.at/images/doku/hard-facts-NMS-NPs.pdf>)

⁵ Czech R., Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia

platforms in the past was the Presidency Fund⁶ and the Regional Partnership Programme⁷, both of which are coming to an end.

Ten platforms charge membership fees (Cyprus will do so soon, but the island-wide platform is very new), but the membership fees do not represent a large proportion of the platforms' income. They do not rely on increased fees to provide increased income because they fear opposition from the member organisations⁸.

It is clear that there are links between the number of paid staff a platform has, and how well supported it is by the national government. Sustainability of a platform is much more precarious when it receives neither project nor core funding from its national government like in Bulgaria, Cyprus, Malta, Poland and Romania. In-kind contributions and volunteering are not only helpful but necessary inputs for the seven platforms in Bulgaria, Cyprus, Hungary, Malta, Poland, Romania and Slovenia – including the provision of office space as is the case in Cyprus, Bulgaria, Poland and Romania. The estimated percentages range between 12% in Hungary and Romania up to 50% in Poland and Malta and even 78% in-kind contribution for the Cypriot island-wide platform.

Additionally it is worthwhile highlighting that

- ❖ only the Slovenian platform has benefited from private money
- ❖ only the platforms in Estonia and Latvia receive money from foundations
- ❖ no platforms generate income from commercial activities and
- ❖ only Estonia has no membership fee system.

... AND WHERE THE MONEY GOES

For all platforms, staff salaries are their main expense. For the four (out of seven) CONCORD members Latvia, Malta, Poland and Slovakia the CONCORD membership fee is the next main expense. The percentage of the CONCORD membership fee in relation to the

⁶ The Presidency Fund has been established with financial support from the Irish and Dutch Governments, both of which held the Presidency of the European Union in 2004. Later, the German Government has contributed to the Fund as well. The fund began operating in 2005, for a 3 year period. It has been set up with the principal aim of building capacity of NMS NGOs to engage in the EU Development Policy Debate. <http://www.presidencyfund.org>

⁷ The Regional Partnership Programme (RPP) was a cooperation project between the NGDO platforms from Austria, Hungary, Slovakia, Czech Republic, Slovenia and the Ministries of Foreign Affairs of these five states. It was operational between 2005 and 2008. The overall goal of the RPP was to strengthen the capacities and the visibility of development cooperation in the states of Central Europe. It was a project of the Austrian EU-Platform, funded by Austrian Development Cooperation, the MFAs of the participating NMS and by NGO contribution. <http://www.regionalpartnership.at>

⁸ please see the "But"-list for further details: <http://www.trialog.or.at/images/doku/BUT-list.pdf>

national membership fees received by local member organisations starts at 31% in Poland, to 74% in Slovakia and raises to 275% in Latvia and more than 330% in Malta.⁹

The discussion on the CONCORD fee system¹⁰ showed that there are a lot of rumours around the main concerns, such as NMS having to pay a fee of € 7,500 per year; and CONCORD only accepting paying members. A lack of knowledge about the current CONCORD membership fee system among the participants of the CT and related insecurity regarding the possible fees from 2010 onwards was obvious. While NMS successfully negotiated a fee reduction between 2006 and 2009 for new NMS CONCORD members, the current situation, which is also due to the global financial crisis, prompts some questions and observations:

- Will CONCORD dismiss NMS platforms if they are unable to pay the fee over the next two years, or will it be possible to convince CONCORD (secretariat, board, the General Assembly) about the positive impact that NMS involvement represents for the strategy of CONCORD?
- For the five platforms that are still not CONCORD members – is the CONCORD-membership fee preventing them from becoming full members?
- There is a certain contradiction in the TRIALOG aim and role (to strengthen the platforms to become full CONCORD member) on the one hand and enabling the non-CONCORD members Bulgaria, Cyprus, Estonia, Lithuania and Romania to participate in events and working groups of CONCORD on the other. As they can actively participate, benefiting from the structure without financial costs, is there enough “psychological pressure” to change the current situation?
- Should the NMS draft a proposal to CONCORD for an adapted CONCORD membership fee for those platforms suffering an insecure financial situation?

FINANCIAL STRATEGIES OF NMS PLATFORMS

A financial strategy is the way in which the vision and mission of the platform can be supported by members through ensuring that the resources needed are made available.

As the global financial crisis was a very new and hot topic at the time of the Central Training, most NMS platforms had not yet the opportunity to assess the severe economic strains that are likely to result from the global situation and react accordingly.

⁹ for more details see “The financial situation of national platforms” at http://www.trialog.or.at/images/doku/financial_situation_platforms_presentation-final.pdf and the report “Changes in ODA due to global financial downturn” at <http://www.trialog.or.at/images/doku/changes-in-oda-march-2009.pdf>
¹⁰ for more details see the minutes at http://www.trialog.or.at/images/doku/Minutes_CONCORD-membership.pdf

The future of most platforms is very insecure, especially in Hungary, Latvia, Malta and Poland. Platform members are suffering from the financial crisis too and the effects of it might be even more severe for NGOs in NMS as their structures are still not settled enough.

Most of the NMS platforms before the training had not realised the importance of a financial strategy, had no financial strategy (Bulgaria, Cyprus, Hungary, Lithuania, Malta, Poland, Romania) or had not adopted a strategy to deal with their new financial situation (Estonia, Latvia, Slovenia and Slovakia).

Creative ideas, possibilities and steps need to be taken into account to face the situation and develop a sustainable financial strategy for the NMS platforms. With the ideas given by several external resource people and the participants of the training, strategies in the following ten main areas were elaborated¹¹:

- Strategies for working with members
- Strategies for working with MFAs
- Strategies for projects
- Private donations
- Fundraising activities
- Income generating activities
- Platform-related strategies: Networking
- Platform-related strategies: Advocacy and Lobbying
- Capacity Building
- "Others"

The discussion moved between the poles of "activism" and "passivity", between "motivation" and "lack of initiative", "hope" and "frustration". A lot of interesting ideas were developed, but at the end of the Central Training it was still unclear who from the NMS was open and able to continue with the follow-up, inviting others to participate and take over own responsibility – and fight - for financial issues.

The discussion around fundraising as a strategy for financial sustainability brought up some very controversial points. It was agreed that fundraising done by an organisation working with concrete projects (for example supporting children in a developing country) might be easier and more effective than fundraising for a "platform of NGOs in NMS". Networking and

¹¹ for details please see the following two documents: "But-list" <http://www.trialog.or.at/images/doku/BUT-list.pdf>, Minutes „Financial strategies of national platforms“ http://www.trialog.or.at/images/doku/Minutes_Financial_Strategies.pdf

policy work is difficult to visualise and therefore more difficult to sell, and could bring platforms into competition with their members.

The following aspects that were brought up need further discussion:

- ❖ The need to strengthen member organisations in their fundraising capacity to allow them to pay higher membership fees
- ❖ The possibility of investing in concrete fundraising strategies with major donors
- ❖ The possibility of finding potential donors who might be interested in platform activities
- ❖ The need to accept the fact that the platform has an active role to play in the design and implementation of a financial strategy
- ❖ The need to bring in a content-related strategy and a financial strategy

CONCLUSIONS AND RECOMMENDATIONS

All participants agreed that all stakeholders working in the context have to acknowledge that the very existence of most NMS-platforms is in danger due to financial instability! The reasons are complex and the lack of sustainability is related to the global financial crisis, but also due to the fast growth of platforms within the European environment and the termination of existing funding possibilities like the Presidency Fund & Regional Partnership Programme. The platform structures are still new and most of them are not well established.

In the short term, some kind of emergency fund should be established for platforms in NMS, especially to cover salaries of coordinators and directors (as TRIALOG supported several NMS platforms with salaries for coordinators during their initial period). This fund should again be administered by TRIALOG, which would additionally give capacity building and other support to the platforms.

It is important that the platforms and national member organisations acknowledge their responsibility to achieve and maintain the confidence needed to demonstrate that they are not just the victims of their circumstances, but active (re)acting actors with the power to change.

At the European level there are a lot of ideas already, not only on the development of financial strategies. It is worthwhile discussing creative ways of imitating, adopting or adapting existing ideas and strategies at the national level.

FIRST STEPS

The NMS platforms need to develop a content-related 3-5 year vision and strategy in partnership with their members. The financial strategy should be built on these visions and

annual plans have to be developed. The planning has to fully involve platform members as relevant actors. Short term, mid term and long term sub-strategies can then follow.

Strategies for working with members,¹² like convincing platform members about their responsibilities vis-à-vis the platforms and how to cope together with the difficult situation (by paying higher membership fees, donating office space as an in-kind contribution, donating working hours or volunteering) should be emphasised.

Capacity building and providing further guidance on how to develop financial skills is an urgent measure that needs to be taken at the national level to move platforms and their members towards sustainability in the near future.

Other approaches include lobbying at MS-level for an emergency fund for platforms in NMS and strategies that rely on platform activities involving the active participation of platform members. These can be implemented without large amounts of money like networking between NMS. The elaboration of common lobby activities towards the European institutions and national governments highlighting the role and importance of NGOs should be implemented as soon as possible.

Common lobby activities can start immediately. These could include formulating joint NMS letters and related activities by using the existing contacts of relevant actors including member organisations, CONCORD and TRIALOG.

**ACTORS IN THE WHOLE OF EUROPE HAVE TO PULL TOGETHER TO
OVERCOME THE CRISIS AND
SECURE THE FINANCIAL SUSTAINABILITY OF NGDO PLATFORMS
IN THE 12 NEW EU MEMBER STATES !**

¹² For details please see the "But"-list at: <http://www.trialog.or.at/images/doku/BUT-list.pdf>