



Mid-term evaluation of NGO Programmes under EEA Grants 2009-2014

Evaluation report 1/2015

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 ONE: MAIN EVALUATION REPORT

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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
FO	Fund Operator
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
NROS	Civil Society Foundation
OSI	Open Society Institute
OSF	Open Society Foundation
OSFE	Open Society Foundation Europe
PA	Programme Agreement
REPF	Romanian Environmental Partnership Foundation
PIA	Programme Implementation Agreement
PYF	Polish Children and Youth Foundation
PO	Programme operator
SC	Selection Committee
SBF	Stefan Batory Foundation
SIF	Society Integration Foundation
TOR	Terms of Reference

Executive Summary

The EEA Financial Mechanism (2009-2014) have committed € 160,4 million to support seventeen NGO Programmes in sixteen countries: Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, the Slovak Republic, Slovenia and Spain. The overall objective of the EEA Grants NGO Programmes is strengthened civil society development and enhanced contribution to social justice, democracy and sustainable development in each of the beneficiary countries. As of 30 of June, 2014, 957 projects in total of € 53,793,561 have been supported mainly in the fields of democracy, citizen participation, human rights, social justice and empowerment, sustainable development and provision of basic welfare services.

The mid-term evaluation of the NGO Programmes funded by the EEA Financial Mechanism (2009-2014) is an independent formative evaluation. Its objective was two-fold: 1) to assess the progress and needs for improvement of the current Programmes, and 2) to inform policies for the next financial period. The evaluation covered all countries except Croatia¹ and was implemented in the period May-September 2014 by a team of CREDA Consulting consisting of 11 experts based in the different beneficiary countries. In total 630 respondents participated in the assessment including representatives of the Operators, the FMO, the FMC, the NFPs, supported NGOs, other NGOs and researchers of civil society, as well as other donors. The only country where we could not interview the NFP was Hungary because at the time of the evaluation there was no National Focal Point.

Main findings and Lessons

Strategic relevance

(1) The NGO Programmes are a timely and highly relevant response to critical contextual issues and particular gaps within civil society in the beneficiary countries. They are viewed by the NGOs as “oxygen for real civic work”, keeping alive the civic meaning of the NGO sectors across Europe. The Programmes support the enhanced role of civil society in countering negative trends across Europe of rising xenophobia, discrimination, populism and growing social frustration and mistrust in the democratic institutions.

(2) In the majority of the beneficiary countries the EEA and Norway Grants is the primary or the only donor in areas of NGO work related to functional democracy, human rights, watchdog and advocacy initiatives.

(3) The NGO Programmes have met the political concern of the donors to provide support to the NGO sectors in the beneficiary countries. They have invested in expanding the capacity of individual NGOs and the overall NGO sectors as catalysts of civic engagement, advocacy and voicing out civic interests. However, even though considerable in funding size, the EEA Grants NGO Programmes were able to respond only partially to the enormous demand from the field by supporting in average about 10% of the coming proposals in the different countries.

(3) The Programmes are diverse in size, strategic approach and focus, but bridged by a common objective and an overall set of priorities and outcomes. Their major strength is the focus on the effective functioning of the NGO sector to mobilize citizens, expand collaborations and partnerships, and to interact effectively with governments for changes on the societal level. Their major challenge was the delayed start of the programmes implementation. This confined the initial five year commitment to around three years for actual implementation.

(4) The level of cooperation and strategic coherence among the NGO Programmes and the other EEA Norway Grants Programmes is low or missing in the majority of the beneficiary countries. This will

¹ The NGO Programme in Croatia was approved in April 2014.

limit the effectiveness of putting in practice the cross cutting principles of the EEA and Norway Grants of good governance and sustainable development. Civil society and NGOs are a natural part of these cross cutting principles and need to be part of the programming in the relevant other areas, in addition to the specialized NGO Programme.

Management set-up

(1) *The EEA NGO Programmes are modeling an innovative and effective approach to management of public funds outsourced to organizations independent from the governments.* The selected Operators - individual non-profit organization or partnerships, are legitimate and highly visible actors for social change recognized for their professionalism and integrity. They are viewed by stakeholders as more effective in managing public funds than government entities due to their commitment, experience and knowledge of civil society.

(2) *The majority of Operators of the NGO Programmes (13) are directly contracted by the Financial Mechanism Office, the Secretariat in Brussels for the EEA and Norway Grants (FMO), and only four are contracted through the National Focal Points (NFPs).* Based on the evaluation, *direct contracting by the FMO is more efficient and effective.* It provides a streamlined mode of communication and reporting, and it ensures strategic coherence across countries.

(3) *The FMO now has a more demanding role as a Programme Operator, with direct oversight of thirteen Fund Operators in the beneficiary countries.* Contracting and assistance was generally effective. But under the stress of a shortened timeframe and insufficient human resources the oversight of the Programmes was dominated by controls for procedural compliance and management of risks rather than focusing on results and impact.

(7) *A major challenge to the effectiveness of implementation was the lack of fit between the EEA Grants legal framework and procedures and the nature of the NGO Programmes.* Designed for large-scale government Programmes, the EEA Grants procedures were not always flexible enough to accommodate innovation needed for civil society development. With no single specific document regulating the NGO Programme, the clarifications regarding some of the rules and procedures has been time consuming for both the FMO and the Operators.

Efficiency of Operations

(1) *The project application process was effective and efficient, ensuring outreach to different segments of civil society in the beneficiary countries.* A great number of the Operators had differentiated approaches to small, medium and large grants. In some cases there were simplified conditions for small and micro projects, which made funding accessible to small and less developed NGOs.

(2) *The evaluation of projects was effective and efficient and done in a transparent way.* The common procedures for all countries were tightly prescribed to guarantee transparency by outsourcing the main weight of the project evaluation to external experts. The selection process was observed by representatives of the FMO, the donors and the government.

(3) *The role of the Selection Committee and the Operator however was unclear* - to rubberstamp outside evaluators scoring, or to strategically review it according to the portfolio and/or Programme strategy. More successful were those Programmes that applied innovation within the rules to the extent possible to ensure strategic quality of the selection process.

(4) *Overall the role of the Operators is largely limited to technical re-granting of the fund.* The success of the calls for proposal depended on the ability of the NGO sectors to respond with quality and innovative initiatives. Such capacity was limited especially with small organizations, as well as in some areas and at the level of NGO sector systemic change. A more proactive role of the NGO Operators is needed to stimulate new ideas and capacities of the NGOs and the NGO sector. Dedicated 3% of the management fee to the Operators for capacity building was insufficient and could cover mostly project specific capacity development related to application and grant management only.

(5) *Despite the challenges the NGO Programmes were very efficient.* In the first year and a half since their official start, the NGO Programmes have reviewed 8916 applications and approved 957 projects for a total value of € 53,793,561 in all countries except the Czech Republic and Greece, where selection was still in the process at the time of the evaluation. The number of projects supported by the NGO Programmes comprises about 60% of all projects supported by the other EEA and Norway Grant Programmes. NGOs consider the NGO Programmes as much more efficient than other public funding programmes.

Effectiveness

(1) *The NGO Programmes effectively allocated funds to projects in the defined priority areas and supported the relevant outcomes.* More than 84% of the awarded funding is in support to project initiatives strengthening the roles and capacity of civil society in various aspects of democracy, human rights, antidiscrimination, gender equality, youth empowerment, social inclusion and empowerment of vulnerable groups, good governance and sustainable development. About 16% of the allocated funds support welfare and basic service provision to the most vulnerable groups as defined in this Programme area.

(2) *While it is too early to measure the final effectiveness and impact of supported projects, the finding of the evaluation is that many are meaningful* and will be activating important change processes at different levels. Supported organizations are diverse and include different segments of civil society - leading national organizations (advocacy, watchdog, human rights, etc.) as well as small local organizations. The ratio among these differs per country. The high commitment and motivation of supported NGOs are promising in terms of the potential to contribute towards the selected outcomes in a sustainable way.

(3) *At the level of organized civil society the main contribution of the Programmes is growing civic infrastructure – contributing to strong civic organizations, networks, coalitions and joint action.* Initiatives that link established national NGOs with local grassroots organizations are especially effective in providing capacity in critical areas of democracy and human rights. Very important is the investment in the ability of NGOs to activate citizens and represent their interests vis-à-vis governments.

(4) *Sustainability of civic organizations remains a fragile area that needs targeted attention.* Strong civic organizations will be needed in the long term. A culture of survival is blocking the vision and energy of NGOs for change and innovation. The support of the Programmes towards sustainability of the NGOs and the NGO sector is still sporadic. There is a need of investment in developing new thinking and capacity of NGOs for diversifying funding beyond only projects by raising public trust, support and donations and developing income generation initiatives that can make NGOs independent.

(5) *At the level of the broader society, the Programmes contributed both to the strategic positioning and visibility of civil society as well as to growing citizens' capacity to act at local and community levels.* A number of the supported initiatives are putting important core values of democracy, social justice and human rights on the agendas of communities, politicians and the general public. This has started seeding new attitudes, but change can only be expected in the long term. At local level the initiatives work on nurturing engagement of citizens to demand for their rights to be upheld, to volunteer, to embrace causes, and to hold governments accountable. This is especially important for growing social capital of active citizens and groups, as well as to make NGOs more constituency-based.

(6) *At the regional and European level the NGO Programmes have a lot of potential, yet need further attention.* The Programmes were actively involved in the European Campaign No Hate Speech of the Council of Europe as a strategic partner of the EEA and Norway Grants. The regional meetings and exchange among the Operators were very valuable, as well as learning and networking among project promoters and with NGOs from Donors countries.

(7) *In terms of bilateral relations, 112 projects in the different countries are bridging civil societies from Donor and beneficiary countries. They are valued, but mostly driven by project applications, with limited time to develop real partnership relations. This, together with the complicated procedures hampers their effectiveness. The Bilateral relations fund needs rethinking and redesigning towards more strategically-driven and issue-led initiatives stimulating regional networking and innovation among NGOs from multiple countries.*

Recommendations for the 2009-14 Financial Mechanism

- (1) *Keep the consistency of strategy designs in the remaining two years of implementation in order to ensure optimizing its effectiveness upon completion of the Programmes.*
- (2) *Develop further the operational capacity of all those involved in the project evaluation process (selection committee, individual evaluators etc.) by improved communication mechanisms among them, training provision, follow up assessment of the process to identify lessons learnt and clarity on the role of the Selection Committee.*
- (3) *Increasing the strategic communication and visibility of the Programmes needs to become a priority for the remaining two years of the implementation and wherever possible more resources need to be allocated for communication activities*
- (4) *Use current Operators as a strategic stakeholder group to inform the strategy for the next Financial Mechanism. Regional events planned within the complementary actions can also serve to discuss critical areas related to common gaps of civil society development that inform strategically the new financial mechanism.*
- (5) *Improve the learning system of the current NGO Programmes by facilitated discussions with the Operators on the overall strategic framework and the outcomes and indicators system of learning*
- (6) *Review of the Capacity Building matrix and its further use for measuring change by a working group involving Operators, as well as some of their partners in providing capacity development (predefined projects or others).*

Recommendations for the Next Financial Period

Programme Scope and Modalities

- (1) *Continue and expand the size of support to the NGO Programmes in the beneficiary countries to better respond to the enormous demand and to build on the created momentum of multiple processes of change that has started.*
- (2) *Provide for five years implementation of the Programmes in order to ensure their effectiveness and impact. Options include: seven year commitment of the Programmes with five years for actual implementation, or earlier start of the negotiation of the Programmes, if possible in 2015 after the last projects are funded, not waiting until projects are finalized in April 2016.*
- (3) *Ensure strategic place and coordination of the support of civil society as part of the overall EEA and Norway Grants funding linked with the crosscutting principles of good governance and sustainable development.*
- (4) *Consider introducing a quota for thematic small grants schemes within other EEA and Norway Grants Programmes to stimulate better cross sector collaboration and joint work of NGOs and institutions. These schemes could be entrusted to be managed by independent non-profit actors, including the Operators of the NGO Programme if they have the capacity for that in addition to managing the NGO Programme.*

- (5) *Close the gap between the two financial periods by introducing a Bridging Fund facility for action grants to civil society.*
- (6) *Continue the good practice of stakeholder consultations in the different beneficiary countries to ensure responsiveness of strategies to the needs of civil society.*
- (7) *Continue the current strategy priorities with some optimization based on learning from the current Financial Mechanism.* Strengthening the functional capacities of civil society as a safeguard of democracy needs to remain the core of the new strategy. Critical aspects are expanding the constituency base, effective communication to build public support, enhancing the policy influence capacities (advocacy, watchdog, monitoring), collaboration and joint action, and sustainability of civic organizations.
- (8) *Keep the scope of the Programmes broader and more open to accommodate diverse needs and opportunities,* but require clear justification of the chosen focus and approaches of the suggested strategy of the Operators from the beneficiary countries in the process of strategy approval.
- (9) *Simplify and streamline the overall strategic framework with clear links among priorities.* We suggest that leading outcomes are consolidated in three outcome areas (engaged citizens, strengthened NGOs and civic infrastructure and enabling environment).
- (10) We propose to keep the current programme areas (improving the formulation) and to include “Sustainability of the NGO Sector” in the core areas as a focused investment in systemic change and sustainability. The “Welfare and basic service provision” needs to be redefined into a more focused area of “Social inclusion and empowerment of vulnerable groups” that will grow NGOs capacity for advocacy and empowerment of vulnerable groups which will respond better to the objective of the Programmes.
- (11) *Horizontal concerns need to be integrated as priorities in the relevant areas of the Programme.* They will be met most effectively if they are present as specific measures within the core areas of democracy, human rights and equality.
- (12) *Continue the approach of strengthening the plurality of civic action by targeted support to leading national NGOs in key areas and to small local and grassroots organizations* as well as stimulating the linkage among them. To stimulate accessibility of the funds to local organizations, additional criteria to encourage applications from priority regions and targeting the local level of intervention in some of the Programme calls can be introduced.
- (13) *Envisage further diversification of grants per type of NGOs depending on their role in the strategy implementation and their needs for capacity development.* Options to consider: 1) longer term strategic grants for institutional support of leading NGOs or networks (focus on funding strategies not funding of projects); 2) project grants (combining capacity development and activity grants); 3) small seed funds to support grassroots initiatives of small local NGOs and informal groups combining action grants with intensive coaching for capacity development; 4) action grants to support quick and visible civic response to emerging issues.
- (14) *Earmark separate funds for strategic capacity development of the civil society sector,* including proactive capacity building, networking, targeted discussions and other work with the entire non-profit sector (not only grantees).
- (15) A possibility to consider is the *introduction of a New Initiatives Seed fund at the discretion of the Operator* – providing seed money to stimulate a proactive search of innovative solutions of key identified issues by convening NGOs, informal groups and other stakeholders.
- (16) *Support regional projects (within the targeted EEA countries)* by allocating a certain percentage of the funds under each outcome to such projects (e.g. involving a minimum of 3 partners from 3 different countries).
- (17) *Consider redesigning the bi-lateral funds for the NGO Programmes in a more coordinated, strategic manner by introducing two types of measures* 1/ *strategic regional measures* investing

in issue-based networks and multi-country initiatives involving NGOs from the donors countries and NGOs from more than one beneficiary countries and 2/ *bi-lateral exchange and study trips* for groups of NGOs from the beneficiary countries to the donors countries and visa versa; awareness raising and learning initiatives; study visits among the beneficiary countries facing similar problems with involvement of partners from donor countries to assist the process of exchange and learning.

Management Set Up

- (1) *Promote the Civil Society Programme into a Global Civil Society Fund hosted by the FMO and managed by strategic implementing partners/Operators in the beneficiary countries.* This will foster the potential of the Programmes as a strategic European regional fund with country specific strategies tailored to the local needs and identified in consultation with local stakeholders by the selected country Operators which will ensure the ownership of the Programmes by civil society on country level. It will also provide for a clearer structure, level of staffing and specific procedures and rules, and will expand possibilities for strategic partnerships with other donors.
- (2) *Establish a Strategic Oversight Board of the Civil Society Programmes/Global Fund* with representatives from the FMC, leading NGOs from the donor countries, and experts with knowledge of civil society from the beneficiary countries. This will contribute to a substantive outcome oriented process rather than an administrative focus and monitoring of the Programme.
- (3) *Ensure regular strategic communication with the National Focal Points* by improved strategic coordination with the NGO Operators at country level, or by including communication on the Global Civil Society Fund during the Annual meetings of the NFPs. This strategic partnership approach can provide for discussing the civil society issues (including co-financing) on a more strategic level by identifying areas of support of importance to optimize the application of the good governance and sustainable development principles.
- (4) *Continue the good practice of entrusting the management of the NGO Programmes to organizations independent from the governments* with commitment, experience and knowledge of civil society and trust within the NGO sectors.
- (5) *Streamline the status of all NGO Programmes through their direct contracting by the FMO, not through the National Focal Points* to ensure more effectiveness, strategic oversight and political risk management.
- (6) *Allow for re-appointing of strong Operators of the NGO Programmes who have already been previously selected by open tenders* based on close monitoring and performance evaluation.
- (7) *Clarification of the roles and responsibilities, as well as of the level of flexibility and risk taking will be beneficial for all participants in the management set up* – the FMO and the Operators of the NGO Programmes.

Recommendations at the operational level

- (1) *Include strategic communication initiatives stimulating greater public awareness* of the role and achievements of civil society (incl. project promoters). This should help build trust and public support for NGOs acting as catalysts for change, and engage citizens in public debate on critical issues of society.
- (2) *Better focus predefined projects to optimize investments at the level of systemic change.* Some possibilities to consider include a focus on systemic capacity building; and a focus on common issues that are of importance to more countries, where comparative analyses and expanded opportunity for regional actions could be included.
- (3) *Allow strategic selection of predefined project promoters that are clearly dominating the specific area instead of a competitive project application procedure,* where the competition would in any case put them in the winning position.

- (4) *Complementary actions on the regional level should have a stronger focus and regional design.* Consider a common fund for regional exchange and joint action based on a common strategy and planning among Operators.

Recommendations related to Procedures

- (1) Update existing procedures based on a shared vision among the Donors, the FMO and the Operators on possible flexibility and risk taking which can enable the NGO Programmes to accommodate innovation and be more effective in meeting the objective of the Programmes.
- (2) Upgrade the existing Guideline for NGO Programmes *into a single document with rules and procedures for the management of Funds for NGOs as an Annex to the Regulation.*
- (3) *Increase the management costs for smaller programmes.*
- (4) Provide *strategic programming costs of the Operators* additional to the management costs to grow the capacity of the sector and ensure strategic communication of NGOs and the Programme to the public.
- (5) *Allow further re-granting by Operators to intermediaries to provide micro and small grants to grassroots initiatives, informal groups and small organizations.* Change eligibility criteria to include grassroots and informal groups for this category of fund.
- (6) *Diversify the selection procedure according to the type of grants and better use of the experience of the Operators.* This could be done in a way that ensures the selection processes are based on the obligatory principles of transparency, quality and impartiality, yet responsive to the specificities of the particular funding instrument and local context.
- (7) *Delegate more decision-making power to the Selection Committee on the portfolio level.* One option is that each Operator develops overarching selection criteria (portfolio criteria), *e.g.* geographic distribution, innovation, or other strategic considerations. Based on these, the selection committee can suggest modification of the ranking lists.
- (8) *Encourage a two-stage project application process which is linked to targeted capacity building.* Simplify the concept format, focusing on capacity of the applicant. Ensure that the full proposal will be reviewed by the same assessors. Provide the applicants selected at the concept phase with the possibility to use technical assistance/guidance/advice from a pool of experts supported by the Operator in the preparation of the full proposal.
- (9) *Change the “economic benefits” provision (Regulation, Article 5.4.2.).* Interpreting sources from fundraising and revenue generating activities as profit and forcing organizations to use it within the project is in conflict with the purpose of strengthening civil society, an important part of which is sustainability of NGOs. Allow and provide incentives that raised income and support may be used to support the NGOs mission and long-term work. Exclude the NGO Programmes from the rules on state aid.

Introduction

1. The Task

The EEA Financial Mechanism (2009-2014) have committed € 160,4 million to support seventeen NGO Programmes in sixteen countries: Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, the Slovak Republic, Slovenia and Spain. The overall objective of the EEA Grants NGO Programmes is strengthened civil society development and enhanced contribution to social justice, democracy and sustainable development in each of the beneficiary countries. As of 30 of June 2014, 957 projects in total of € 53,793,561 have been supported mainly in the fields of democracy, citizen participation, human rights, social justice and empowerment, sustainable development and provision of basic welfare services.

The mid-term evaluation of the NGO Programmes funded by the EEA Financial Mechanism (2009-2014) is an independent formative evaluation. Its objective was two-fold: 1) to assess the progress and needs for improvement of the current Programmes, and 2) to inform policies for the next financial period.

The main purpose of this 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 operating NGO Programmes. The evaluation was of dual nature: (1) of a *formative evaluation* to identify progress and needs for improvement of the current Programmes and (2) of a *forward oriented strategic review* to inform policies for the next financial period.

More specifically the evaluation's objectives entailed:

(1) Explore the strategic relevance (extent to which the key political concern of supporting the NGO sectors in the different countries has been met; relevance of chosen priorities and approaches, of specified outcomes and chosen strategies to achieve them).

(2) Assess the efficiency and effectiveness of management set up (at the level of the FMO and at the national levels in the beneficiary countries; key strengths and weaknesses of different set ups)

(3) Review grant system and processes: promotion and outreach, clarity and transparency of selection, efficiency and comprehensiveness of procedures

(4) Assess the effectiveness of the Programmes (expected achievements related to the Programme objectives, specified outcomes and outputs; extent of addressing the bilateral relations ; effectiveness in addressing the horizontal concerns; of use of capacity building tools; key factors contributing to success; main bottlenecks and challenges in implementation of the Programmes)

(5) Forecast impact and sustainability prospects and the added value of the Programmes' contribution to the development of the NGO sectors in the different countries:

(6) Provide recommendations for improvement of the current Programmes and for the next financial mechanism based on emerging lessons:

The evaluation covered all countries except Croatia, where the NGO Programme was approved only in April 2014. Based on the TOR the evaluation needed to go more in-depth into selected Programmes in 8-10 countries to assess progress so far, while also providing an overview of the NGO Programmes in all countries.

2. Approach and Methodology

The leading evaluation question as in the Terms of Reference was *the extent to which the key political concern of supporting the NGO sectors in the different countries has been met*. While it is too early to assess the impact of the Programmes on developing civil societies able to contribute to social justice,

democracy and sustainable development, we explored: a) how the Programmes have defined success in this direction, b) how they have organized operations and activities towards this success, c) the likelihood of achieving the stated outcomes and d) the gaps and needs to be further addressed, including in the next financial period.

A challenge was that most of the projects supported by the NGO Programmes are at an early or mid-term level of implementation and cannot provide enough evidence on accomplished results, outcomes and sustainability. To meet this challenge we utilized *theory of change* and *outcome mapping*, combining assessment of effects so far with forecast analyses on potential for making a difference. We looked at the extent to which the NGO Programmes have identified the right civic organizations and activities that will increase the capacity of the sector to trigger social change within the priorities of EEA and Norway Grants.

Our approach was based on close cooperation with the FMO and the Operators of the NGO Programmes in the beneficiary countries, to stimulate reflection on learning from the Programme implementation. Especially useful was the meeting of all Operators of the NGO Programmes, organized by the Stefan Batory Foundation in Warsaw, in June 2014. Discussions on efficiency, effectiveness, success factors and bottlenecks of the procedures and processes there were invaluable for informing the evaluation process. The conclusions and recommendations of this meeting are in Attachment 3 of this report.

To meet the complexity of the evaluation in terms of tasks, geography, Programme dimensions and diversity of stages of implementation we employed a mixed-methods approach, combining qualitative and quantitative data collection and analysis. The instruments involved: (1) documentary review of key EEA Grants NGO Programme documents and documentation of the Programme Operators, (2) Online survey/questionnaire with all organizations supported by the NGO Programmes, (3) semi-structured interviews with different stakeholders including the FMO, MFA, FO and PO, the NFPs in selected for in-depth assessment countries, other donors and civil society stakeholders, (4) three types of focus groups - with grantees, with external experts participating in the project selection process of the Programmes, and with other stakeholders, (5) site visits and interviews with project promoters.

In terms of studied NGOs, as the evaluation is of formative nature, the methodology involved in-depth study of the experience of the NGOs that received funding from the Programmes. The opinions of a limited number of other NGOs (rejected or never applied), as well as of civil society experts and other stakeholders was considered too

3. Implementation

The evaluation covered 15 out of the 16 beneficiary countries and was implemented in the period May-September 2014 by a team of CREDA Consulting consisting of 11 experts based in eight of the beneficiary countries. Implementation involved:

(1) Online survey

The online questionnaire translated in local languages was sent to 1088 organizations that have been contracted to implement the 957 projects in 13 of the 15 beneficiary countries. Following the agreed methodology with the FMO, the survey was sent only to project promoters that were already contracted in the different countries. The number of organizations that have received the questionnaire is higher than the number of supported projects - 957, as probably partner organizations have been included in the distribution list. In addition some NGOs have received more than one grant by the Programmes. Out of the 1088 NGOs that received the survey 354 NGOs have responded leading to a 33% overall response rate. The answers are relatively proportionally distributed across all countries, which ensures 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.

The cumulative results from the survey are in attachment 4 of this report.

(2) In depth assessment in selected countries with application of all methods

The evaluation involved in-depth work in 8 focus countries, namely Bulgaria, Hungary, Latvia, Lithuania, Poland, Portugal, Romania and Slovakia. There we employed a National expert, supported by junior experts (in the five countries with biggest number of supported projects). Assessment involved field work and applying all data collection methods mentioned above. The Team leader and Quality control manager of CREDA also joined the assessment process in Hungary, Lithuania, Poland and Latvia.

(3) Observation of the Operators' meeting in Warsaw June, 2014

Four members of the evaluation team participated as observers at the meeting.

(4) Additional site visits to two countries

In addition to the above 8 countries the assessment involved brief site visits of the senior CREDA team to two more countries – Cyprus and Slovenia. There, the evaluation involved the survey sent to all grantees, in-depth interviews with the Operator of the Programme, meetings with the NFPs and one focus group with grantees.

(5) Phone interviews with the rest of the countries

In the rest of the countries – Greece, Spain, Czech Republic and Malta we applied the survey to grantees, the review of key Programme documents, and interviews with the Operators of the Programmes in person or by phone.

In total 630 respondents participated in the evaluation. Out of them 607 were different stakeholders from 15 countries participated in the evaluation (through in-depth interviews or participation in focus groups). Their distribution per type of stakeholder 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	-	-	-	-	-	-	-

We want to thank all of the participants for sharing their views and the time spent, especially the FMO and the Operators. Without their help, this evaluation would not have been possible to organize.

4. Limitations

The main limitations of the evaluation relate to its timing, due to vacation time in the summer it was more challenging to organize data gathering and meetings. It was also a stressful time for some of the Operators, as they were in the middle of project selection processes.

Another limitation, which is more country specific, was the situation in Hungary. This mid-term evaluation took place during the government-led investigations and accusations toward the NGO Fund Operator and the suspension of other EEA and Norway grants. This affected the evaluation in various aspects. First, much less organizations responded to the online survey, as it coincided with the investigation of government. Second, it was an extremely stressful time for the Operator to reflect strategically, when they had Government Control Office KEHI at their offices. And third, it is the only country where we did not succeed to get the views of the National Focal Point as at the time of the evaluation, it did not exist. Attempts to interview some of the observers at the Selection Committees, also failed as most of them are already not working in the relevant ministry. The few who still do did not respond to our request.

By the time the report was being finalized, the Hungarian tax authority suspended the tax numbers of the Fund Operator following police raids in the offices and personal homes of two of the consortium partners. In the current circumstances, the concern of the partner organizations of the Consortium that they will be forced by the government have unfortunately come true. 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. However, the role has proven to place the organizations in the consortium, all of which have other grant-making and operational programs under severe threat in terms of their legal ability to operate. They currently risk to be closed permanently while the staff and partner organizations are in fear of being attacked. The individuals themselves are under extreme pressure and uncertainty about their own personal security.

5. About the report

We named this report “*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 an “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.

The report consists of two main parts: the Main report and Country specific reports.

The first 5 chapters of the Main Evaluation Report present summaries of the findings across the counties organized around:

- Strategic relevance and coherence;
- Efficiency and effectiveness of management set up and procedures;
- Grant systems and processes;
- Effectiveness of support to projects;
- Effectiveness of specific components common for all countries.

Wherever possible, generalizations of issues common for all countries are offered. Comparative data for the different programmes is presented and concrete examples are highlighted. Where appropriate, some of our immediate conclusions are included. Detailed country-by-country analysis is offered in part two of the report – Country Reports.

Our conclusions are summarized in Chapter 6. Of The Main Report – Making a Difference? Conclusions and Emerging Lessons.

Our Recommendations are offered in Chapter 7. Looking Forward: Recommendations.

Chapter 1: Strategic Relevance and Coherence

I. Why Civil Society Programmes?

1. Key contextual trends

At present the EEA and Norway Grants are the major source of funding providing consistent support in the 16 beneficiary countries in Europe aimed at fostering the development of strong civil societies able to contribute to social justice, democracy and sustainable development. This support came at a critical time for the beneficiary countries. They all share a European identity and as older or newer European members they have committed to basic principles of rule of law, respect of fundamental rights and individual freedoms, which are the building blocks of any functioning democracies. The question is to what extent these core European values are actually put in practice. The diverse gaps in individual countries are determined by the specific combination of contextual characteristics including diverse history, democratic traditions and level of development of civil societies.

There are several contextual aspects that determine the need for support to vibrant civil societies:

- **Making democracy truly functional.** Democracy is not only a ritual of regular casting of votes. Democracy is also about structures that serve as checks and balances of the political institutions. It is about active citizens who have the energy, the willingness, the tools and the opportunities to influence the decision-making process done on their behalf. The first aspect (having the energy and the willingness) requires supportive actions at the individual level, “nurturing citizens”. The second aspect (the tools and the opportunities) requires interventions at systemic level that would make possible for the civic engagement and energy to influence the decision-making process.
- **Overcoming the mistrust toward government and strengthening the functioning of democratic institutions.** All European societies are facing disillusionment of part of the population with and questioning of the benefits of democracy and of a united Europe. Such “negative constituencies” vote in representatives that vocally oppose the basic principles of democratic societies (inclusiveness, solidarity, respect and protection of human rights), - and peddle nationalism, and populism. The new phenomena of massive civic protests in the past two years (*e.g.* Bulgaria, Romania, Greece, Portugal, Spain) rising against the impotence of elected governments to handle societal issues and economic crises highlights the magnitude of the problems and the existence of civic energy that needs to be captured and channeled for the societal benefit.
- **Preventing the attitudes pendulum from going into the xenophobic extreme.** The results of recent European Parliament elections - right wing nationalist parties gained 25% of the seats - as well as the political shifts in some of the countries indicate some fundamental shifts in public attitudes. European societies *today are exhibiting growing negative trends* of rising xenophobia, intolerance, populism and social tensions. Vulnerable groups are increasingly seen as scapegoats “responsible” for the nation states’ failures. There is an urgent need of reinvention of inclusive societies by more effective approaches to human rights. Strong civil society, including at the local level, capable of providing “bonding social capital” is instrumental in that regard.
- **Inclusive responses to the challenges of the economic crisis.** The high unemployment in most EU member states (particularly among the young) pushes citizens into a “survivalist mode” and into low participation. Frustrated by the economic situation votes have contributed to the shift towards the right end of the political spectrum. This also decreases

the aptitude to social solidarity. The latter also needs to be redefined and reinvented – complementing the centrally-managed redistribution with local and community level supporting systems.

Strong and independent civil societies (active citizens, groups and organizations) are even more needed in Europe today to respond to negative trends and challenges. However, the effectiveness of playing this role will depend on the strategic capacities of organized civil society and its legitimacy, trustworthiness and recognition by decision makers and the broader society.

2. Civil Societies in beneficiary countries: key assets, gaps and challenges

The history and development of civil society in the beneficiary countries is very diverse. In some countries it emerged “organically” and on its own and has a long history. In other countries its development was also extensively supported by donors as assistance for the democratization of the post communist societies in the past 20 years. In general, the current civil society map in the different countries is dotted by numerous and diverse NGOs, but only a small share of them are considered active. Among the geographic and historic diversity of the different beneficiary countries, the existing civic infrastructure (networks, coalitions, platforms, resource centers) varies significantly, as well, and depends on the history and culture of the individual NGO sectors

We should emphasize however, that while the individual reports provide specific detail on all the aspects of civil society development in each of the countries, there is a consensus, discernable in the interviews and focus groups discussions, that ***the main assets of organized civil society are the commitment, motivation and dedication of its human capital - the teams, volunteers and supporters involved.*** There are numerous good practices in approaching issues of importance for the people and the society as a whole; there are multiple new approaches and models in the stage of development; there is substantial evidence of advocacy that led to improvement of legal frameworks and policies. NGOs in the beneficiary countries have been on the forefront of voicing out the interests of vulnerable groups and have proven that they can be very helpful (and in many instances indispensable) in providing timely and meaningful services to a variety of groups in society.

The most serious gap identified in all countries was the limited funding and the resulting struggle for survival of numerous NGOs. The uncertainty makes it difficult to keep their staff. Space and resources for strategic thinking, capacity development, joint action and consistent communication with the public at large are very limited. Cooperative ways of working are often blocked by constant competition for project funding. There is uneven development of the sectors with a growing gap between its different segments: small local organizations vs. big established well funded ones, new organizations and groups vs. old ones; social provision vs. advocacy and watchdogs. Another serious issue is the missing resources to build new civic leaders and to ensure continuity among older and newer generations of leadership.

On a broader strategic level ***there are four interrelated challenges for civil societies that can be outlined across borders,*** identified by the interviewed stakeholders.

(1) The constituency challenge

Limited or missing constituency support is a critical challenge to NGOs in the majority of the countries. The NGOs with very few exceptions are not rooted in broad membership and have the nature of small active groups of committed individuals that got together around an issue or a cause, and/or due to opportunities for support, especially in the post-communist countries. Even if they put forward meaningful initiatives, it is critical to assess to what extent they are vocal and heard, i.e. visible to the public, and thus, growing trust and more supporters for the causes they work for. If NGOs are isolated and not embedded in a broader public support it is much easier to politically manipulate the public in negative imaging of civic organizations.

In a number of beneficiary countries, a tendency reported by multiple respondents was that the public at large knows very little about the role of NGOs and the trust is comparatively low. As outlined in interviews, it seems the NGOs especially in new EU member countries missed the opportunity to work

for increased public visibility in the relatively stable period after joining the European Union and before the economic crises. There are wide spread negative perceptions that NGOs are “noise makers” and pursue personal aims. In some countries work in the sector is not deemed as attractive by young people.

(2) The legitimacy challenge

Governments’ recognition of the importance of the civil society role of NGOs to represent and advocate for civic interests is low in the majority of the countries. NGOs are accepted as contractors of services, implementers of policies; they are often invited in consultative bodies but their input and critical feedback on policies is not easily accepted. At the same time, increasing fragmentation due to the competition for limited funds has weakened the ability of the NGO sectors to advocate effectively for civic interests with central governments. In many countries it was reported that cooperation with local governments is more successful, but mostly in the area of service provision and community development. In some countries, (e.g. Poland, Spain, Slovenia) there is an established practice of co-financing provided by the governments; which is missing in other countries. In addition, government co-financing is vulnerable to austerity measures and has been reducing in a number of countries.

Relations between NGOs and governments can also be much politicized. There is a perception, that preferential support and partnerships are established with NGOs favored by the relevant governments. Especially in post-communist countries with dramatic political shifts, the NGOs and critical voices to governments have been repeatedly painted as the “*enemies and agents of foreign issues and interests*”.

The most recent case is in Hungary with the current attacks of the Government against the NGOs operating the EEA Grants NGO Programme and the NGOs supported by it. The operating environment for Hungarian NGOs has become more restricted in terms of diversity of funding sources, 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.

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 the interests of Hungary”. In this context, the Government Control Office (KEHI) investigations of the Norway/EEA NGO Fund 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 for all civil society.

In September 2014 the Hungarian tax authority suspended the tax numbers of the NGOs members of the consortium which is the Fund Operator of the EEA Grants NGO Programme following police raids in the offices and personal homes of two of the consortium partners. This threatens their existence and operations as legal entities. Leaders and members of the staff, as well as beneficiary organizations supported by the Programme are under extreme pressure and uncertainty.

Such attack against civil society is unprecedented in European Union history and is in clash with European values and democracy. This raised strong solidarity action in support to basic principles of democracy that were violated in Hungary. 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.²

(3) The sustainability challenge

Struggle for survival is a crosscutting trend that is characteristic for the NGOs in all beneficiary countries. This relates to the nature of existing funding and sources of income of NGOs.

² <http://www.esurveyspro.com/Survey.aspx?id=ed23ae97-2927-4f60-874f-1313f9a30958>

The main sources of funding at the moment are the EU funds and Programmes, which are predominantly channeled through the central or local governments. Funding is available mostly for service provision and is much more limited for support of civic infrastructure, advocacy and human rights protection, with few exceptions. Some EC programmes provide support to human rights and advocacy (e.g. EC programmes of Human rights and democracy, Europe for Citizens), but they are accessible to a very small number of well-established NGOs in the different European countries.

While in some of the countries governments have allocated support to civil society from their own budgets, there is a tendency of reducing government support to NGOs due to austerity measures and the increasing budget cuts in the social sphere. By rule, governments especially in post-communist countries are not eager to fund advocacy initiatives and controversial areas related to critical feedback on the dysfunctional application of democratic principles and values.

Very few bilateral or private donors are still active in the region. The most significant of them is the Swiss contribution which provides CHF 85 million for projects that strengthen the participation of civil society in social and economic development in 10 of the beneficiary countries³.

The private donors that have provided support to growing civil society in post-communist countries have withdrawn or reduced their support to those that became EU members. Open Society Foundation (OSF) continues support through its regional programmes. Few of the National OSFs continue grant-making with their own funds. The newly established Open Society Foundation Europe (OSIFE) is providing support to organizations working on human rights and combating discrimination and xenophobia in Europe. C.S Mott Foundation continues providing long-term general support to a few leading organizations in some of the beneficiary countries mostly in the area of philanthropy. In very few countries like Bulgaria, Poland and Romania civil society is supported by the legacy organizations of the American Enterprise Funds. Most extensive is the support provided by the America for Bulgaria Foundation; and the most interesting is the approach of social innovation applied by the Romanian American Foundation.

Local philanthropy and individual giving in support to civil society is underdeveloped.

There are some positive trends - 2% tax, donating platforms, corporate social responsibility initiatives. Newly established private and corporate foundations usually support their own initiatives, not NGOs. There are a few private philanthropies, which provide more consistent support. They focus mostly on support for educational and cultural initiatives; and very few venture in the human rights or other democracy issues. The individual donations and corporate giving is still mostly of a charitable nature (support to social or health issues of individuals or groups) and rarely to civic initiatives on controversial issues like respect for human rights, Roma inclusion, or various aspects of democracy etc. Some new mechanisms, such as the SMS-donations and the user supported content of public interest sites have been on the rise. Most of the money collected, however, is for supporting humanitarian assistance or small initiatives.

Income generation and social enterprises have some successes but, once again, they are confined to the fields of culture, education or inclusion of people with different impairments.

Membership fees and raised individual donations are insufficient income for the NGOs with small memberships and limited support from broader public constituencies. This, together with very little experience in systematic income generating activities makes NGOs in the region dependent on project funding which has a serious implication on the culture, capacity and sustainability of the NGO sectors in two interrelated aspects:

- *Dependency on project funding distributed mostly through governmental agencies may jeopardize the independence of NGOs to voice out the interests of the groups they represent.* This is especially true in the majority of post-communist countries, since democratic values

³ Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania Poland, Slovenia, Slovakia

and traditions are younger than in most other EU member states. It is critical to keep the independence of the sector and identify the balance and connection between its different roles in regards to governments –as watchdogs and advocates and as partners for development.

- *The NGO sectors are gradually transformed into a service provision instrument for social services outsourced and contracted by central or local governments.* This reduces the NGO sector's civic mobilization, watchdog and critical feedback capacity – all of which contribute to good systems of checks and balances as part of healthy democracies.

(4) The innovation challenge

The ability to change while working for social change requires innovation in thinking and acting to respond to new realities. While this is an important element of the strategic capacity of the NGO sectors, it is part of its main challenges. Based on interviews with stakeholders and focus groups this challenge relates to the following aspects:

- Support for innovation and experimenting of new civic approaches is missing. Most of the available public funding programmes, which are currently shaping the NGO sectors, have rigid procedures and do not provide flexibility and space for that. Innovation often implies higher risk, which is usually discouraged and potentially also linked to financial risks of the grantee.
- Innovation is often blocked by the NGO struggle for survival. The instability limits the space for developing new organizational thinking and acting. The NGOs become risk averse and prefer using the familiar practices and the messages. Doing things in a new way and identifying new niches requires organizational resource, including the human resource base to innovate.
- There are a number of innovative tools and tested approaches as a result of funding in the past. However, critical learning on what works or not is missing. Sharing and learning that can boost innovation but is also often impeded by high competition for the same funding, and lack of external actors to convene organizations and stimulate generative thinking

While the national NGO sectors are facing their challenges with innovation, the nature of civic action is rapidly changing worldwide. There is a new energy of individuals and groups beyond traditional NGOs - informal groups, bloggers and informal platforms in social media. NGOs are no longer the only indispensable agents in starting and supporting social movements. At the same time, competent use of social media channels (Twitter, Facebook, Digg, Reddit to name just a few) and information tools such as mobile apps opens up vast possibilities for NGOs to deliver their message and build their constituencies. Crowd funding has radically changed the domains of fundraising, allowing them to tap into new resources both locally and globally.

A critical challenge for both donors and NGOs is how to grasp the new dynamics, how to tap into this new energy for social change of various pop up civic initiatives, new interactive spaces and communities.

II. The Response: EEA Grants NGO Programmes' Strategies

1. The New Focus and Overall Strategic Framework of the EEA Grants Support to Civil Society 2009-2014

As compared to the NGO Funds in the previous financial period, the new NGO Programmes of the EEA Grants (2009-2014) pursue their mission but add some considerable changes in terms of policy, geographic coverage, focus, anticipated changes and design and structure.

Based on the interviews with the FMO's Civil Society Sector team several main shifts are of importance to the new NGO Programmes:

- In terms of policy, there is a continued strong interest of the donors to support strengthening of civil society as a critical factor for sustained democracy and good governance. The support to civil society became mandatory under the 2009-14 period, where at least 10% of all EEA Grants for each country had to be allocated for the NGO Programmes. Geographically, the number of beneficiary countries with NGO Programmes increased from 12 to 17 including Spain, Malta, Greece and most recently Croatia.
- There was a new targeted focus on outcomes or the desired changes the Programmes will contribute to. A set of ten outcomes have been identified as leading the NGO Programmes⁴.
- Thirdly, from being widely spread across all thematic priorities of the EEA Grants in the past, the current NGO Programmes have a priority focus on the area of democracy, equality and human rights, additionally fostered by a set of specific donors' horizontal concerns and the increasing attention to capacity building of civic organizations.
- And last but not least, there was much more clear definition of the competences of the Operators managing the Programmes. As compared to the last Financial Mechanism there is much higher tendency of direct contracting of the Programmes by the FMO rather than through the NFPs.

In addition, the design of the new NGO Programmes was marked by the overall shift of the EEA Grants from project-based to a programme-based financing model following a Results Based Management approach.

As a result, the overall strategic framework of the NGO Programmes which is leading the design of the country strategies is quite complex and multidimensional. We tried to outline it in the Table "Overall Strategy at a Glance" on next page.

The strategy is led by an overarching goal and 10 outcomes guiding the work in priority areas. Of highest priority is the area of *Democracy, equality and rights*, where 1/3 of the overall funding will be allocated. A second priority area is - *Social services to vulnerable groups* with a focus is on service provision of specified vulnerable groups where services are missing or not adequately provided by state institutions. *Environment and sustainable development* is an additional eligible area with a focus on civic aspects of environmental work - civic activism, strengthening of civic infrastructure, advocacy and awareness raising.

Functional priorities across Programme areas include *capacity building* of NGOs and the NGO sector; *horizontal concerns* adding additional emphasis on issues of equality, human rights and democracy; *bilateral relations*, as well as the requirement that 10% of the overall funding should be allocated for *children and youth*. As all EEA and Norway Grants Programmes, the NGO Programmes need to integrate the three cross cutting principles of good governance, sustainable development and gender equality.

Programmes need to integrate the three cross cutting principles of good governance, sustainable development and gender equality. A key moment of the overall strategy of the NGO Programmes is that its country implementation is entrusted to Operators selected by an open call which have to be strong NGOs with extensive grant-making experience, knowledge, trust and links with the NGO sectors and independent from Government.

⁴ <http://eeagrants.org/What-we-do/Programme-areas/Civil-society/NGO-Programmes/Overview>

Table 1: Overall strategy at a glance

Objective

Strengthened civil society development and enhanced contribution to social justice, democracy and sustainable development



Anticipated Outcomes

- (1) Active citizenship fostered***
- (2) Increased involvement of NGOs in policy and decision-making processes***
- (3) Cross-sectoral partnerships developed with governmental organizations at local, regional or national level***
- (4) Democratic values, including human rights, promoted***
- (5) Advocacy and watchdog role developed***
- (6) Developed networks and coalitions of NGOs working in partnership***
- (7) Strengthened capacity of NGOs and an enabling environment for the sector promoted***
- (8) Increased contribution to sustainable development achieved***
- (9) Provision of welfare and basic services to defined target groups increased***
- (10) Empowerment of vulnerable groups***



Programme Areas

Priority areas

- (1) Democracy, equality and rights**
(at least 1/3 of the overall funding)
 - Democracy,
 - Human rights, anti-discrimination, multicultural dialogue
 - Good governance
 - Gender and equality
 - Fight against poverty and social exclusion

Additional eligible areas

- (2) Provision of welfare and basic services**
Focus on specific vulnerable groups and on services that are missing or are not adequately provided by governmental institutions.

- (3) Environment and climate change**
 - Sustainable societies and development
 - Civic participation and local involvement
 - Coalition and networking

Common Policy Aspects

Donors horizontal concerns:

- 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

EEA Grants cross-cutting principles

- Good governance;
- Sustainable development
- Gender equality

10 % of total eligible funding to be allocated for youth and children

Specific focus on capacity building of the NGO sectors:

(capacity development and support, peer exchanges, training and mentoring)

Bilateral relations

Support to networking and partnership between NGOs in the beneficiary and donors countries

2. NGO Programmes Strategy Frameworks in the Beneficiary Countries

Following the proportionality principle of 10% fund allocation of all the eligible EEA Grants for each of the beneficiary countries resulted in a quite diverse size of the Programmes in the different countries.

Table 2 NGO Programmes: Allocation of funding

	Country	Operator	Programme Name	Programme size (€ million) W/ co-financing	Size of co-financing (€ million)
1.	Poland	Consortium: Lead partner Stefan Batory Foundation; partner Polish Youth Foundation	<i>Citizens for Democracy</i>	37.0	
2.	Romania	Consortium: Lead partner Civil Society Development foundation; partners:	<i>NGO Fund for Romania</i>	36.3	
3.	Hungary	Consortium: Lead partner Hungarian Environmental Partnership Foundation Partners: Demnet, Carpathian Foundation, Autonomia Foundation	<i>The NGO Fund in Hungary</i>	13.5	
4.	Bulgaria	Consortium: Lead partner Open Society Institute Sofia; partner Workshop for Civic Initiatives	<i>The NGO Programme</i>	11.8	
5.	Latvia	Society Integration Foundation		10.9	0.5
6.	Czech Republic	Civil Society Development Foundation (NROS)	<i>The Czech NGO Programme</i>	9.8	
7.	Portugal	Calouste Gulbenkian Foundation	<i>Active Citizenship Programme</i>	8.7	
8.	Greece	Bodossaki Foundation	<i>We All Are Citizens</i>	7.3	
9.	Lithuania	Consortium: Lead partner Human Rights Monitoring Institute; partner OSFL Projektai	<i>The NGO Programme</i>	5.5	
10.	Spain	NGO Platform of Social Action	<i>Active Citizenship Programme</i>	4.7	0,1
11	Slovakia	Consortium: Lead partner Ekopolis Foundation ; Partners: Children of Slovakia and Socia Foundation	<i>Active citizenship and inclusion Programme</i>	3.7	
12		Open Society Foundation – Bratislava	<i>Democracy and Human Rights Programme</i>	3.7	
13	Estonia	Open Estonia Foundation	<i>The NGO Programme</i>	2.3	
14	Slovenia	Consortium: Lead partner Regional Environmental Center; Partner CNVOS	<i>NGO Programme</i>	1.9	
15	Cyprus	Consortium: Lead partner Price Waterhouse Coopers; Partner First Elements Euroconsult Ltd	<i>Funds for NGOs for Cyprus</i>	1.5	0.1
16	Croatia	National Foundation for Civil Society Development	<i>The NGO Programme</i>	1.3	
17	Malta	Solidarity Overseas (SOS) Malta	<i>The NGO Programme</i>	0.5	
			Total	160.4	0.7

As it can be seen from Table 2 the largest allocations are in Poland and Romania (€ 36,3-37 million); in six countries (Greece, Portugal Czech Republic, Latvia, Bulgaria and Hungary) they are average high (in the range of € 8.7 to € 13. 5 million); four Programmes in Lithuania, Spain and the two Programmes in Slovakia are in the range of € 5.5 – € 3.7 million) and the remaining five Programmes (Estonia, Slovenia, Cyprus, Croatia and Malta) are very small ranging from € 0.5 to € 2.3 million.

Some of the Programmes are neutrally named “NGO Programmes” and “NGO funds”, while seven of the Programmes have names that carry their leading objective, substance and the focus of the work - active citizens, democracy, inclusion and human rights. This is a good practice to message out the “mission” of the Programme in its broader meaning to society, rather than focusing on the instrument for change - the NGOs.

The overall strategic framework is guiding the country strategies of all the NGO Programmes but providing space for the selected Operators to identify best approaches to respond to priority needs of local civil societies. This resulted in diverse strategic translations of the framework as specific focus, approaches and programmatic components. The specifics of the strategies depended on the vision for change of the selected Operators, rooted in consultative processes and research of civil society, as well as on the size of fund allocation in the different countries.

Each NGO Programme country strategy is unique in its way of approaching the objective and the predefined overall framework. It involves a complex set of strategic measures, approaches, programmatic components aimed at achieving a different number outcomes selected from the 10 outcomes leading the general framework.

The outline of each country strategy is provided in more detail in the country reports. Overall, several key elements can be outlined.

In terms of areas of support:

- All Programmes have a priority focus in the broad area of “Democracy, equality and human rights”. The different aspects within this area (participatory democracy, human rights, good governance, anti-discrimination, multicultural dialogue, gender and equality, fight against poverty and social exclusion) are present as core priorities, and in a number of countries as specific thematic components.
- The area of “Provision of welfare and basic services” is present in the majority of the countries, but with different accents. In some it focuses mostly on the service provision, in others it is also linked with the empowerment of vulnerable groups.
- The additional area of “Environment and sustainable development” is present in the majority of the countries, but has different weight and meaning. In a number of countries (*e.g.* Hungary, Romania, Slovenia) it is very focused on approaches to expand capacity of environmental movement and organizations to contribute to sustainable development. This is also linked with the fact that some of the strongest grant-making organizations in the area of environment and civil society are part of the consortiums managing the Programmes.

In terms of functional or specific elements across programmatic areas:

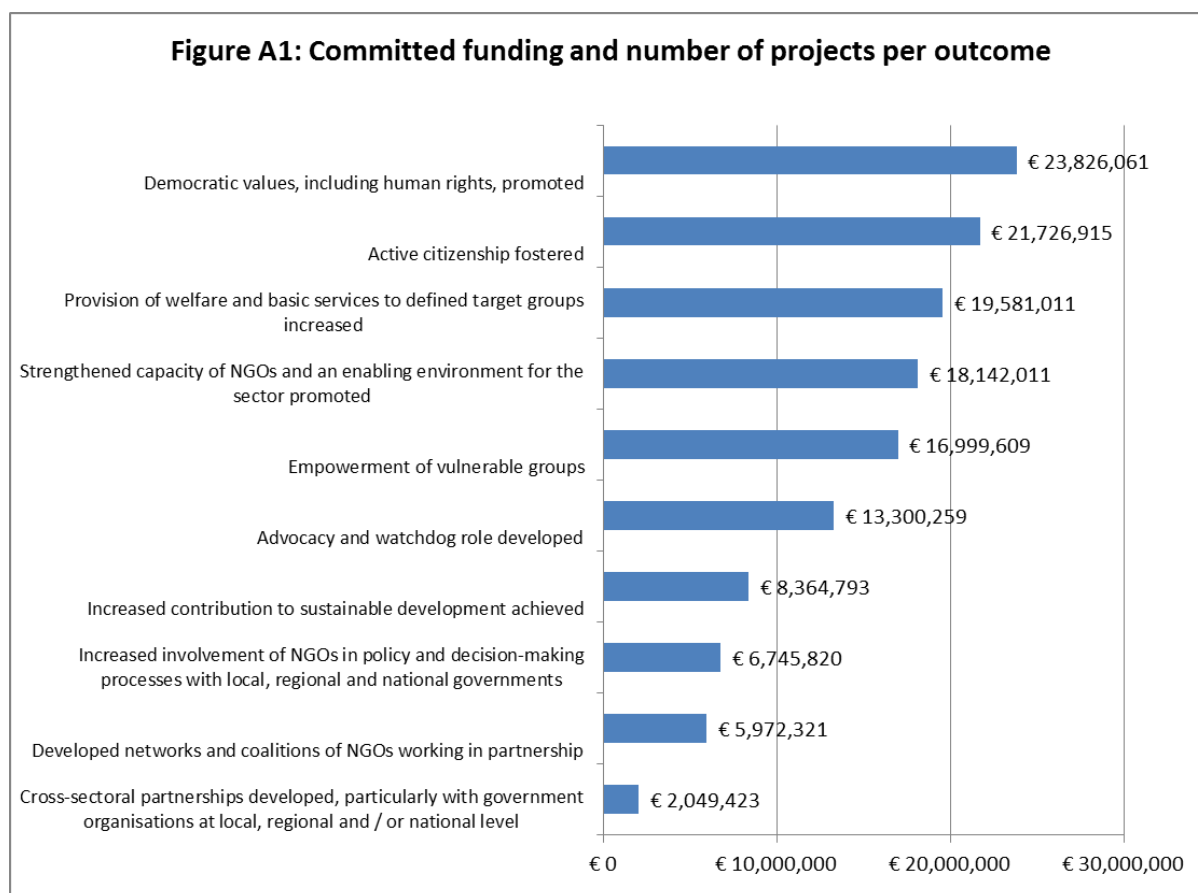
Donors horizontal concerns which were introduced after approval of the Programmes relate to specific attention on overcoming negative trends in environment related to hate speech, extremism and hate crime, racism and xenophobia, homophobia, anti-Semitism, sexual harassment, violence against women and trafficking, need of tolerance and multicultural understanding and of Roma inclusion. As most of them are linked to already defined priorities within the Democracy and Human rights they are present as integral components in this area. They were also added as consideration across all the other Programme areas.

Capacity development of NGOs and the NGO sectors had a growing weight in the strategies of the Programmes. It was present in the initial Terms of reference for design of the strategies and was further strengthened by additional tools and compulsory and optional indicators to measure

progress in applied capacity development. As a result, all Programmes provide the option of 10-15% of eligible amount of the grants to be used for capacity building by project promoters. In addition, some Programmes (*e.g.* Bulgaria) have specific components targeted at expanding capacity of NGOs in identified areas. In other countries, (*e.g.* Slovakia SK10, Romania, Lithuania) specific pre-defined projects are targeting capacity building on sector level or in important specific areas *e.g.* fundraising.

In terms of outcomes:

Each Operator has chosen a different set of outcomes from the menu of 10 outcomes from the overall strategic framework. Committed support per outcome is illustrated in the Figure below.



While the country strategies are organized around Programme priority/thematic areas, the outcomes are leading in their reporting systems on implementation, effectiveness budget allocation.

As it can be seen from Figure 1, two outcomes have leading weight as budget commitment - “*democratic values, including human rights promoted*” and “*active citizenship fostered*”. They are followed by “*increased provision of basic and welfare services*” combined with a relatively high level of commitment on “*empowerment of vulnerable groups*”. Some countries differ from the general picture. Thus in Bulgaria priority in terms of budget allocations is given to “*Increased involvement of NGOs in policy and decision-making processes*” and “*Empowerment of vulnerable groups*”.

In regard to NGO capacity related outcomes, higher is the allocation on *strengthened capacity of NGOs and improved environment for NGO work*, followed by *advocacy and watchdog role promoted*, and less commitment of funds to *developed networks and coalitions of NGOs*. Lower is the allocation on the capacity of NGOs to influence policies- *increased involvement of the NGOs*

in policy and decision making at different levels, and the lowest - on partnerships with government at different levels.

The least popular outcome of cross sectoral partnership with government at different levels is present only in Romania, Slovenia and Spain, with a higher allocation in Romania. At the same time, in some countries like Portugal cross sector partnership with government at different levels is present as an output under other outcomes. The second least popular outcome related to the capacity of NGOs to *influence policy and decision making* is present in six countries - Bulgaria, Romania, Lithuania, Portugal, Spain and Slovakia.

The other eight outcomes are combined differently in the country strategies as weight in budget allocation. None of the outcomes has allocated more than 50% of the overall re-granting budget in any of the countries. In the table below we offer the comparative weight of the outcomes per country and per % of the budget allocation. The colors are different for the ranges 0-10%, 11-20%, 21-30%, 31-40% and 41-50%.

Table 3. Comparative weight of outcomes per country (% of budget allocation)

	Democratic values, including human rights, promoted	Active citizenship fostered	Welfare and basic services to defined target groups increased	Strengthened capacity of NGOs and an enabling environment for the sector promoted	Empowerment of vulnerable groups	Advocacy and watchdog role developed	Increased contribution to sustainable development achieved	Increased involvement of NGOs in policy and decision-making processes	Developed networks and coalitions of NGOs working in partnership	Cross-sectoral partnerships developed, with government at different levels
BG	15%	10%	10%	9%	17%	5%	11%	18%	6%	
HR	14%			36%	12%	37%				
CY	40%		35%	25%						
CZ	36%	24%	13%	0%	7%		20%			
ET	38%			24%		38%				
GR	31%		45%	12%		13%				
H	21%	10%	10%	5%	10%	18%	10%		16%	
LV	10%	39%	49%	1%						
LT	14%	8%	15%	22%	6%	13%		17%	5%	
MT	40%						10%		50%	
PL	17%	17%		31%	17%	17%				
PT	26%			26%	34%			13%		
RO	13%	14%	24%	4%	12%	6%	13%	6%	6%	4%
SK	10%	35%	9%	6%	17%	9%	6%	8%		
SL		17%			17%	26%			27%	13%
ES		34%						25%	25%	15%

While the overall and country outcome picture provides some outline of the strategic focus of attention per outcome, it needs to be used carefully for three reasons. First, the outcomes are defined too generally and the concrete “spelling” of their meaning may differ in the different strategies. Second, there is also significant overlap between the different outcomes, and some of the outcomes by default have more than one meaning. And third, as outlined in interviews with the Operators of the NGO Programmes, budgeting per outcome is challenging and often may provide a “fake” picture as different interventions and supported projects may result in more than one outcome.

In terms of grant-making approaches and instruments:

The picture of country strategies is also very diverse in terms of type of instruments, how they are combined and applied in the different strategies:

- Some of the grants relate to *thematic support* (with integrated capacity development element) targeted at individual organizations and/or partnerships and networks. A number of Operators also planned diversified size of grants (small, medium, large) which is a good approach to address the diversity of NGOs in terms of needs and capacity.
- Other instruments relate to *systemic change at sector level*, which is approached in a different way. Some strategies have specific systemic grants (Poland), or targeted grant-making components (e.g. some of the above-mentioned capacity building components in Hungary, Romania and Lithuania).
- *Predefined projects* are another instrument for work on systemic change. In a number of countries the predefined projects envisage mapping of the NGO sectors or specific areas, others plan different strategic initiatives related to important aspects of the development of the sectors.
- Last but not least are the envisaged strategies in the framework of *Complementary action* which is a budget line supporting complementary activities to the core grant-making activities of the Operators. Regionally, this includes exchange and learning among Operators and with similar entities in donor countries. It also relates to the involvement of the NGO Programmes in the regional campaign “No Hate Speech” led by the Council of Europe as a strategic partner of the EEA and Norway grants. The in-country aspect of the Complementary action includes activities that are linked with the strategic work of the Operators with the entire sector and/or specific themes related to the priorities of the Programme, including on horizontal concerns.

3. Relevance of the strategies

3.1. Relevance to context and needs of civil society

Based on the feedback from all respondent groups that participated in this evaluation, the NGO Programmes supported by the EEA Grants are of very high relevance to the contextual challenges and needs of the civil society in the beneficiary countries:

- They provide targeted support to strengthen the role of civil society to counteract to the growing negative trends in society and to build broader public support to the core values and practices related to democracy and human rights.
- This support is very timely and coming at critical times for the NGO sectors in the beneficiary countries which are facing the challenge of staying alive with limited and reducing funding from other sources. Especially important is that the NGO Programmes focus on areas that relate to the civic meaning of NGOs - advocacy, watchdog, public awareness, promotion of core values of democracy related to human and civil rights and freedoms. Funding for this is very limited or missing.
- The NGO Programmes provide support for developing the capacity of NGOs to carry out effectively their mission - to act as catalyst for active citizens' engagement and to serve as check and balance for policy development and implementation. Support to organizational development is practically missing in most of the countries. As referred in interviews the Programmes are “*rescuing the NGO sectors out of the dead zone of mere survival*”, they are “*the oxygen for real civil society work*”.
- Support as envisaged in the strategies is relatively longer term. The Programmes have five year commitment, and some of the strategies provide options for 2-3 years support to projects and organizations.

3.2. Relevance of strategic design

The following aspects of the relevance of strategic design can be outlined:

- **In terms of focus:**

We consider that the main asset of the NGO Programmes is that they are focused on the functional aspects of organized civil society. Rather than investing in thematic sectors and sub-sectors they are aiming at strengthening the role of civil society to stimulate change processes and outcomes of importance to viable democracies and sustainable development. The majority of respondents also see as main strength of the design that it is not closed in one or two specific thematic areas and provides opportunity for support to a variety of organizations and societal issues. This way the Programmes support plurality of approaches and independent voices to overcome social injustices, gaps in state welfare services, blockages that prevent fulfillment of fundamental human rights, and protect the environment as an asset for future generations.

At the same time a concern raised by the FMO team is that strategies in some countries may be spreading too thin among the multiple priorities. Looking at the country strategies, some seem more “all inclusive”, others are more focused. However, in our view focus does not always mean fewer priorities and fewer components. Based on the evaluation in the countries, there are some good examples of strategies with multiple components that are strategically coherent and complementary to each other, expanding the impact towards the overall objective (*e.g.* Poland, Romania, and Hungary). The strategic link among them is the growth of the functional capacity of the sector and they invest in the plurality of civil society.

The question of focus is especially important for smaller Programmes which have much less funding to meet the high demand for support from the NGOs in the relevant countries. Some Programmes chose a more narrow focus. One example is Malta which has the smallest NGO Programme despite the usually high demand. The Operator had no choice but to identify a strategic niche to invest in support for development of civic networks in priority areas, which are missing in the country. Another example is Lithuania, where the Programme has a clear focus on Human Rights as an overarching priority and supports leading organizations in this area. At the same time even though the Programme is providing support to other areas too, it is perceived by some NGOs in the country as too narrow to respond to the broader objective of strengthening civil society which requires reach out to broader segments of civil society and to local level initiatives.

What the right level of focus is remains a very difficult question due to the high demand for support from all segments of civil society in the beneficiary countries. This is a challenge for both big and small Programmes but especially stressful for the smaller ones that have high level of oversubscription. There can hardly be a uniform answer on what is the best option - narrower or broader focus.

The best is to continue the diversified approach of leaving open space for the Operators to define and justify the focus of their strategies in the process of negotiation at the start of the Programmes. This will depend on the size of overall funding, the identified niches for interventions and the capacity of the Operator to invest the resources in an optimal way to ensure maximum effectiveness towards the objective and desired change.

Based on the interviews with stakeholders the additional area of environment and sustainable development is viewed as important, especially in its focus on growing capacity of the environmental NGOs to mobilize citizens locally, to reach out to broader audiences and to collaborate and carry out effective advocacy. We consider that it has also great potential to respond to the priority attention of the Programmes to youth engagement, as in many countries young people get motivated by the environmental causes.

We find the focus of support on basic and welfare services as not very relevant to the objective of the Programme to strengthen civil society. It is not always clear what the aim is of this part of the NGO Programmes support. Is it support to provision of services, or it is support for capacity of service provision NGOs to be more than just silent implementer of state services? NGOs have a

lot to offer especially in the area of social innovation. However, sustaining new approaches and models will depend on the ability of NGOs to advocate for their mainstreaming. It is important to support the development of capacities of the NGOs that deliver services to voice out the needs of those served, rather than being just an efficient contractor to the State.

- **In terms of overall strategic framework:**

Based on the views of both the Operators and partly of the FMO, as well as on our assessment, the overall strategic framework is overcomplicated, with too many priorities as areas, predefined outcomes, horizontal concerns, cross cutting issues and functional elements across Programmes. This confuses the hierarchy of priorities and their coherence. There is a significant overlap among different elements (*e.g.* democracy area and horizontal concerns), among outcomes and between outcomes and activities. As already outlined budgeting under outcomes due to lack of clarity or overlap of their meaning is artificial. All this makes reporting at country levels very challenging and what is more, it confuses the systems for learning which are critical for civil society programmes.

A second important aspect relates to innovation. We were asked by the FMO to look for the level of innovation of the Programmes in two aspects: as approaches to support civil society, and as results - stimulating new types of processes and outcomes - civic initiatives, new groups and new civic energy, new models for resolving issues of society. However, in our view such innovation needs openness and flexibility, and often more creative and proactive approaches. It is questionable whether this can be achieved only by traditional calls for proposals with sometimes very rigid procedures, which makes the Programmes responsive to what comes from the field.

The question is whether “the field” is ready with innovative responses. For example, NGOs in some focus groups were actually not happy with the requirement for innovation. *“With scarce resources to keep organizations alive, we need funding for basic work”*. If the NGO Programmes want to support innovation this will require diversified approaches, more proactive work to nurture creative thinking and new ideas “out of the box” of survivalist culture that is dominating the NGOs in the region. This in turn requires much more flexible procedures and risk taking, which the Programmes and the FMO are missing at this stage.

Two more challenges relate to the time for implementation and size of support:

- Programmes are very ambitious and the time needed to achieve and sustain social change in the priority areas will be much longer than the five year timeframe of the current Financial Mechanism.
- The demand and the development needs of the NGO sector to become a viable catalyst for social change is much higher than the size of support provided by the EEA Grants in the different countries. Despite the comparatively large scale of funding that the NGO Programmes bring in many of the countries, they are still limited in meeting all these needs effectively, mainly due to the fact that funding critical areas of work of civil society is very limited or missing.

Chapter 2. Efficiency and Effectiveness of Management set up and Procedures

1. The Operators of the NGO Programmes

1. The Process of Selection and Appointing of the Operators of the NGO Programme

The Funds for Non-Governmental Organizations is the only Programme area of the EEA Grants where there is a requirement for the Operators to be independent of Governments – usually Foundations, selected through open calls. This was the practice in both previous and current Financial Mechanisms. The POs of all other Programmes are in most of the cases Ministries or state agencies, nominated by Government. The Regulation allows that the requirement is waived in exceptional cases. In the current Financial Mechanism this was done in Latvia and (recently) in Croatia.

The negotiation of the NGO Programmes and selection of its Operators follows a strict procedure described in the Regulation⁵. This involves agreement on the text in the MoU on the NGO Fund and relevant specific concerns, stakeholder consultations, and selection of the Operators. The Operators are selected and contracted either directly by the FMO or by the NFP.

The direct procedure included call for expression of interest, short-listing best candidates, developing and sending TORs to short-listed organizations, appraisal of the bids and decision on the Programme. In the non-direct procedure the NFPs were organizing the open calls. The practice of direct contracting emerged in the previous Financial Mechanism when three NGO funds (Hungary, Bulgaria and Romania) were contracted by the FMO due to the need to speed up the process. Based on the evaluation of the NGO funds in the previous Financial Mechanism this model was considered as more efficient and effective.

Open calls for selection of the Operators (launched by either FMO or NFP) were applied in all countries except in Latvia and Spain where the Society Integration Foundation (a public fund) and the Platform of Social NGOs respectively were directly appointed in the Memorandum of Understanding agreed between the Government and Donors as the Operator of the NGO Programmes.

Stakeholder consultations were implemented in each country and the results were reflected in the respective TOR for selection of the Operators. This is another distinctiveness of the NGO Programme Area as compared to other EEA grants programmes, where stakeholder consultations are said to be scarce or missing. In most of the countries the consultative process for the NGO Programmes involved stakeholder meetings organized by the FMO. Only in Poland was this process much more structured. The NFP and the FMO outsourced the process to the Public Benefit Works Council - a consultative and advisory body to the Minister competent for social security⁶. The process took three months and involved broad social consultations using online platforms, questionnaires and sector level meetings.

NGO Programme Operators were selected based on a clear set of requirements and criteria⁷ covering three main areas:

⁵ Regulation Art. 4.2.4 (Programmes where the FP appoints a PO in consultation with the FMC) and Art. 5.13 (Programmes in which the FMO is designated as Programme Operator). Guideline for NGO Programmes, 3.4. NGO Programme Operator characteristics.

⁶ http://www.pozYTEK.gov.pl/Public_Benefit_Works_Council_538.html

⁷ EEA Financial Mechanism 2009-2014. Programme Area “Funds for Non-Governmental Organisations”. Guideline for NGO Programmes.

- *Knowledge and understanding of the NGO sector* (ability to respond to needs, strong ties with the sector, trusting relationships, and strategic capacity to support the growth of the NGO sector);
- *Independence from government at all levels* (free from direct or indirect political considerations);
- *Experience and capacity to lead and manage grant-making Programmes* (experience in managing grants and strong record in providing capacity building support);

The process of selection of Operators is viewed by stakeholders as innovative for the EEA Grants and strategically relevant to the objective of the support to the civil society. The strength of the NGO Programmes is that they allowed for a consistent effort to identify the best in-country actors able to lead and manage the Programmes, moreover consortia of 2 and more organizations complementing each other's competences and experience were welcomed. This demonstrates that the essence of these Programmes is not just a technical disbursement mechanism, but an investment in the development of civil society. Selecting Operators who are linked with the NGO sector and have strategic and management capacity to invest in its development is a key success factor towards the objective of donors support to civil society.

On the downside, the effectiveness of this process was reduced by significant delays in the different stages of its implementation. The selection of Operators of the NGO Programmes could start only after signing the MoU with each country which was delayed in most of the cases.

The second round of delays related to the process of selecting the Operator and reaching agreement with the NFPs. This varied among the countries. In a few of them (*e.g.* Bulgaria and Portugal) the selection process was pretty fast. In others it took from 8 months to more than a year and a half. Delays were due to reasons of different nature: the long process of final proposal approval by the FMO and signing of PIA (reported in a number of countries), appeal of rejected applicants disagreeing with the rejection (*e.g.* Czech Republic), unplanned withdrawal of applicants (Greece) and different positions of the Donors and the NFP on the selection of the Operator (Poland). It should be noted that despite the delays the NGO Programmes were among the first that started operation and launched calls for proposals.

In 8 out of 12 countries the Operators selected through the tender were the same organizations that operated the NGO Funds in the previous Financial Mechanism. This was the case in Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Slovakia and Romania (with one additional partner in the consortium). The open tender despite of other candidates did not generate better offers for the management of the Programmes (as quality of proposals and set of capacities). It may also relate to the fact that in each country very few entities can combine needed extensive grant-making experience with strategic knowledge and ties with the NGO sectors, while being independent from governments.

The delays of the start of the NGO Programmes turned into the most serious bottleneck of its implementation. Their five year commitment was practically reduced to 2–3 years for actual project implementation. This put a lot of stress on all aspects of the NGO Programmes – short time frame to implement the strategy designed for 5 years, preparation and launch of the calls, selection and recruitment of external experts, management and monitoring of grants, reporting, *etc.* Thus in the Czech Republic due to very late start of the Programme the initially planned 3 calls had to be reduced to 2 organized in quick succession with little possibility to integrate any learning from the first one. The considerable delay in the selection of the Operator and the start of the Programme seriously affected implementation in Greece, too – it will be much shorter than originally planned.

The negative implications of the delays upon the effectiveness and impact of the Programmes came as a recurrent message at meetings of all Operators⁸ and throughout this evaluation. As it was best phrased by one of the Operators *“Preparing the start of a Programme for more than a year and a half to implement it for only two years is not effective, especially if it is to invest in civil society development”*.

2. The Results of the Selection

The current Financial Mechanism has 17 Operators of NGO Programmes in 16 countries (in Slovakia the Programmes and respectively their Operators are two). As compared to the previous Financial Mechanism, four countries were added – Malta, Spain, Greece and most recently Croatia.

Currently, 12 out of the 16 Programmes covered by the evaluation have the FMO as Programme Operator which in turn contracted directly Fund Operators. Four NGO Programmes are contracted through the NFP: in Latvia, Spain, Czech Republic and Cyprus. The organizations managing them are named “Programme Operators”.

The mosaic of selected Operators of the NGO Programmes in the 15 countries (Croatia is not covered by this evaluation) is diverse as concerns management set up, capacities, approaches and record of previous experience. Some key aspects include:

- All Operators are non-profit organizations/Foundations with the exception of the Operator in Cyprus which is a partnership of two companies and the Operator in Latvia who is a public foundation established with a Law by the Government;
- Eight of the Operators are partnerships of two organizations (Bulgaria, Czech Republic, Cyprus, Lithuania and Poland) or larger consortia of 3-4 partners in Romania, Slovakia (SK10) and Hungary. At least one of the consortium members has strong grant-making experience;
- In seven countries the NGO Programmes are managed by a single organization - a leading grant-making foundation in Estonia, Greece, Latvia, Portugal, and Slovakia (SK03), or a leading operational NGO in Malta and an NGO platform in Spain;
- Eight of the Operators have the experience of managing the NGO funds from the previous Financial Mechanism.

Based on the evaluation, a number of the Operators with experience from the 2004-2009 Financial Mechanism put a lot of effort to discuss the lessons from the management of the NGO Funds and integrate them into the strategies of the current ones (e.g. this was part of the process of design of the new Programmes in Hungary, Romania and Slovakia). This in our view helped the strategic continuity of the EEA Grants investment in civil society in the relevant countries. In addition, Operators already had knowledge and capacity in complying with EEA Grants procedures, which helped the efficiency of the start-up and the implementation of the Programmes.

The rest of the Operators were newcomers – as new Operators or as new countries with NGO Programmes. They came with different level of expertise and capacities in managing public funds. They had the challenge to quickly learn the specific rules and procedures as required by the EEA and Norway Financial Mechanism. This in cases brought a lot of stress on their management system. It also required much more assistance and communication with the FMO in clarifying procedural matters. The main problem again was that time for learning and assistance at the start of the Programmes was very short due to the overall delay of their start.

⁸ Memo from Operators Meeting in March 2014, direct observations and Memo from the Operators Meeting in Warsaw, June 2014

3. Profile of the Management Set Up on Country Level: Strengths and Challenges.

Based on an in-depth assessment of the Programmes in eight of the countries, the Operators come with different experiences and level of capacities. The management set up in each country is in a way unique in this respect.

While this is highlighted in more details in the country reports, the following strengths of country management set ups can be outlined:

(1) The legitimacy and visibility of the Operators as leading actors for assisting social change and development is an added value and a key factor for the success of the Programmes.

The majority of the Operators have over 15 years of experience in providing support to different aspects of development of civil society in their countries. They are well positioned and respected as leading grant-makers and actors in their fields of expertise. For a great number of them the objectives and priorities of this Programme (promoting democracy, civic and human rights, protecting the environment, social inclusion and justice, as well as assisting the growth of civic groups and organizations) are at the heart of their mission.

Most Operators are independent from Governments and their experience in these fields is widely recognized and valued by the NGO communities. As phrased in several Focus Groups, the Operators' main asset is that they are not the Government –they belong to the non-profit sector and care about it.

There are two exceptions of different nature. The Society Integration Foundation (SIF) in Latvia is seen as a public “semi-independent” foundation, established with a Law in 2001 by the Government which directly participates in its Board⁹. While there was agreed recognition among the NGOs that SIF is very professional in managing grants support, due to its direct links with the Government it is seen more as a technical grants provider and not as a developer setting the agenda of civil society.

The second exception is the Operator in Cyprus which is a partnership of two companies (Price WaterHouse Cooper with *First Elements Euroconsult Ltd*). Interestingly, the focus group with project promoters did not outline problems with the fact that the Operator does not belong to the non-profit community. Our observations also confirm that the Operator is knowledgeable about the sector, and moreover, it successfully managed the NGO Fund in the previous period, and it has the advantage of having a professional outside and unbiased perspective on the sector. Its deficits in developing the capacity of the Cypriot NGOs were compensated by extending a grant to the NGO Support Centre, aimed at mapping the non-profit sector and capacity building.

(2) All Operators have high professionalism and expertise needed for managing the Funds.

All Operators offer extensive and diverse experience related to some or all of the priority areas and the managerial aspects of the Programme. We met with excellent and professional teams with shared commitment to make the Programmes a success. The size of allocated human resources differs depending on (a) the size of the Programme, (b) the number of partners in consortia, (c) the management fees, (d) the strategies for the Programmes implementation and (e) the established successful management practices of the Operators. The two largest Programmes (€ 36-37 million) involve 35 staff (Romania) and 19 (Poland). The average sized Programmes (€ 10-13.5 million) have staff of 24 (Bulgaria) and 17 (Latvia). The smaller Programmes of € 3-4.7 million have staff of 6 (SK03) and 8 (SK10), and Lithuania – 10 people. The smallest Programmes have staff of 2-4 people. The numbers mentioned refer to full and part time staff, the ratio being very diverse, depending on the Programme.

In most countries the Operators provide voluntary contribution of other staff from their organizations in order to expand on areas of expertise as needed, both in small and larger

⁹ Board includes of 6 Ministers, 6 NGOs, 5 Heads of Planning Regions.

Programmes. For smaller ones this was the way to compensate for the limited resources provided for management of the Programme and capacity building of NGOs. For example, the Human Rights Monitoring Institute (Lithuania) supported the NGO Programme through the work of its human rights operational department, which was not part of the budget for management of the Programme. The CNVOS in Slovenia mobilizing its staff especially for capacity building and sector level work – the majority of this was a volunteer contribution of the organization. Examples for this came also from Hungary, Poland and Romania where the Operators mobilized knowledge and experience from their broader teams in needed areas.

Apart from leveraging the efforts for effective Programme management by volunteer contribution of staff, two Operators of larger Programmes invested own financial resources in support at project level. In Poland, the Stefan Batory Foundation provided for covering the 10% financial contribution required from small organizations, which made the Programme more accessible to them. The Operator in Portugal, the Calouste Gulbenkian Foundation (the largest self-funded foundation in the country and among the 10 largest in Europe) decided to provide €0.5 million from its own resources to support six large projects which were below the scoring line.

Recognition for the professionalism, but also a potential for strategic leverage, is the fact that in several countries the selected Operators of the NGO Programmes (or one of the partners in the consortia) are also managing the Swiss support to NGOs. Examples for this are in the Czech Republic, Hungary, Romania, Slovakia and Slovenia. Based on the interviews with Operators, they were putting efforts for synergy of the two financing schemes in the areas of similar objectives.

The organizations selected as Operators are very diverse as size and organizational and financial capacities. Some like the Calouste Gulbenkian Foundation in Portugal are among the 10 largest foundations in Europe with annual turnover of €100 million and total staff of 500 people. A number of Operators had annual turnover of € 4-4,4 million and staff of 33-53 people in for 2011 (the year before they applied for the role of Operators). Some examples include CSDF in Romania, Stefan Batory Foundation in Poland, and the Society Integration Foundation in Latvia. Another group of Operators have much less resources with annual budgets between € 400,000 and € 2 million.

For a great number of both bigger and smaller Operators the NGO Programmes represent a considerable raise in the financial resources, which by itself is a management challenge. The fact that all Operators have succeeded in organizing good financial management of much larger budgets is additional evidence for their professionalism and capacity to handle such a complex Programme. As outlined by the FMO there were some initial challenges of organizing the financial systems for the grants schemes, especially of smaller Programmes with much lower management costs. At the time of this evaluation it seemed that these initial challenges had been overcome with the assistance of the FMO.

(3) The established partnerships in managing the Programmes are a good model of optimizing the resources, expertise and qualities of the different organizations involved.

The Partnerships operating the Programmes are very diverse – in number, size and culture of participating organizations, history of previous cooperation, level of shared vision for change, and openness to innovation and transformative approaches.

Some of the partnerships (Bulgaria, Hungary, Poland, Romania, Slovakia) consist of experienced grant-makers with two decades of support in different thematic areas, including democracy, human rights and Roma inclusion:

- The Operator in Hungary is a partnership of the four leading grant-making organizations in different areas of civil society in the country. It has good history of cooperation, including the NGO Fund in the previous Financial Mechanism. As noted in the interviews with the Operator: “we decided to join our efforts instead of competing with each other, as we have the same aim - a stronger civil society in our country”. Shared values and vision

for social change, as well as common passion for identifying innovative approaches were the drivers for designing and successfully implementing the programme.

- The Operator in Romania is a strong partnership of the three leading grant-making organizations in the country in the priorities of the Programme. Over the years they have tested and mainstreamed a number of innovative approaches and practices that have assisted with grants support and policy work the growth of civil society in the country. They brought together strategic leadership and skills in civil society development, environment and Roma inclusion. The partnership is also based on years of joint work and cooperation, including the management of the NGO Fund under the previous EEA Grants Financial Mechanism (2004-2009)¹⁰
- The Partnership in Poland is led by Stefan Batory Foundation again known for over 20 years of strategic leadership and assistance to growth of civil society in the areas of democracy, civic and human rights. It matched its efforts with another strategic player - the Polish Youth with over 20 years of experience of support to youth initiatives and organizations. The partnership is vision and value driven and bringing a number of good tested tools in innovative grant-making.
- The partnership in Bulgaria is led by OSI with over 20 years of history in providing support to civil society in the country and increasing policy work in the areas of democracy, civic rights, Roma inclusion. It was joined by the Workshop for Civic Initiatives (WCIF) with extensive grant-making experience in the area of community development. Apart from managing the whole Capacity building Thematic Area, WCIF ensured outreach of the Programme to the very local and community level, where is the traditional focus of work of the organization.
- The partnership of SK10 is led by Ekopolis with high credibility of years of grant-making the area of sustainable development and environment. It has two more partners both extensive grant-making experience - Children of Slovakia (in the area of children and youth) and Socia Foundation (in the area of social inclusion of vulnerable groups)

Other partnerships combined grant-making and operational organizations - working on NGO sector or thematic levels:

- In Lithuania the lead organization is the Human Rights Monitoring Institute - an advocacy and watchdog organization with high visibility and good record of work in the area of human rights. It invited as partner the OSI spin OSFL Projektai to bring in their expertise in providing and managing grants
- In Slovenia the lead organization is Regional Environmental Center that was the operator of the NGO Fund in the previous EEA Grants Financial mechanism. It joined its efforts in strategic partnership with CNVOS - an umbrella organization working for capacity building, advocacy and development at sector level.

Based on the interviews with Operators the main advantages of partnership the opportunity to combine work, share the responsibilities, complement approach, expertise and skills, reach out to many and diverse NGOs and match existing resources to meet the multiple tasks of the demanding objectives of the Programmes. A particular value of the consortia compositions is that they brought together organizations with different levels of work with NGOs (national, local and community based), as well as diverse thematic expertise

As conveyed by all Operators, the main factors for successful partnerships are shared values and vision for social change, common passion for civil society development and search for innovative approaches, as well as levels of previous cooperation. On the more challenging side is the human

¹⁰ Only two of the partners in the Consortium that is Operator of the NGO Programme in Romania - CSDF and REPF were the Operators of the NGO Fund of the previous Financial Mechanism

resource management. As shared in interviews “Sometimes it is easier to solve an issue as one organization than as a partnership. It takes more time, but it pays back”. Based on the evaluation in the 10 visited countries, all Operators that function as a partnership of two organizations or a consortium of more than two have very good working relations, shared responsibility, clear line of communications and follow the distribution of tasks and workload as agreed in the design of the Programmes.

Several issues related to the capacity of the management set up on a country level can also be outlined:

- OSF Slovakia as Operator of SK03. The foundation has many years of history of grant-making in the area of human rights and system changing processes. However, it has faced two interrelated and complementing each other challenges. The first to OSF organizational capacities - leadership change and turnover of staff related to the NGO Programme. There were a number of issues outlined by the FMO on the effectiveness of the design of the calls for proposals, as well as communication. Others relate to the FMO - due to limited number of staff at the NGO team monitoring and oversight of SK03 was not always consistent. With new leadership on board OSF has the chance of moving forward quickly.
- Requirements of the FMO that came in the course of the implementation of the Programmes (the horizontal concerns, the application of centrally developed capacity building tools, the DoRIS information data base and the external audits of projects) put some stress on their management. For some countries these came late in the process when calls were already announced and the Operators had to go back to grantees with additional requirements. In most of the cases the new requirements were not coming with additional funding and the Operators had to meet them in the framework of available management resources.
- Very good cooperation, a fair division of resources and excellent communication was reported in the all of the Programmes managed by partnerships of several organizations. Management resources were allocated among partners based on the initial strategy that they developed together. However, the additional requirements added to the workload which was not planned, and participating organizations had to compensate this by a lot of volunteer contribution of time and people.
- Most of the management challenges faced by the Operators and reported throughout the evaluation relate to application of some of the procedures related to management resources, selection process and contractual relations with promoters. Their clarification was done on the run and took a lot of time of both Operators and the FMO. They will be described in more detail in the next sections of the report as they relate not only to the operational but also to the strategic performance of the Programmes.
- As shared by the FMO, some Operators had difficulties related to the technical management of the Programmes, *e.g.* financial flows, reporting, etc. Our interviews with the Operators indicated that where such issues existed they were overcome in consultations with the FMO.

4. Challenges of management provisions and resources

Management provisions largely determine the effectiveness of the NGO Programmes. Below are several issue areas that were identified in the course of the evaluation:

4.1. General rules and their fit with the nature of the NGO Programmes

The NGO Programmes are regulated by a number of documents – the Regulation, the Rules on appointment of a Fund Operator, the Guideline for NGO Programmes, the Programme

Implementation Agreements (PIA) and the Programme Agreements (PA)¹¹ with each Operator, as well as a number of guidelines and manuals of the EEA grants. As outlined by the Operators in the Warsaw meeting (June 2014), issues of different interpretations of provisions were raised during Programme implementation and consumed a lot of energy and resources of both the FMO and the Operators.

As outlined by the management of the FMO, the Regulation was designed for different types of Programmes in the framework of EEA and Norway grants – Programmes of much larger scale (the normal threshold of grants assistance is normally € 1 million and managed by public institutions). All these Programmes are contracted through the NFP and managed by appointed public institutions that are implementing public policy in the relevant area.

The NGO Programmes are different. They are focusing on the development of civil society by seeding value-based initiatives and enabling NGOs and civic groups to act as catalysts that mobilize citizens and voice out their interests to improve policies in priority areas. This requires a lot of flexibility, innovative ideas, creative actions and organizational development. Sizes of the grants are much smaller, with a great number of them between € 5,000 - 50,000, and the project promoters are NGOs, not public institutions.

Due to these differences the NGOs are present in the Regulation as an exclusion to the general rules for the other EEA Grants Programmes. Most of the Programmes covered by this evaluation therefore fall under Art 5.13 (contracting directly with the FMO). Although as a result the Regulation does not apply to these Programmes, many of its provisions are translated in the PIAs. The PIAs also repeat many of the clauses of the Guideline for NGO Programmes. The Guideline on its behalf is applicable to NFP contracted Programmes and “not directly applicable” (art. 3.2.) to the FMO contracted ones. It also instructs that in the cases of direct contracting the Operators’ Terms of reference and PIAs “shall be broadly based on the provisions of both the Regulation and the present Guideline”.

Special and clear rules, especially for the directly contracted NGO Programmes, were obviously needed but were not developed, maybe also due to the fact that still 4 out of 17 Programmes were contracted through the NFP and in order to operate they needed clarification in the overall Regulation. The PIAs and PAs signed with each Operator are currently the guiding documents that translate the Regulation and the Guideline for the concrete Programme on a country level, but their length and complexity imposes additional administrative burden on FMO and Fund Operators, particularly for amendments.

4.2. Management fee and resources for implementation

The management fee of the NGO Programmes is following the provisions of the Regulation (Art. 7.10) and is calculated as a percentage of the total eligible expenditures of the Programmes depending on their size¹². Several issues related to management fees were raised during the evaluation:

- **Insufficient resources for management.**

The majority of the NGO Programmes (11 out 17) are below € 10 million. The management fee for Programmes below this threshold is 10% (up to 15% if funds for Capacity building and Complementary actions are included, see below). This resulted in very limited funds to cover management costs especially for the smaller programs that are below € 6 million (*e.g.* Cyprus, Estonia, Malta, Lithuania, Slovakia and Slovenia). Though smaller as overall funding, the management of these Programmes entailed a significant workload to respond to administrative requirements, as well as to meet the demand from the sector as to the level of project applications.

¹¹ PIA is signed with each Fund Operator directly contracted by the FMO. PA is signed with the NFP that contracts Programme Operators to manage the NGO Funds.

¹² 10% of the first 10 Mln, 7% of the next 40 Mln, 5% of the next 50 Mln and 4% of the remaining amount

- **Costs for external audits of the projects to be provided by the Operators, as stipulated by the PIA.**

In a number of countries the PIA requirement for financial audit of a part of the funded projects was understood by the Operators as costs for the relevant actions of their own accounting staff. The clarification that the audit should be external to the Operator came at a later stage. This affected both smaller and larger Programmes. Just several examples. In the case of Estonia, where the programme and respectively the management cost is small, this is currently causing issues with finding relevant funding to provide for the external audit which is an expensive exercise. Lack of this funding is among the reasons, why the Operator will not be able to keep all of its Programme staff until the end of the current Programme. Another example is the Bulgarian Operator – OSI has a long history and experience in auditing financed projects by its internal auditor. The requirement for an external audit came as a surprise after the Programme proposal was submitted, and there was no budget allocated for it. The same was the case with Poland.

- **Insufficient resources for capacity development, strategic communication and work at the sector level.**

The management costs are spent on overheads and administration of the fund. This guarantees the operation of the NGO programs as regranting mechanisms (administration, financial oversight, announcing and organizing of calls, events related to this, monitoring, processing of reports, etc.), but it does not provide for capacity building and sector level work by the Operators. In order to overcome this gap the donors included additional costs for capacity building (up to 3% of the overall fund). Complementary action was also included, with both regional and country level dimensions. According to the Regulation, all these costs together with the management cost should not be more than 15% (Article 7.10, 7.11).

As these additions for capacity building and complementary action are also designed like a flat percentage of the overall eligible costs, they are also facing issues with proportionality. For small Programmes they are really insignificant. In addition, for all Programmes the current level of resources for capacity building confines it to technical assistance for project application and raising the administrative capacity of supported NGOs. Allocated resources are not sufficient to meet the objective of the Programme, which requires a more proactive approach in growing functional capacities of the sector - related advocacy, collaborative initiatives and innovation.

- **Bank guarantee or retaining % of the management fee for risk mitigation**

A guarantee to cover financial risks or irregularities at the project or Programme level is required for the direct contracts with FMO. The requirement is not present for the Programmes contracted by the NFPs (including the other Programmes of the EEA and Norway Grants), as it is the NFPs that are accountable in the event of financial risk. The 13 directly contracted Operators could choose from two options: (1) providing bank guarantee for certain percentage of the allocation (plus the FMO retaining up to 10% of the management cost portion of every advance and interim payment) or (2) the FMO retaining 30% (instead of 10%) of the management cost. The details of how it will be handled are specified in the relevant PIA with each Operator.

Four of the directly contracted Operators have chosen the option for a bank guarantee –Bulgaria, Slovakia (SK10), Estonia and Hungary. Seven Operators have the provision that 30% of the advance and interim payment of their management are retained by the FMO, and in two countries this share is lower – 10% in Slovenia and 15% in Lithuania.

Based on the interviews with all Operators, these risk mitigation measures present another resource management challenge. They are especially difficult for Operators of small Programmes, which have insufficient management costs, and if 30% are retained this puts a lot a stress on the organizations managing the fund. All of the Operators are NGOs/Foundations and (with few exceptions among the bigger ones) have difficulties in allocating their own resources in order to support costs of the management fee to be paid after the end of the Programme.

Obtaining bank guarantees for five years, especially for an NGO, is a challenge by itself, and the bank charges can be very high. Some of the Operators (*e.g.* Ekopolis in Slovakia) are willing to freeze their own funds for the guarantee and not use a bank guarantee. But the bigger question is the merit of the guarantee at all. As phrased in one of the interviews “*Covering the risk for the donor brings high risk for the Operator, creates cash flow problems and does not help but deteriorates the Fund Operator’s capacity*”.

- **Management and control systems**

In addition, all Operators had to develop Management and Control Systems (MCS) and provide independent auditor’s opinions on them. The involvement of auditors (contracted by the Operators from among renowned international companies) proved to be counterproductive for two reasons. First, there was no guidance on behalf of the FMO in terms of expectations, especially in respect of the “assessment of the proportionality of the management and control systems’ requirements in relation to the effectiveness of achieving the objectives of the Programmes”. Secondly, where the Operators worked with the auditors for refining their traditional MCSs (*e.g.* Bulgaria) the final product was a rigid system of multiple checklists quite similar to the procedures applied by public institutions managing EU funds and surpassing the FMO requirements.

5. Interaction with the National Focal Points and linkage with other EEA and Norway Grants Programmes

5.1. The Role of the National Focal Points (NFP)

The Role of the NFP in the management set up of the NGO Programmes is different, depending on how they were contracted. In the cases of the four NGO Programmes that were not contracted by the FMO, the NFPs have much more of direct oversight role – together with the FMO they approve the calls for proposals before they are published, participate as observers at Selection Committee meetings, receive and approve the annual Programme reports from the FO and receive the final Programme report.

The NGO Programmes contracted through the NFPs have identified some advantages in this set up. In some countries the Government provides co-financing and there is more interest on behalf of the NFP as it is co-responsible for the successful implementation of the programme. For example in Latvia the Government co-financed the Programme with 5%. In addition, in agreement with donors it decided that the EEA Grants for social development are channeled through SIF as the Operator, and not through the Ministry of Welfare. This resulted in doubling the amount of the NGO fund and shared responsibility for the Programme. Another advantage is that the financial risks are covered by the Government, not by the Operator, and the National Auditing institution’s advice and services are available.

At the same time, in none of the countries where the NFPs contracted the Operators did the Governments provide additional funding for relieving the pressure for 10% co-financing expected from project promoters, as was the expectation of the FMO.

None of the Operators contracted via the NFP reports serious problems in the relations. In the cases of Cyprus and Latvia the effective cooperation is rooted in mutual trust of an already good record of working together during the previous Financial Mechanism or on other funding Programmes. In Latvia the Operator is directly linked with Government which naturally brings for more trust in their capacity.

As outlined by the Operators¹³, the question about the effectiveness of the relations with the NFP is not always structural – it also depends to a great extent on the quality, capacities and understanding of the importance of civil society of the people working there. If their staff has genuine interest and commitment in the Programme then there are excellent relations. A great example in this direction is the NFP in Cyprus.

¹³ Meeting of Operators, Warsaw, June 2014, as well as in individual interviews

The main disadvantages of the management set up of contracting the NGO Programmes through the Government as outlined by the Operators are that it puts a double administrative burden of reporting to two authorities – the FMO and the NFP. Reporting is not streamlined and requirements might differ. In some cases this can contribute to delays in the process, as the procedures of reporting and approval in the state system might be longer and more complicated (e.g. the Czech Republic). A serious issue during the previous Financial Mechanism in Slovakia was the several months delay in the payments from the NFP to the Operator due to minor accounting issues.

As shared by the FMO and various stakeholders in the beneficiary countries, an important factor is also the overall political climate and attitudes toward NGOs.

While in most of the beneficiary countries civil societies are functioning in normal environments with more or less challenges, the recent events in Hungary of politicized attacks targeted at the Operator and the NGOs supported by the NGO Programme are clear evidence that it is critical to provide safeguards for the independence of the NGO Programmes. While such attacks are not happening in other countries, the NGO Programmes can always be vulnerable to political changes after elections and the shifts of commitments of governments. This is a critical aspect of the political risk management of the NGO Programmes.

In the case of the 13 NGO funds contracted directly through the FMO the role of the NFP is more of an observer. NFPs are obligatory invited at the Selection Committee meetings and the Annual Review Meetings, they receive reports and information on the progress of the Programmes, but they do not provide direct supervision – the line of responsibility and reporting is to the FMO.

We met with the NFP in 10 countries covered by field work in the course of this evaluation. The task was to get their perspective on the performance of the NGO Funds, as well as to see the level of coordination and cooperation with other EEA Grants Programmes that have grants schemes open to NGOs. Our observations and findings are quite different. The attitudes of the NFP in the countries that have Operators directly contracted by the FMO varied between genuine interest and some level of collaboration to polite indifference or complete detachment.

Text box 1. Examples for the relationships between NFPs and the NGO Operators

The NFP in **Romania** considers the collaboration with the operator of the NGO Programme as good. The NFP as also consulted with the FO on a case by case basis in order to avoid overlaps between funding among different programmes of the EEA and Norway Grants, where NGOs are eligible participants in small grants schemes. In some cases, this is done more at the initiative of the Operator of the NGO Programme and other EEA and Norway Grants Programme Operators. In principle, the collaboration with the NGO Programme on a more strategic level is minimal and its Operator is not invited at the NFP meetings with the other 12 POs.

In **Bulgaria**, based on our request for the interview, the NFP organized a four hours group discussion with its entire staff working on the Programme. There was very good knowledge on the progress of the NGO Programme, and regular communication with the Operator mostly to make sure that duplication of funding is avoided. Part of the reason for higher interest in the Programme was that some of the NFP's staff had NGO background themselves.

In **Slovakia and Slovenia** the interviews were surprisingly brief (10-30 minutes) and quite cursory. The core message was - "as it was not contracted through us, we have no role at all, no responsibility or views on the programme". Unfortunately, similar attitudes came from the interviews with NFPs in other countries too. It should be noted that some of the NFPs have their own capacity problems to handle a multitude of programmes and having someone managing the NGO Programme is a welcomed relief.

The NFP in **Poland** appreciates the efforts of the Operator to inform them on progress. The NFP outlined that the Operator was appointed by the donors and contracted directly through the FMO. This was noted as a relief of workload and responsibilities for the NFP, but on the other hand the NFP would not be able to intervene if there were issues with the Programme and/or its grantees. However, these concerns were not shared by the Project Promoters during the interviews.

In **Portugal** the relationship between the Operator and the NFP is good, but not really close – the NFP seems to feel bypassed and not engaged beyond the minimum formalities and advocated against the allocation of remaining funds from other programmes going to the NGO Programme.

The only country we could not interview the NFP was Hungary, as at the time of the evaluation it had not been reinstated, following previous changes. The contacts with NFP appointed representatives in the Selection Committee did not lead to interviews either. Based on documentation review and interviews with Programme stakeholders, there was minimal interaction with the NFP outside the regular attendance of its representatives in the Selection Committee meetings.

In terms of interaction with the NGO Programmes there are some important questions that need consideration.

- In principle, the role of the NFP is not only related to control and supervision of Programmes. It is also the role of coordinator for all of the EEA and Norway Grants funding in the country. Though not directly involved in the management of the NGO Programmes, it has to provide for horizontal linkages between them and the other Programmes in order to optimize their resources for increased overall impact of the donors support that is provided.
- The question is do the NFPs need to have the NGO Programmes under their management and direct supervision in order to be interested and involved beyond “passive observers”? If support to civil society is part of consistent Governments policies, then the Operators of the NGO Programmes, no matter how they are contracted, should be natural strategic partners to consult with on optimizing other EEA and Norway Grants investments. The partnership can range from regular exchange of information and advice to entrusting Operators with the management of grant schemes for NGOs within other EEA and Norway Grants Programmes.

5.2. Linkage with other EEA and Norway Grants Programmes

The NGO Programmes are a very little share of up to 10% of the overall funding provided by the EEA and Norway Grants to the beneficiary countries. They are the only ones investing directly in civil society to expand its capacities and civic infrastructure to address effectively key issues in priority areas and horizontal concerns.

The other EEA and Norway Grants programmes which are much larger as financial contribution are in priority thematic areas as defined in the MoU for each of the country. While they are very diverse, what brings them together are the cross cutting principles of good governance and sustainable development common for all EEA and Norway Grants. Based on the definitions of these two principles they have a visible link with civil society. Both good governance and sustainable development also depend on the ability of institutions to be inclusive to citizens input and to cooperate and work effectively with civil society.

The statistics system of the EEA and Norway Grants follows the link of programme outcomes with policy markers related to key political priorities and concerns of the donors. The policy markers are assigned by the FMO as part of the programmes appraisal and can be *fundamental* (of fundamental importance for the design and impact of the programme) or *significant* (an important issue, but not principle for the justification of the outcomes and impact of the programme)

Table 4: Policy Marker Civil Society per country

Country	Civil Society	
	Significant issue	Fundamental issue
Bulgaria	7	
Cyprus	4	1
Czech Republic	13	
Estonia	10	
Greece		1
Hungary	3	
Lithuania	5	
Poland	3	1
Portugal	1	
Romania	4	2
Slovakia	4	

Slovenia	3	1
Spain	4	
Total	61	6

Based on information from DoRIS, 61 EEA and Norway Grants Programmes (not including the NGO Programmes) have been marked by “significant” policy marker for civil society in 13 countries. Only 6 of other EEA Grants Programmes have “fundamental” policy marker for civil society in five countries. Their distribution per country is illustrated in the Table above.

Most frequent is the marking of civil society as of significant or fundamental importance in the programme areas of Children and Youth at Risk, Public Health Initiatives, Mainstreaming Gender Equality and Domestic and Gender-based violence. Civil society is also sporadically present as policy marker in Local and Regional Initiatives to reduce national inequalities and to promote social inclusion; Cultural heritage and Schengen Cooperation and combating cross-border and organized crime, including trafficking.

In the majority of the cases there are small grants schemes in the above programme areas that are eligible for NGOs - mostly as partners to local institutions and less as main applicants. At the time of the evaluation there were only a few calls of the small grants schemes that were finalized and it was difficult to see how many NGOs benefited from this and in what way this may be also contributing to the objective of the civil society programmes. Due to the limited timing and resources for this evaluation we could not find data available how the NGO sector is benefiting from these other programmes.

Based on the interviews and focus groups with NGOs in the beneficiary countries, those that had experience with other EEA and Norway Grants Programmes consider the requirements of their calls as burdensome and extremely bureaucratic. The support provided to civil society under the other programmes is very fragmented and does not provide for capacity building of applying organizations.

There is no focus on civil society in other EEA and Norway Grants Programmes and no data is available on how the sector benefits from these Programmes. As witnessed in Lithuania by the Operator and Central Project Management Agency managing other programmes, no coordination is present nor there have been information sharing attempts.

The level of cooperation and coordination among the NGO Programmes and the other EEA and Norway Grants Programmes is low or missing in the majority of the countries. This can be due to various reasons. Some relate to the above mentioned “detachment” of some of the NFPs from the NGO Programmes when they are not contracted through them. Others relate to lack of time and pro-activeness of the Operators of the NGO Programmes to search for contacts and cooperation (also due to the tremendous workload at the start of the Programmes).

In Lithuania, for example, the Operator of the NGO Programme sought cooperation with “the “Children and Youth at Risk” Programme, but the Ministry of Social Security and Labour was not responsive. Cases of more successful cooperation include:

- Romania, where there is strategic cooperation between the Operators of the NGO Programme and of the Children and Youth at Risk and Local and Regional Initiatives. They are not only looking for potential overlap of initiatives, but also for ways to optimise the investments of the programmes and mutually reinforce their impact.
- In Slovenia the members of the consortium managing the NGO Fund are invited and participate in the selection committees of two other EEA and Norway Grants Programmes. While this is a very good practice, on the more challenging side is the fact that this participation is more nominal and formal than real, as materials for the meetings are usually distributed at the very last moment and there is little space for actual participation.

- In the Czech Republic there is a very interesting practice of entrusting the EEA and Norway Grants Programmes on gender Equality to a non-profit entity - the Open Society Foundation. This can be a model to further explore of effective management of some of the other EEA and Norway Grants Programmes.

At present the strategic coherence between the NGO Programmes and the rest of the EEA and Norway Grants programmes is limited. It can hardly be anticipated that sustainable democracy and good governance can be achieved only with the limited investment in the capacity of civil society. Much more attention is needed in developing capacities of institutions to be open to civil society, to embrace democratic values and to work in equal partnerships with NGOs.

This also relates to putting in practice the cross cutting principles of the EEA and Norway Grants of good governance and sustainable development which are valid for all Programmes. Some aspects of their substantial meaning are directly linked with civil society – consulting and involving citizens, inclusive policies and civic participation. From this perspective, civil society and NGOs are a natural part of these cross cutting principles and need to be part of the programming in the relevant other areas, in addition to the specialized NGO Programme.

Collaboration with the NGO Programmes is needed not only to avoid duplication, but on a strategic level - identifying the best ways to support a different culture of good governance and sustainable development based on accountability to citizens and partnerships with the organizations that represent them. Using the specific expertise of the Operators of the NGO Programmes can be of help in designing and managing some of the small grants schemes that can stimulate participation of NGOs and their partnership with institutions in different thematic areas.

II. The FMO as a Programme Operator

1. The challenges of the task

The FMO is providing oversight to the EEA and Norway Grants through the NFPs which are to guarantee their successful implementation at the country level. The NGO Funds Programme area is the only one where the FMO also has the function of the Programme Operator in 13 of the countries, where it has directly contracted the NGO Fund Operators. This is a completely new role for the FMO as compared to all other parts of the EEA and Norway Grants portfolio which is much more demanding due to the different nature of the civil society support area:

- *The directly contracted NGO Programmes have Operators that are selected based on open tenders, organized by the FMO.* This required much more involvement in the Operators' selection and appraisal process, agreeing on the Programmes strategies, drafting, negotiating and signing the PIAs with each Operator;
- *The NGO Programmes have much more intensive grant-making schemes which allocate very small scale funding to numerous projects.* At the time of this evaluation the projects funded by the NGO Programmes constitute 2/3 of all projects funded by the EEA and Norway Grants. All Operators (except Cyprus) and all project promoters are non-profit organizations and the Programmes themselves are investing in the way NGOs function and promote civil society – they are oriented at expanding capacities and stimulating processes that will bring forth a strengthened civil society able to act in different thematic areas.
- *The Programmes are innovative in character.* Innovation usually needs space and flexibility to test approaches and take risks. This did not always fit into the existing legal framework and overall procedures. It required much more strategic and operational oversight in order to provide for effective guidance, monitoring and risk management. Some Operators came with less capacity and needed more attention and assistance than others in the course of implementation.

- *The Programmes are among the only ones that practically deliver on most of the horizontal concerns of the EEA and Norway Grants.* This involved transmitting to the Operators the new requirements related to the strategy of the Programme, as well as more involvement in regional level action like the “No Hate Speech” campaign, organized by the Council of Europe as a strategic partner of the EEA and Norway Grants.

Apart from these challenges, the role of the FMO as Programme Operator has significant advantages. It allows for immediate contact with the Operators, direct observations on the Programmes implementation and identification of successes, risks and issues, ability to take corrective action when needed. Managing the Programmes through direct contracts with the Operators provides much space for learning from the field.

2. The human resource challenges

The new role of the FMO also brought a serious human resource challenge. The civil society team staff had to increase. Starting with one part-time person, currently the staff of the civil society sector consists of 3 senior sector officers, one of them being the sector coordinator. The coordination and oversight of the 13 directly contracted Programmes is distributed among them, and the remaining 4 contracted by the NFPs are within the responsibilities of officers from other FMO teams.

The civil society sector team is responsible for practically all aspects of the Programmes’ implementation. It is backed up by other departments of the FMO (legal, financial, communication, results and evaluation), as well as other country officers. Respectively, the different departments provided individual online or on site consultations to the Operators in their area of expertise. There were a number of trainings organized for all Operators on different areas of concern – DoRIS, irregularities, management and control systems. Specific areas related to the management of the NGO Programmes and the use of the Capacity Building tools and matrix were discussed at the two regional meetings of all Operators organized by the FMO.

The issue with the effectiveness of the FMO civil society team comes from the concentration of four responsibilities that are quite different in nature and workload:

- Providing strategic guidance to Operators (*e.g.* feedback on Programme proposal, planning of the calls for proposals, addressing horizontal concerns and capacity building);
- Providing operational support and oversight to Operators (*e.g.* approving guidelines for applicants, participation in Selection committees);
- Risk management of the Programmes (including both internal and external risks);
- Technical management of the Programmes (*e.g.* processing of Operators’ reports and DoRIS data, day-to-day communication with the Operators on administrative issues, etc.).

While the Civil society team considers the first three, and especially the risk management, as most important for the proper management and the achievement of the objectives of the Programmes, it is the technical component that consumes 70% of the sector officers’ time and resources. There is practically no possibility for extra work, *e.g.* providing targeted capacity building support for Operators when such becomes needed.

The over-focusing of the existing human resources of the FMO on technical and administrative aspects of the Programmes’ management has its effect upon the quality of the strategic oversight of the Programmes. During the interviews the civil society sector team members demonstrated knowledge and interest in the non-profit sectors in the beneficiary countries, as well as genuine motivation to contribute to the strengthening of civil society and NGOs. At the same time, due to lack of time, the substantial knowledge of the civil society sector team is not used effectively.

Monitoring of Programmes is mostly related to compliance with procedures and managerial performance of Operators. Visits to the countries relate mostly to the Selection committees meetings and the annual review of the Operator. There are almost no other meetings and contacts

with stakeholders from civil society or donors in the beneficiary countries. This narrows the actual knowledge of the FMO officers on the realities of civil society in the beneficiary countries. The team does not have the overall pictures of the EEA and Norway Grants operation in other areas and, therefore, is not in a position to suggest additional ways for more effective involvement of (and support to) NGOs in other Programmes.

A simple way out of this situation is employing a small number of junior officers to provide back up for the technical aspects of the Programmes management. This will not require a considerable increase in the FMO budget and is quite justifiable from the point of view of proportionality – the NGO projects constitute 2/3 of all EEA and Norway Grants funded projects.

3. Who has the responsibility?

From a managerial point of view, an important question is who has the responsibility for the Programme - the FMO as PO or the Fund Operators in each of the countries. If the Programmes are entrusted to the FMO and it is their Operator, then naturally this comes with a responsibility for their diligent and transparent management. Maybe this is among the reasons that measures for risk mitigation and avoiding irregularities, especially in the project selection process, became the highest priority in the approach of the FMO to the NGO Programmes.

At the same time, the FMO invested a lot of effort in selecting the right actors to operate it at the country levels. The Operators of the NGO Programmes came with strategies, capacities, experience and commitment. They also invested their credibility at the country level. In practice, they have the responsibility for the Programme's success or failure and they were its public face locally. As shared in interviews with Operators, they are ultimately accountable to the NGO sector as they are part of it. With the high demand and expectations from the Programmes, the responsibility to make them a success is huge.

As outlined by the FMO, some countries needed more involvement and closer oversight than others, and it did not always relate to the size of the Programme but to the capacity of the Operator to follow the procedures. This brought more hands-on involvement of the FMO in some countries as compared to others. A special area of attention was the projects selection processes to ensure their transparency and equal treatment of applicants. The main challenge was in three directions:

1. How to find the right balance of how much hands on interference is not too much and does not lead to micromanagement of the process;
2. How much consistent hands-on FMO involvement is feasible with the limited human resources of the FMO, and;
3. What are the roles and responsibilities of the Selection Committees, especially in regards to when and why they can change the scoring of projects.

There were three cases reported that can provide interesting learning in all three aspects:

(1) The first is the case in Lithuania.

In the first call for proposals the Operator missed to differentiate the number of projects to be funded by outcomes in the guidelines. It tried to overcome this later by re-distributing the projects into 8 sub-lists by expected outcomes. This moved up in the ranking list 7 projects, which had lower scores as assessed from the external experts. This caused a misunderstanding with the FMO, also involving the Norwegian Embassy as mediator to resolve the problem. It took nearly three months to resolve the issue which delayed the signing of supported projects in the country.

This case provides learning in two directions. First, the Operator in Lithuania is the only one where the leading partner is an excellent human rights operational NGO, but with no grant-making experience. This required much more attention and assistance from the FMO to grow the capacity of the Operator to handle the complex requirements of the EEA Grants. However, at the

time of the first call due to limited human resources the FMO could not provide timely feedback on the text for Open call which was sent for consultation.

Since the above issues were resolved, interaction between FMO and Operator has improved. The Operator has been provided with both advisory and financial support. 30 000 EUR have been allocated to support core activities of the Operator and an external consultant has been paid by the FMO to develop the pre-defined projects and train the Operator in the results based management approach. The Operator will also be a beneficiary of pre-defined capacity building Project to start late autumn of 2014.

(2) A second case was Slovakia (SK03).

Due to insufficient clarity of the second call documents, some of the applicants whose applications were turned down at the stage of eligibility check complained to the FMO. The FMO interfered and the Operator reconsidered the rejected proposals and invited the rejected applicants to the second step of the two stage application process. The results of the call were announced only partially and part of the programme budget was set aside to ensure the financial support to the selected applicants that were additionally invited. This caused a total delay of the selection process of about three months.

Together with issues of organizational and communication capacity of the Operator (OSF had changes of leadership and staff turnover, as well as flaws in communication with the FMO), the FMO also had challenges to provide effective oversight to the SK03 Programme. Due to serious shortage of human resources at the FMO NGO team in the summer of 2013 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 shortage in the NGO team. This case provides another evidence for the need of increasing the human resources capacity at the FMO if it has to provide close oversight of the Programmes, especially to those it considers problematic in terms of capacity to handle well the processes.

(3) A third, most recent case was in the Czech Republic.

The Operator did not invite the FMO at the Selection Committee (SC) meeting. A dispute emerged around three environmental advocacy projects during the SC meeting. The decision of the Selection Committee (SC) was to lower their scores as it assessed the quality of their strategy lower than the outside experts. It identified as main shortage of the projects that they were one sided and missing broader public debates and discussions. This decision was interpreted by the Embassy and respectively by the FMO as a lack of desire of the SC to support controversial projects. Based on the intervention of the FMO, the decision of the SC was changed and the contested three projects were approved. However, the whole argument resulted in one month delay of the approval of all projects in the Czech Republic - which is a lot in mind of the overall delay of the start of the Programme (due to administrative issues on the Czech side).

This case provides learning for both the Operator and the FMO. If the FMO has been invited and if it participated in the SC meeting many “misunderstandings” would be avoided and cleared on the spot, as the FMO could have provided guidance to ensure that the rules of transparency and equal treatment are observed. Another learning aspect relates broader to the role of the Selection committee that needs clarification especially in its part how to tackle differences in the assessment of the quality of submitted proposals by the SC and the external evaluators. In which cases the SC may have the right to change the ranking of submitted projects?

All of the above three cases can serve for reflection on critical questions of importance for expanding the effectiveness of the FMO as Programme Operator and the capacities of the Operators, as well as about the effective interaction among them. They provide evidence for the need of increasing the human resources at the FMO with substantial knowledge on civil society allocated to the Programme, especially in cases when Operators may need more assistance and intensive communication if some capacity gaps have been identified. They also outline the need for clarification of the roles and responsibilities in the selection process, and respectively the

broad questions of trust and ownership of the Programmes in order to optimize the Programmes impact.

4. Feedback on the performance of the FMO as a PO of the NGO Programmes

The feedback from the donors is that the FMO is a very good advisor, with good knowledge of the countries, successful in interaction with them and developing a relationship of trust. The feedback from the Operators also confirmed this. They consider that the Donors and the FMO have genuine commitment to the Programmes. They try to assist them in the best way in order to make it successful. The staff of the FMO teams have the difficult task to provide guidance in complex and difficult bureaucratic requirements. Feedback on assistance especially on financial matters was very positive. Assistance from the legal department was helpful, but sometimes due to legal terminology it took time to understand. People in the team of the Programme are open and interested in the Programmes and trying to assist in resolving issues in the course of implementation.

Together with the overall positive feedback there are some challenges:

- The FMO requirements and procedures are seen as more bureaucratic in this Financial Mechanism than in the previous one. The Programme seems dominated by procedures and content issues get lost on the way.
- Most of the Operators see an increasing tendency of the FMO trying to control everything in order to safeguard against risks and decreasing levels of trust in the Operators. This was raised by some Embassies too. As outlined in the interview with the Ambassador of Norway in Lithuania *“It is critical to clearly anchor all Programmes nationally and to give space for Operators of national Programmes to act strategically in order to meet their responsibility”*.
- Staff turnover, as well as delegating monitoring of the NGO Programmes to FMO staff who does not have substantial knowledge of the civil society sector is seen among the reasons for challenges in providing quality oversight of the Programmes in all countries. There is a difference in interpretation of the same questions by different people – some think more in terms of procedures, others of content. Technically there were delays of answers which in turn could cause problems in implementation. New people need time to get acquainted with the Programme. In some cases people involved have little knowledge of the beneficiary countries and local contexts. The FMO institutional memory is lost, as the people are changing. In some cases like Slovenia, the Operator had to provide a package of core information to the new FMO officer (not provided by the previous person).

As shared by most of the Operators, as the Programmes are new and so much needed in the region, their proper management is a tremendous and challenging effort. Difficulties are inevitable.

5. Advantages of direct contracting of the NGO Programmes

Despite the challenges, the majority of the Operators consider that direct contracting with the FMO has much more advantages than contracts through the NFPs. Based on this evaluation we find the management set up of direct contracting of the Operators by the FMO as more effective in several directions:

- It provides for much better overall strategic coherence and a value driven nature of the Programme across countries.
- It provides for much better direct interaction and helps the efficient and effective implementation. Direct contact with the FMO helps clarify issues faster than if they were through the NFPs.

- It provides safeguards from future delays. For example in Bulgaria due to the instability of Government, the majority of the EEA Grants Programmes are much more delayed.
- It also provides for independence of the NGO Funds and the assistance for strengthening of civil society, and is a safeguard from potential political interference.

The question of direct contracting by the FMO may also raise certain concerns.

The first one relates to *local ownership*. Usually the practice of the EEA Grants is to ensure local ownership by having contractual agreement with the Governments in the beneficiary countries. If the NGO Programmes are entrusted to the FMO, this can be interpreted as “taking away the local ownership”. Actually, in our view the NGO Programmes have clear cut local ownership. They are contracted to in-country based non-profits that are strategically positioned and recognized in local civil society. From this perspective the Programmes ensure local ownership of the Programmes - but of civil society, not of Government. In our view this is an advantage, not disadvantage of the direct contracting of the NGO Programmes by the FMO.

The second argument is that if the Programmes are directly contracted by the FMO *this will take away the advantage of the co-financing of the Governments* in the beneficiary countries. Looking at the level of co-financing of current Programmes this is true - there is no co-financing of any of the NGO Programmes that is directly contracted by the FMO. However, the rest of the countries with NGO Programmes contracted through the NFP have very minimal or no financial contribution too. This was more or less the case with the NGO Funds of the previous Financial Mechanism.

The third concern is more serious - it relates to *the level of commitment of Governments to work with civil society and to support it*. As already outlined in previous sections if civil society is a part of consistent Government policies and concern then the way of contracting is not of primary importance. Governments do not need to have the NGO Programmes under their management and direct supervision in order to be interested and involved. By having the NGO Programmes independently contracted by the FMO *the EEA and Norway Grants can model a new type of strategic partnership relation between the Government and the Operators*, rather than having them in subordinate line of control and supervision. This strategic partnership and coordination can help increase the commitment of Government to work collaboratively with civil society as well as will help optimizing other EEA and Norway Grants investments towards more good governance and sustainable development practices.

Chapter 3. Grant systems and processes

I. Application process

1. Promotion

All Operators used a variety of information channels to reach out to diverse actors of civil society (big, and small NGOs and community groups from different parts of the country).

Information about the Programme was published in leading newspapers and/or social media – the website of the Operator, national NGO portals and platforms where they exist, websites of NGO thematic networks, social networks, mailing lists etc. All Operators organized informational events and meetings in the capital which generated a lot of interest and attendance.

The majority of the Operators also organized meetings outside the capital in order to reach out to locally based NGOs. In most of the countries regardless of their geographical size meetings with local NGOs were organized on a regional basis in different districts.

Text box 2. Examples of wide promotion campaigns

In **Latvia**, the Operator used the infrastructure of Regional NGO centers. The campaign in **Hungary** included more than 23 information sessions around the country, with at least one in each County. To make the information accessible to those who could not attend, the Operator recorded the meeting and made it available online.

2. Calls for application process: design, organization and assistance to applicants

The number and subjects of the calls differed among countries following the specifics of country strategies. Each call was carefully designed following the country strategy priorities and desired outcomes. Based on interviews with the Operators in the different countries, the complexity of the overall framework of the strategies was a challenge for the design of the guidelines and criteria. With so many features of priorities, outcomes, crosscutting issues and horizontal concerns it was difficult to find the best way to present it in a concise way which will be clear to applicants.

Difficulties in grasping the interrelations between the different priorities, outcomes and concerns were shared in Focus Groups and interviews with evaluators and stakeholders. The biggest confusion was caused by the multitude of definitions: specific concerns, horizontal concerns, cross-cutting issues, etc. In some cases, as shared by both Operators and stakeholders applying horizontal concerns and crosscutting issues in all areas resulted in mechanical, superficial and declarative sections in proposals. In other cases it seems they were not understood by both applicants and evaluators. For example, a Latvian Project promoter insisted in public presentations that “traditional family values” are gender equality values, and was not very supportive of LGBT rights. Their project was written in a professional way that did not allow for “catching” the misinterpretation during selection process. The project was later cancelled.

As indicated by many interviews with different respondents, the very language of the Programmes could have been less formal and more “user-friendly”.

In a number of countries the Operators simplified and improved the guidelines for consecutive calls based on the feedback from external experts involved in the selection, as well as from applicants. Very good practices for getting the feedback from the NGOs on the application process and adequacy of calls were surveys with NGOs organized by the Operators in Hungary and in Poland.

In most of the countries the application process was diversified according to the size of projects that can be supported – micro, small, medium and large. Most of the Operators, especially in the larger NGO Programmes, introduced a two stage process – applying with a letter of intent or concept, and then if selected - applying with a full proposal. This approach was used mostly for medium and large projects.

Based on Focus Groups and interviews with grantees in the 8 focus countries plus Cyprus and Slovenia, in most of the cases the two stage process (first concept and then full proposal) was assessed as more efficient and effective. It saved time for the NGOs, as a full proposal takes a lot of time and resources. However, in some countries like Bulgaria this was not the case. The two-stage process proved to be so slow (the contracts with the successful applicants were signed 8-10 months after the submission of the concept) that the Operator decided to abandon it in the second call. The grantees also find the two-stage process inefficient. Apart from being time consuming, it sometimes generated frustrations in terms of conflicting recommendations on behalf of the evaluators of the two stages (different for each stage).

Some views shared by respondents in Romania outline other risks of the two-step procedure. It is found more useful for experienced applicants, who are skilled to summarise correctly a project idea in a letter of intent. Less experienced ones miss details in the letter of intent, which when elaborated later in the full proposal practically modify the approved concept. This risk can be mitigated by clear indications in the Guidelines on elements that cannot be changed between the two stages, and by close assistance by the Operator to the promoters whose letters of intent were approved.

A number of Operators made a much simpler format for small projects in order to ease the accessibility of the NGO fund to small organizations. For example in Slovenia the one stage application for small projects was in practice similar to developing a brief concept with a budget.

The major asset of the NGO Programmes was that they did not rely only on the general information meetings, but provided *meaningful and interactive communication and assistance to applicants*. Receiving consultations from the Operators in the process of application and implementation was also assessed highly by the participants in the online survey that was done by this evaluation. Over 40% consider that this is what makes the NGO Programmes unique as compared to other funding programmes (EU or other EEA and Norway Grants). The interviews and the focus groups also showed marked satisfaction with the on-line submission of applications. In Bulgaria this was a nice contrast to almost all other grant-giving programmes.

The application process is largely defined by the survey respondents (94%) as user friendly in terms of the adequacy of deadlines, clarity of selection procedures and criteria and accessibility of information during the application process.

II. Efficiency and Effectiveness of Project Selection

1. The Overall Guiding Procedures

The selection process of projects is guided by similar procedures that are outlined in detail in the Regulation (Chapter 6), the Guideline for NGO Programmes and in the PIAs. Procedures are guided by the principles of equal treatment of applicants, transparency and accountability of the selection process. Basically the selection procedures envisage four stages:

- (1) ***Review of the compliance*** of applications with the administrative and eligibility criteria done by the Operator.
- (2) ***Independent external experts*** (directly invited or selected by open call) score projects based on published criteria. Each application is scored individually by two experts and projects are ranked based on the average of their scores. In case of a 30% difference between scored projects, a third expert is invited and project ranking is the average of the two closest scores.
- (3) ***Selection Committee (SC)*** is established by each Operator, consisting of at least three members, with at least one external to the Operator. The SC reviews the scoring list resulting from the independent experts' individual assessments and recommends to the Operator the list of projects for funding. The SC "*may modify the ranking of projects in justified cases*", with detailed justification in the minutes of the SC meeting.

- (4) **The Operator** verifies the compliance of the selection process with the procedures and the objectives of the Programme. “Based on the decision of the SC it makes a final decision on which projects will be supported. All applicants (both successful and unsuccessful) will be informed of the outcome. Unsuccessful applicants will get feedback on why their projects were not funded and there will be provisions for appeal of the decision”.¹⁴

2. Organization of the Selection Process in the Different Countries

The overall procedures outlined above were the backbone of the selection process in each of the countries. However, the efficiency of its application reflected the country specificities - strategy approach and size of the Programme, level of demand/applications, experience of the Operator, and capacity of the selected external experts. Due to the importance of the selection process for the overall effectiveness of the Programmes we explored it in more detail especially in the 8 countries for in-depth assessment.

2.1. External experts

The process of selection of external experts differed in the 8 countries. The Operators in Poland, Bulgaria and Latvia applied an open tender. The Operators in Hungary, Slovakia and Portugal used direct invitation for external experts based on their expertise and previous work with the Operators. A combination of direct invitation and open tender was used in the case of Romania and Lithuania. In most of the countries like Poland, Bulgaria, Hungary and Romania external experts were selected per component/priority area with some of them working on more than one component.

There is a big difference in the number of external experts involved in the selection process in each of the countries, and respectively the workload as number of applications per evaluator. Some examples:

- It was highest in Poland where 104 experts were recruited in order to respond to the very high number of applications (1931 outlines for thematic projects and 289 for systemic ones);
- Romania, which is the second largest Programme after Poland had 1496 applications, and involved in total only 25 experts. Workload varied between components and stage of calls (concept or full proposal) and it was in the range of 25-110 applications per expert;
- In Portugal, there were 35 evaluators and 1299 evaluations over 2013 and 2014. The average was about 19 evaluations per evaluator.
- In Hungary, which is a smaller programme than Poland and Romania, but with a very high demand (1029 micro project applications and 310 macro project applications) the workload of external experts differed depending on availability, but reached at times up to 100 projects per external expert;
- Latvia handled 759 applications with 24 experts with an average of 32 applications per expert;
- Bulgaria processed 548 applications with 42 external experts in the 2013 call for proposals, and 624 applications with 50 assessors in the first 2014 call. There were great differences between the numbers of applications reviewed by one expert varying between 3-90 projects;
- In Lithuania there were only 6 experts reviewing 353 applications in the first call and 245 in the second one, with a very high workload – about 90 applications per expert.

The practice of using a third expert in cases of over 30% difference between the scoring of the two individual expert assessments was different among countries and among components within the countries NGO Programmes. In Lithuania a third expert was invited in 28%-32% of the applications in the two calls. In Poland, it reached to 40% in the first thematic call and 37% in the

¹⁴ Guidelines for NGO Programmes. p. 18

second one and was a bit lower in the call for systemic projects (32%). In Bulgaria, this was reported as a frequent practice, while in Romania there were only 5 cases when a third expert had to be invited.

2.2. Selection Committees and Decision making bodies of Operators

The Selection Committees were established in compliance with the provisions in the Regulation and the PIAs. In five of the focus countries the Programmes had one SC (Bulgaria, Lithuania, Poland, Romania and both Programmes in Slovakia). In Latvia the SCs were two, and in Hungary the SCs were organized around each component.

In most countries the SCs consisted of five members, with at least two of them external to the Operator. In Romania the SC was bigger – 7 members, with three of them external to the members of the consortium managing the Programme. In Hungary the seven SCs were smaller – three members each with at least one external.

In principle, the external members of SCs were experts with an NGO background and/or good knowledge of the sector. In Latvia, in addition to the two independent NGO representatives there was a representative of the Ministry of Culture, as the Operator is a public foundation. In some countries (*e.g.* Slovenia, Bulgaria) the SCs members also had a broader look on civil society from different inter sectoral perspectives. In Romania, the SC involved a representative of another EEA and Norway Programme Operator and 2 independent experts with substantial knowledge of civil society.

The meetings of the SCs were attended by representatives of the Norwegian Embassies, the FMO, as well as the NFP in their capacities as observers of the process as provided by the Regulation/PIA. Meetings were very well documented by full transcription, as well as brief memo of the discussions and decisions taken.

Though the Regulation allows for the Selection Committees to make modifications of the ranking of projects as scored by individual experts, this was not a very frequent practice.

Text box 3. Examples for Selection Committee changes in the ranking of projects

In **Bulgaria** the SC changed the ranking and suggested projects in 12 cases during the first call and 11 during the second one. The arguments were adequate, mostly failure to meet the requirements of the SC in the concept phase, failure to present all required documents, dependence of the applicant on political parties, etc.

In **Hungary**, an internal rule was introduced. In case the SC suggests a project below the line, all projects that have the same scoring also need to be reviewed to ensure equal treatment of applicants.

In **Lithuania** there was just one case of a rejected project and suggestion of a new one below the line.

In **Romania** there was only one case of a rejected project by the SC. This was due to the fact that the project promoter was recommended for financing on more than one component, independent of each other, and the total number of projects to be financed was over the capacity of the respective applicant. Therefore, the amount that became available was granted to the next positions from the reserve list.

In **Poland** and **Slovakia** there were no cases of modification of the ranking list of projects as scored by the external experts.

The final decision level on support to projects were the Operators - especially established commissions for the Programme with the participation of representatives of their Boards, or the Board of the Operator as a decision making body.

3. Efficiency and Effectiveness of the Selection Procedures

The time needed for processing applications is an indicator for the efficiency of the selection process. Based on the evaluation in the 8 focus countries, Poland and Romania are leading in efficiency. Processing applications in the two stage process (concept and full proposal) took approximately five months. It is interesting that the approach used by the two Operators was

different. In Poland this was done based on a large external experts panel (104), while in Romania, it was done with a small panel of 25 external experts with capacity to review individually a large number of applications. The two stage process took longer in Latvia (8 months) and the longest in Bulgaria (8-10 months). In Bulgaria this was the main reason the Operator decided not to use it as a tool in the second call. In regard to small projects, most efficient was Lithuanian Operator – the selection took only 2 months.

We tried to identify the prerequisites/factors for ensuring the most efficient selection process. However, any generalization in this direction would be simplistic. Efficiency depends on a multiple set of factors including the local context, local civil society capacity, the quality and availability of the external experts for the period of evaluation, as well as their strategic coherence with the vision of the Programme.

Based on this evaluation, the most efficient was the selection process in Programmes which used external experts that are familiar with similar efforts, as well as with the approach of the Operator from previous work for them as external evaluators. Another critical factor is the understanding of values of civil society and horizontal concerns which is as important as the technical skills for evaluation. In some smaller countries (e.g. Slovenia) it was very difficult to find experts with civil society expertise who do not have potential conflict of interest. The solution was to invite experts with broader thematic expertise.

The remuneration of the experts is not a decisive factor. Actually, the payment of external experts for evaluation of the projects is extremely low – about € 20 euro per project. This is lower than payment for similar work of project assessment of Governmental Programmes and does not respond to the actual workload needed to assess seriously projects. However, none of the interviewed assessors reported that (s)he would have done the work differently if offered higher payment. The majority of them have the commitment to civil society and as shared in the interviews felt honored to be invited for this job.

The effectiveness of the selection process is defined by the results of the selection - whether the approved projects are those that can make a difference towards desired changes of the Programmes. There are three critical factors in this respect:

- **The quality of design of the calls for proposals.**

The design of the guidelines for applications and the text for the Open call for proposals are very important - their quality is critical for what kind of projects they will generate as response. The quality of design of the calls depended on the capacity of the different Operators. As outlined in the sections before in general the feedback on the clarity of the calls and guidelines for application from Project Promoters was mostly positive. As outlined by the FMO many issues raised during the selection committee, some of which were outlined in previous sections, could have been avoided if the text of the Call would be more clearly written by the Operators. The rule is that the FMO reviews this text before publishing in order to make sure that it is in line with the PIA requirements of transparency and equal treatment. Regrettably, as shared by the FMO it did not have capacities to check every detail of the text. The combination of these two factors - the level of capacity of the Operator and the availability of the FMO to play effective backstopping in the selection process had been a challenge in some of the countries.

- **The quality of proposals coming from the NGOs** in the different countries in response to the calls.

Based on interviews and focus groups with external experts, the Selection Committees, as well as the Operators in the focus countries, the quality of proposals differed depending on (a) the subject of the call, (b) the level of development of NGO sector in the areas and (c) the capacity of NGOs to come up with good ideas and develop them as well justified proposals.

In Bulgaria the interviewed assessors and representatives of the Operator find the quality of the proposals adequate from the technical point of view, but low in terms of content – new ideas and

approaches were generally lacking and the applicants seemed to use the Programme as a means of continuing their traditional work.

In Romania, according to the Operator and to the evaluators, the quality of the proposals was different in the different components. Under components 1 (Engage), 3 (Sustainable development) and 5 (NGO capacity development; networks and coalitions), most of the proposals were appreciated as good and very good, most of the approved ones often represented developments of experiences previously implemented. Under component 2.1, dedicated to rural interethnic communities, there was a clear difference between the non-Roma and Roma NGOs, with the latter projects being weaker in writing skills but better at content (problems identification and proposed approach). Under 2.2 (Social justice) and 4 (Welfare and basic services) the general quality was appreciated as moderate to good.

In Poland the projects submitted in the areas of Civic participation, Public scrutiny, and in particular in Combating discrimination were innovative and high quality as NGOs prepared projects in narrow areas in which they have specialized knowledge and practical experience.

- **The design of the calls and respectively the clarity of applied selection criteria** - how well they translated the vision and strategic framework of the Programme.

Based on the review of the guidelines of the 8 NGO Programmes, the selection criteria in the different calls for proposals were well thought out and linked with the relevant strategies. Content related criteria had the highest important weight and brought the most points. These include relevance (to the objectives of the Fund, to the needs and context); potential for bringing real outcomes and results; and quality of suggested approaches/methodology. These were followed by the criteria for effectiveness (implementation plan) and value for money (budget and costs). Sustainability was on a lower scale of awarding points.

Another important aspect is that **in principle the NGO Programmes were assessing projects, not organizations**. From this perspective the various capacities of NGOs that were applying were more a “background check” criteria of secondary importance. Some exceptions included Slovakia, where organizational capacity of applying NGOs was among the highly important criteria; Hungary, especially the macro projects, where the capacity building potential (of applicant, its partners and beneficiaries) was of high importance in scoring; Latvia - the Activity measure, which was in practice institutional support where the NGOs were applying with strategies for three years, and their organizational capacity - objectives and strategies were among criteria of high importance.

- **The strategic coherence among the different levels in the selection process - external panel of experts, Selection Committee and the Operator**

The level of understanding of the Programmes by the external panel of experts is a critical factor, as the major part of the selection process is in practice outsourced to these external experts. From this perspective it is important to what extent they have a shared understanding of change that the Programme wants to contribute to, the meaning of the selection criteria, etc.

Text box 4. Examples for good approaches to strategic coherence of the Selection Process

Several practices of the NGO funds have contributed to ensuring effectiveness in this direction:

All Operators made introduction meetings with the external experts prior to the start of the selection process to present the vision of the Operator, to discuss the content of core principles and criteria, as well as procedures. In practice this is one of the very few levels where the Operators could influence the quality of the selection process outsourced to external experts. Based on the interviews with assessors these meetings were considered very useful. However, it was also shared that more time needs to be allocated on this, especially when completely new experts were invited.

In a number of countries the Operators developed manuals for the evaluators. A good example is the “evaluators guide” developed in Portugal before the first call in 2013 and later improved for the 2014 calls.

In most of the countries the Operators were searching for feedback from the external experts after each call on

the quality of applications. Some examples are **Romania, Poland, and Bulgaria**. This contributed to improving the design of the consequent calls and fine-tuning selection criteria.

A very good practice was applied in **Hungary**. The Operator invited the external experts at the meetings of the Selection Committee. This helped better decisions based on a more interactive discussion on proposed projects at the component level.

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”*.

A third good practice was organizing working meetings of all external experts on components after the individual assessment was over. This was done in **Poland and Romania**. As shared by external experts and by Operators this helped, provide a more strategic overview of the results on the component “portfolio” level.

Based on the findings of this evaluation, *the selection process applied in the different countries was very effective, following integrity, transparency and equal treatment of applicants principles*. Our findings can be grouped as follows:

- ***High efficiency and effectiveness***

For a very short time of about a month most of the Operators succeeded developing well-designed calls for proposals, with clear criteria and instruments for assessment, as well as identifying and introducing panels of external experts able to implement the assessment. The selection process was comparatively short - an average of 2-4 months for small projects and 5 months for the two stage process, with the exceptions of Latvia and Bulgaria mentioned above. Other EEA and Norway Grants Programmes are facing much longer delays in implementation.

- ***Value driven and user friendly***

An achievement of the NGO Funds was that the selection processes was done in a much more user friendly manner than other public funding Programmes. This was confirmed by the high scores on the comprehensiveness of the application process in the Online Survey. Based on the views of participants in the Focus Groups, the NGO Programmes were more effective as they are managed by non-profit entities which are more or less a part of the sector and know it well, have experience in grant-making for development of the sector, and are much more open and accessible to provide guidance and clarifications. *“They care and are interested that we have equal chances to succeed, they are not focused on how to cut us off as is the case of other Programmes”*

- ***Selection was transparent and accountable***

All Operators had clear policies of conflict of interest. Criteria and results of selection were published. In the case of Poland, the Operator also published the score cards and justification which is a practice for all public programmes. Based on the online survey, Focus Groups, and interviews with different stakeholders, the selection process is assessed as highly professional and transparent.

This was also the opinion of most of the NFPs we met with, no matter whether the NGO Programme was contracted by the FMO or through the NFPs. The only exception was Hungary, where the main justification for the Government’s attacks against the NGO Operator is the “integrity” of the selection process. We could not meet with the NFP as at the time of this evaluation since as such it was not in place. However, based on interviews with civil society representatives and other donors in Hungary, the nature of these attacks is seen as political and biased, rather than based on justified issues related to professionalism or transparency of selection of projects done by the Operator of the NGO Programme.

We reviewed the full memos of the meetings of the Selection Committees meetings of all components of the Programme in Hungary. It is interesting that though the representatives of Government did participate as observers in all these meetings we could not find any evidence for serious criticism on concrete project selection or the selection process as a whole. We tried to follow up and verify this finding through interviews with observers from government, but most of them were not working in the relevant ministry or did not respond to our request for an interview.

Several challenges related to the selection process were outlined by different respondent groups. They can be grouped as follows:

- ***Problem in identifying independent experts***

It was an issue shared especially in small countries like Cyprus, Malta, Slovenia, Lithuania, Estonia, etc. Very few of those who have the capacity to assess in a quality way civil society projects are not involved in the sector. Identifying experts who have the knowledge but don't have a conflict of interest is very challenging. This was resolved by having a smaller number of experts, or having experts who have thematic expertise but not so much NGO functional expertise (e.g. Slovenia).

- ***Ensuring an external panel of experts with shared understanding of values, objectives and strategies of the Programmes***

The overall delay of the Programmes reduced the time to identify experts and organize adequate instruction at the start. In countries like Hungary and Romania the Operators had extensive experience in work with panels of external experts and could invite them based on knowledge of their practical capacity to assess applications. However, in Poland, where the Operator did not have experience with public funding, and with the short time provided, it had to rely on an open tender. In order to start the Programme as quick as possible, there was no time to test the practical capacity of selected experts. As shared by the Operator, it is not realistic to expect that an introductory instruction can do the job. A number of experts were coming with a background of project evaluation of other EU Programmes and respectively there was a threat that they might look at initiatives with a more technical and rigid eye. Time for interaction with the Operator and among evaluators at the start needs to be sufficient to provide for mutual "education" and getting on common ground about the strategic meaning of the arithmetic of scoring.

- ***Lack of enough clarity on the role of the Selection Committees***

This was outlined as an issue at the Warsaw meeting of Operators (June, 2014). While there is a description of the role of the Selection Committee in the PIAs, it is not clear what its role actually is. Is it just to rubber stamp the scoring of the external experts and "to technically draw the line in the ranking list" or it is more than that. The provision on the power of the SC to make modifications of the ranking list as coming from external experts in "justified cases" is unclear – what is considered a justified case? This lack of clarity has caused some problems in the process.

The Selection Committees is the more strategic level in the selection process. As shared by both Operators and external experts this level is critical. The external experts' limitation is that they have knowledge only on individual project levels – those projects that they have assessed. The Selection Committee, which combines the expertise of both representatives of the Operator and of external experts on sector level, provides for more strategic oversight of selection results on a portfolio level beyond the simple arithmetic of scoring. Clarity of the role and power of the SC can be also achieved by developing some strategic level criteria on a component and portfolio level which can help clarify what "justified cases" of modification can mean.

- ***The Selection process was led by over prescribed procedures and with limited or unclear room for innovation and flexibility.***

This came as a serious message from the meeting of all Operators in Warsaw (June 2014), as well as from the field work in the different countries. It relates to *the bigger question of what is the role*

of the Operators – just administrators of the funds acting as a technical secretariat for the re-granting for the FMO, or as strategic grant-makers to develop civil society in the country.

Most of the Operators were selected due to their extensive experience in operating various grant-making Programmes in their countries. They have extensive knowledge of how this can be done in a way that it stimulates development of civil society rather than just mere absorption of funds. However, room for applying this capacity and knowledge was limited. Some Operators were less risk taking and were just applying the procedures as set by the donors (e.g. Bulgaria, Latvia, Portugal). As outlined by the Operators (e.g. Portugal) innovation was sought by making the evaluators aware, beforehand, that the selection rules were rigid, and that the responsibility to select the most innovative and promising projects – under this system – would lie with them.

Others were more proactive in suggesting new approaches that will make more sense in the context of local NGO sectors (e.g. Hungary, Poland, Slovenia and Romania). They had to work it through by constant negotiation with the FMO and in many cases the decisions of whether or not suggestions for innovation can be applied depended on (1) the “advocacy” capacity of the Operator and (2) the understanding of the relevant officers and to what extent they were “procedure led or content led”. Some aspects that were “allowed” in some countries were not considered in others.

A second important aspect is that the applied procedures are bound to paper. Selection is based on what is written. NGOs that write well or found professional proposal writers had more of a chance to win. This does not always mean that this will be the best initiative that will bring real changes as desired by the Programme. It may limit by default smaller organizations and players that have civic action potential, but low “paper capacity”.

III. Contracting and Reporting Processes

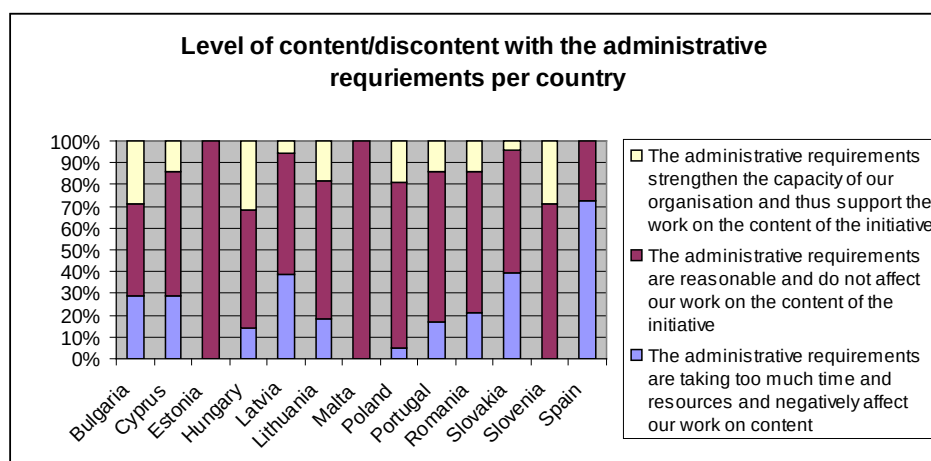
Project administration and financial systems of the NGO Funds in all countries are regulated by the provisions as set in the PAs and PIAs with each Operator, which in turn translate the general provisions in the Regulation on the Implementation of the EEA Financial Mechanism. This Mid-term evaluation does not include an assessment of the administrative and financial aspects of the Funds. These are closely monitored by the FMO, especially the financial department, and are also subject to independent audits of each Operator commissioned by the FMO.

We looked at contracting, reporting and financial aspects from the angle of how these systems are supporting the implementation of the Programmes in their advancement towards the objective of development of civil society in the different countries.

The Online Survey had two main questions related to administrative and financial aspects of the Funds.

The first addressed the balance between time and resources needed to meet the administrative requirements (reporting, data gathering, questionnaires, etc.) and the content related work. The majority of participants in the survey (60.17%) find administrative requirements as reasonable and not affecting their work on the content of their initiative. 56 organizations (15.82%) find that these requirements are strengthening the capacity of their organization, and only 24.01% of the survey respondents consider that the administrative requirements are taking too much time and resources and are negatively affecting their content related work.

However, the level of satisfaction or discontent with the administrative requirements of respondents in the survey differs among the countries. This is illustrated in the Chart below:



As it can be seen from the Chart most content with the administrative requirements and approach of the Operator are the project promoters in Malta, Estonia and Slovenia followed by Poland, Romania and Lithuania. The biggest share of opinions that consider that the administrative requirements are taking too much time and resources are among the participants in Spain (72,2%) followed by Slovakia (39,5%) and Latvia (38,9) and partially by Bulgaria and Cyprus (both around 28%).

We also asked participants to assess the project implementation procedures. The highest was the rating on the responsiveness of Operators to requests for changes of the implementation plan. On the lowest scale is the easiness to follow the financial reporting requirements. The views shared at the Focus Groups and interviews with grantees in 10 of the countries confirm the results of the Online Survey. A great number of respondents find the administrative requirements and implementation procedures relatively reasonable as compared to many other programmes, especially the Structural Funds.

While the NGO Programmes are viewed as much more beneficiary friendly and efficient as compared to programmes managed by the Governments, there are still some areas that were of concern to supported NGOs:

(1) Co-financing requirement.

Project promoters are 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 countries co-financing can be allocated for a specific activity component of the project (Hungary, Slovenia, Lithuania, Romania and Poland). In Bulgaria, Slovakia and Latvia co-financing is required as a contribution to all activities (10% of each activity/budget line).

The co-financing requirement has a good rationale – to stimulate ownership of projects of the supported NGOs. At the same time, for the majority of the NGOs it is a very difficult requirement to meet. This came as a message from most of the countries as a shared concern of both the Operators and the grantees. The majority of the NGOs do not have own resources to invest as co-financing in the projects. A great number of organizations have scarce budgets and are fighting to survive. This was also confirmed by the data about the financial capacity NGOs supported by the Programmes. More than half of the NGOs participating in the survey are NGOs operating with less than € 100,000 in 2013, with 36% of them with annual budgets below € 50,000, and for 13% - below € 10,000.

Text box 5. Good practice for support in meeting co-financing requirements.

The Stefan Batory Foundation in Poland decided to cover from its own resources the 10% co-financing requirement for small organizations, as it would be counterproductive and would limit their access to the Programme.

Usually the budgets of NGOs are based on project funding from different donors. To meet the requirement for 10% co-financing the NGOs massively claimed project money from other donors

as their own contribution/co-financing. This practice contributes neither to increased ownership (due to own investment in the project) nor to raising support for follow up initiatives. It also creates issues with the sustainability and financial flow of the organizations – they have to take money from one project to co-finance a new application, and in case of delays this can affect their financial situation. Additionally, very few donors (*i.e.* private ones) would allow their money to be used for a different project.

In most of the cases in order to minimise the financial burden, NGOs use the opportunity provided that 50% of own contribution can be in-kind. This type of calculation is also quite artificial. As shared by grantees in the Focus Group in Slovenia, NGOs are not used to calculating volunteer labor at an hourly rate and had to be a bit “artistic” to make these calculations. In Slovakia, the “Voluntarism Act” provides that voluntary work needs to be accounted on the basis of the minimum wage. This means that when a highly-paid expert is committing work in kind, the contribution is accounted very low. This is among the reasons the in-kind opportunity for co-financing is not often used.

(2) Indirect costs (overheads)

Indirect costs can be up to 20% of the overall direct ones. The exact share is defined in the relevant PIAs and the proposal of the Operator. In most of the countries the share of indirect cost is 10%. In Lithuania it is left more open (up to 20% but not more than € 14,500). In Bulgaria it is 10-15% depending on the size of the project. In Romania it is 15%, but with a provision for increasing it if well justified by the applicant. However, no NGOs have applied this, as it takes too much time and resource.

As outlined in the Focus Groups and interviews, an issue related to indirect cost is that in some cases the NGO Programme coordinators and staff involved in programmatic work are also considered as part of the indirect cost. This reduces dramatically the capacity of the NGOs to implement their initiative.

It is an issue with other funding programmes too. Most donors want to fund activities, while NGOs need to sustain their staff and strengthen the organizational capacity. From this perspective this is an issue for both small and big NGOs. The big ones typically have well-structured management set-ups and the remunerations of the management staff are secured from different projects (except for the rare cases of institutional grants). The 10% allocation for all indirect costs leads to a ridiculously low contribution to the salaries. With the small NGOs the situation is worse, as they usually implement small-scale projects, and the insignificant Programme contribution to management expenses makes it impossible for them to develop (or upgrade) their management staff and systems. As noted by stakeholders, the biggest expense in a good project is people, not buying stationery.

(3) Budget cuts of approved projects

The grantees in some of the 8 focus countries expressed dissatisfaction with the practice of the Operators to cut the proposed budgets before contracting. The budget optimization approaches were different. In Poland, Slovenia, and Latvia there were no budget cuts. In Hungary the level of budget cuts was limited and they were discussed with applicants to ensure they will not affect the work on the project. In Romania this practice was present on an average level and usually grantees were informed on suggestions for budget cuts coming from the evaluators. The applicant had the choice to accept the grant with requested modification or to give it up.

In Lithuania budget cuts occurred frequently when applicants were asked to justify budgeted sums. A second type of budget cuts relates to the introduced new category of Reserve Projects during the second call. NGOs first on the reserve list are offered remaining funds in the funding area, if agree to cut the budget correspondingly without significantly changing the essence of the project.

In Bulgaria, 50% of the supported projects had no budget cuts. For the other half the budget cuts were mostly up to 10%. Based on the interviews, budget cuts are practically non-negotiable.

Most widespread was the practice of cutting budgets (with more than 50%) in Slovakia SK03. This provoked strong resentment among the grantees. They were requested to adjust their budget according to the approved amounts but to keep the activities as applied, otherwise the applications approval would enter a different procedure. As a result the envisaged activities are to be delivered at a much lower cost, which seriously jeopardized the success of some of the projects. The 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”.

(4) Reporting and Payments

There is no uniform approach of the Operators in establishing the systems for reporting the progress of the funded projects and extending the installments to the project promoters. In all countries the Project Promoters receive an advance payment at the start of the project, interim payment(s) linked with the approval of interim reports and a final payment of 10% (20% in Lithuania) after approval of their final report.

Based on the review of the practices in the 8 focus countries of the evaluation, the amount of the advance payments differ greatly according to the size of the project and the policy of the Operators. It varies between 60 and 90 % for micro projects, 30 – 60 % for small projects, 30 – 60 % for medium projects and 20 – 60 % for big projects. Hungary demonstrates the most grantees-friendly practice of advance payment – 90% for micro projects and 60 % for all other projects. The Bulgarian Operator is the most restrictive with 60 % for micro projects, 30 % for small and medium ones and 20% for big projects.

In most of the countries project promoters can request interim payments only after they have spent minimum 70% of the previous installment and upon approval of the corresponding interim reports. All reports have narrative and financial section (narrative and financial report). In all countries with the exception of Romania the project promoters have to submit at least one interim report.

While the systems of payments aim to provide for flexibility to accommodate the diversity of promoters and projects as size and duration, some issues were identified. They result from the missing relation between the payment installments and the actual timeline and respectively planned expenses of the different projects. Thus many Project Promoters had difficulties, especially in the cases of intense activities in the relevant period – grantees had to find a way of covering the expenses in advance, waiting for the next installment. Lack of individually tailored planning of installments according to planned expenses was most often reported as an issue in Bulgaria and Slovenia.

In most of the focus countries the periodicity of reports to be submitted is approximately 4 months (Hungary, Latvia, Slovakia) or 6 months (Bulgaria, Lithuania). The attitudes of the grantees towards the reporting schemes differ greatly and tend to go to extremes. Thus grantees on 4 months schedule find the periods between reports too short and stimulating output thinking rather than focusing on achieving outcomes and impact. They would prefer a more relaxed scheme of one midterm and one final report. By contrast, some of the grantees on fixed 6 months reporting periods share that they have problems with the cash flow deriving from too long periods between the interim payments.

Text box 6: Examples of most flexible reporting schemes

In **Romania** for projects up to 18 months 1 interim and 1 final report are recommended (not requested), and for projects over 18 months – 2 interim and 1 final reports. The interim reports can be submitted and the corresponding payment requested only after spending 70% of the previously received amount. The Romanian Project Promoters are allowed to submit only a final report if they can implement the project without interim payments.

The number and periodicity of the reports in **Poland** are determined individually in the grant agreement after analyzing the situation of the NGO and the risk level of the project. The Operator works together with the grantees to develop individual plan for payments. The interim reports are submitted after spending 70% of the funds for the previous reporting period.

The ways to accommodate all demands are (a) to apply the Polish and Romanian models or (b) where Operators insist on fixed schedule in order to plan adequately for their own cash flow, introduce 6 months reporting periods with the option of grantees choosing 3 month in order to provide regular and timely flow of funds.

As already outlined, supported NGOs have high rating on the flexibility of Operators in regards to changes in the implementation plan. In some countries (*e.g.* Lithuania) budget adjustments are allowed between budget items. In most countries, such adjustments are possible but require certain more or less formal procedure of notification of the Operators.

(5) Procurement

According to PIAs the Project promoters have to apply the National and EU public procurement law. PIAs require that “in absence of stricter national laws, in cases of procurement related to an amount of € 5,000 or higher but below the relevant EU thresholds, the project promoter shall invite at least three suppliers/services providers to submit offers”. In most of the countries the latter is the most often applied procurement mechanism.

Two types of control of the sub-contracting were applied by the Operators. With the *ex-ante* control, *i.e.* the grantees submit the procurement documentation for approval before the start of the procedure. The Operators may require changes in the documents, as well as in the procedure as a whole, *e.g.* requesting a single tender for a set of similar services/supplies instead of direct contracting of the separate services. Although the *ex-ante* control required additional time for communication with the Operators and their eventual approval, it guaranteed that the results of the procurement procedures would be approved too. With the *ex-post* control the procurement documents are to be verified together with the rest of the supporting documents for the expenditures under the project.

(6) State Aid

In some countries the issue of state aid is quite a serious concern. The Regulation states (5.4.2.) that the applicable rules on state aid, procedural and substantive, shall be complied with. This leaves the decision whether the grants to NGOs are subject to state aid rules or not to the relevant national authorities. In the case of Bulgaria, for example, the grants for NGOs are treated as state aid and the *de minimis* rule is applicable to the project promoters. The rule allows a maximum of € 200,000 in grants for three consecutive years. The rationale of regulating state aid is that the state should not create, by extending financial support, unfair competition. While this is appropriate for business entities, it is not the case with NGOs. NGOs may engage in economic activities but the majority of the grants they receive do not support such activities and therefore do not result in competitive advantage.

Treating NGOs as commercial companies by applying state aid rules may limit their ability (especially with the big ones) to receive grants under this or other programmes. Thus if an NGO has received € 150,000 support from the EU (subject to state aid rules) in 2011, until 2014 it can apply to the EEA and Norway Grants for a maximum of € 50,000 regardless of whether it is a lead applicant or a partner. The way out is for the EEA and Norway Grants to make a block exemption for NGOs from the state aid rules unless the grants are aimed at supporting profit-making economic activities. The Swiss cooperation programme which is similar in nature does not treat grants to NGOs as state aid.

Chapter 4. Effectiveness of Support to Projects

I. Mapping Results

The majority of the NGO Programmes have been launched in the course of 2013, with the exception of Estonia, Bulgaria and Hungary which started at the end of 2012. The first rounds of calls for proposals were concluded in late 2013 and the first half of 2014. As a result, at the time of this evaluation the majority of supported projects are either just starting or at an initial stage of implementation, with very few of them towards completion.¹⁵ From this perspective the Programmes are too young in order to measure in depth the effects of the supported projects.

The Table below illustrates the results of the calls for proposals as approved and contracted projects.

Table 5: Map of projects (as of 30.06.2014)¹⁶

Country	Programme	Projects		Share of the approved out of the applied	Funding		Share of provided grants as % of the total Programme
	Launch	Applied	Approved		Approved	Total re-granting budget ¹⁷	
Bulgaria	22 Nov `12	559	124	22.2%	3,100,612	10,024,250	31%
Cyprus	13 July `13	108	20	18.5%	1,126,795	1,230,612	92%
Czech Republic	24 Sept `13	466	0	0.0%	<i>Selection in process</i>	8,268,583	0%
Estonia	19 June `12	92 122	43	20.1%	1,228,772	1,910,000	64%
Greece	27 Nov `13	87 221	0	0.0%	<i>Selection in process</i>	6,185,700	0%
Hungary	12 Feb `13	1339	135	10.1%	3,830,477	11,610,000	33%
Latvia	14 Nov `12	588	145	24.7%	6,796,277	9,058,898	75%
Lithuania	6 Feb `13	353	32	9.1%	2,443,577	4,506,664	54%
Malta	9 Apr `13	11	4	36.4%	119,169	396,233	30%
Poland	25 June `13	2220	162	7.3%	12,795,631	32,700,000	39%
Portugal	22 March `13	364	54	14.8%	2,991,683	7,453,000	40%
Romania	18 Apr `13	1495	127	8.5%	11,242,724	31,170,030	36%
Slovakia	25 Feb `13	104	26	25.0%	1,929,550	3,061,850	63%
	25 Feb `13	186	35	18.8%	1,660,075	3,067,805	54%
Slovenia	19 June `13	365	15	4.1%	1,253,566	1,593,750	54%
Spain	13 June `13	236	35	14.8%	3,274,653	3,785,671	87%
Total		8916	957	10.7%	53,793,561	136,023,046	39.5%

For a year and half since their official start the NGO Programmes reviewed 8916 proposals in 13 countries and contracted 957 projects in total value of € 53,793,561. In some of the countries all funds had already been assigned to the approved projects by July 31 2014 (e.g. Portugal).

¹⁵ Based on the Online survey, filled in by 354 project promoters (about 37% of supported projects), 43,79% of them have just started, 41,24% are at the initial stage of implementation and only 14,97% are close to completion or completed

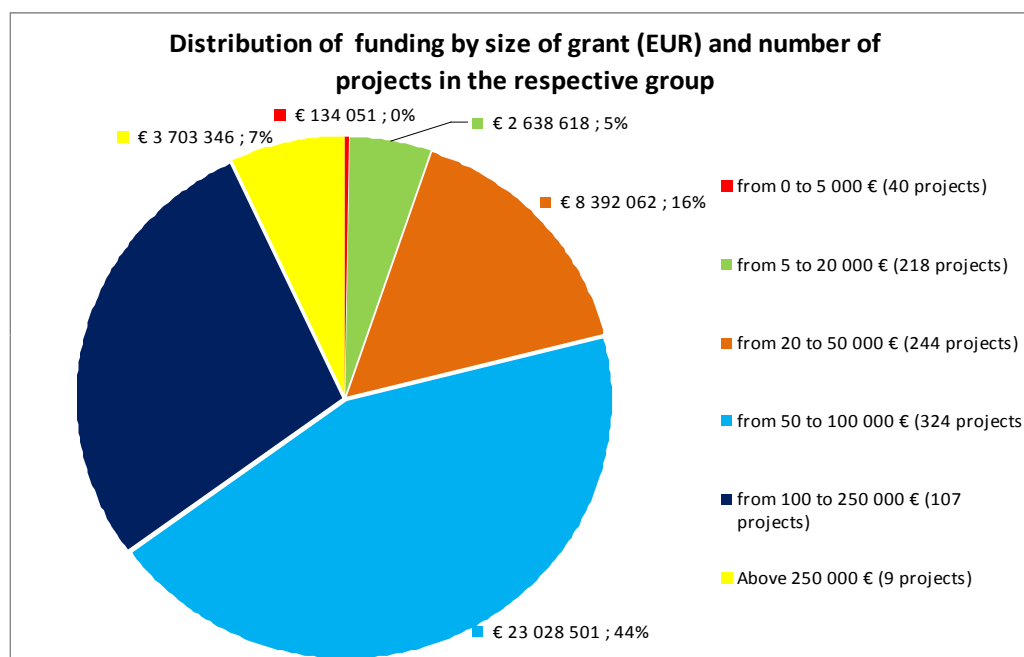
¹⁶ Source DoRIS. Data on projects in Slovenia were added, as it was still not inserted in the system.

¹⁷ Based on DoRIS data. The total amount includes co-financing and excludes program management, funds for bilateral relations, complementary action, preparation for program proposal and reserve for exchange rate losses.

Based on provided data, the demand for support as number of proposals is on average nine times higher than the ability of the Programmes to respond to it. The ability of the Programmes to respond to the level of demand differs among countries. It is the highest in Malta (36%); the positive rate of supported projects is between 25-20 % from all proposals in Slovakia, Latvia, Bulgaria, and Estonia, 12-18% in Portugal and Spain, and much lower in Romania, Poland, Lithuania and Hungary (between 8-10%). It is the lowest in Slovenia, where only 4% of the proposals could be supported.

In terms of size of provided support the picture is also very diverse and depends on the size and the strategy of the Programme.

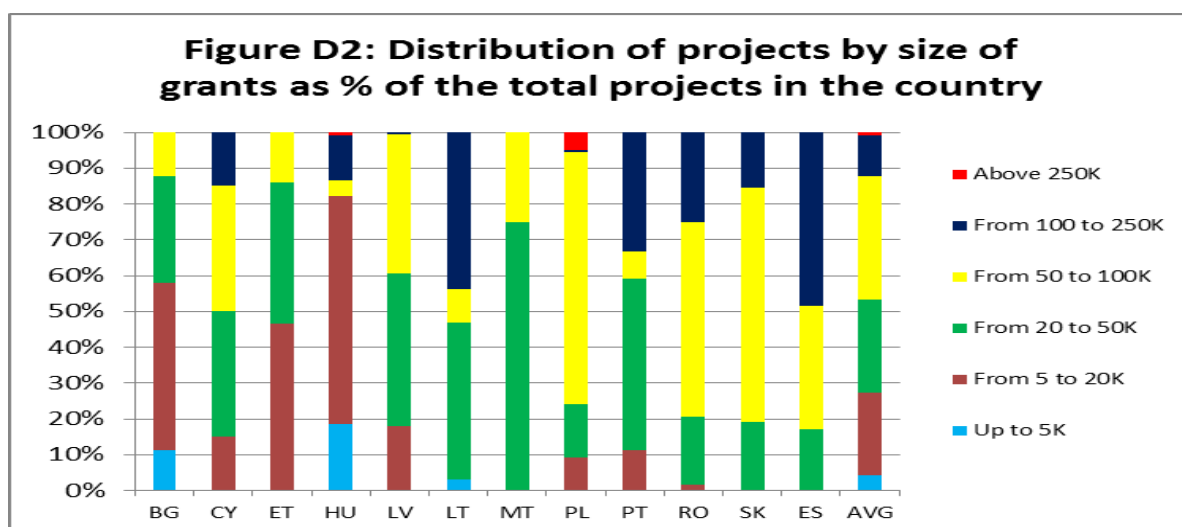
Figure D1



The majority of supported projects (83% or 786 projects) have a budget below € 100,000. Only 17% of the projects have large budgets above € 100,000, with only nine which are very large - above € 250,000; 8 of them are in Poland. The small projects (€ 5-20,000) constitute almost a quarter of all the grants, but get only 5% of the funding while the the micro seed initiatives (4% of the all the grants) get less than half percent of the funding.

Figure D2 below shows the distribution of projects by the size of the grants as % of the number of projects in the different countries. It is interesting to observe that the picture of distribution of the grants by size is totally different. It does not always depend on the size of the Programme or similarity of conditions in the countries. It is defined mostly by the strategy of the relevant Operator and the choice of size of grants to meet the needs of the sector.

In Bulgaria and Estonia the majority of the grants are below € 50,000 with no grants above € 100,000. In Hungary more than 80% of the grants are very small up to € 20,000 and very few are macro projects between € 50,000 and € 140,000. In Poland most of the grants are between 50-100,000, with several large systemic projects and about 20% smaller grants below € 20,000. In the other countries all types of funds are present except the very large ones.



Who was funded?

As the Programmes are aimed at strengthening the NGOs as catalysts of civil society we tried to explore what type of NGOs are the project promoters - old/ new, grassroots/national, small/big, area and level of operation etc. Unfortunately, the FMO database, which collects information on the type of project promoters could not provide comparable data in this direction¹⁸. Below are some aspects of the types of Project Promoters based on the Online Survey and data from the Operators:

Level of operation

The Programmes are reaching out to both centrally based and to local NGOs. Based on the Online Survey 55 % of the participating NGOs have their headquarters in the capital, and the other 45% are based out of the capital (the majority of them are in bigger cities and some towns, and only 8% of them in rural/village areas). In terms of the level of their work 66% of the NGOs work at the national level, 35,5% at community level, 35% district level, and 37% work at the international/European level.

Based on data provided by the Operators in the 8 focus countries of the evaluation we studied the ratio between supported NGOs based in the capital and local organizations. The lowest is the support to local NGOs in Lithuania - only 2 out of 31. The rest of the 29 NGOs are well established capital based organizations. This is also due to the priority attention of support to human rights organizations which are mostly in the capital and are almost missing at the local level in many of the countries.

In the other countries, the highest outreach to local level NGOs is in Poland with 65% of the supported projects of which 35% are in Warsaw. It is followed by Romania with 57%, of which 43% based in Bucharest. In Hungary and in Bulgaria, 44% of supported NGOs are locally based of which 56% are based in the capital. In all of these countries, supported capital-based NGOs are often implementing activities with a local outreach too.

Based on the above data we consider that the Programmes were successful in reaching out to both centrally and locally based organizations. In a number of countries, the ratio was in favor of support to locally based NGOs. In addition a number of projects of NGOs based in the capital were also targeted at actions locally. At the same time, this differed among the countries

¹⁸ DoRIS does not offer multiple choice in defining the types of organizations and thus does not allow comparisons across the countries.

depending on the strategy as well as the areas of support. In some areas the NGO sectors miss or have fewer actors that are locally based. This relates mostly to the fields of human rights and advocacy where the best organizations are based in the capital. In addition, there are regions and locations where NGOs are underdeveloped and have limited capacities to compete with capital-based organisations.

Despite the relative success in reaching out to the local level, the majority of the Operators consider that this is an area that needs further attention. Specific measures and criteria in the calls, as well as capacity building for local groups can be helpful to increase the accessibility of the Programmes to locally based NGOs. Some of the organizations of vulnerable groups need more investment in their capacity to be more competitive in open calls for proposals (especially NGOs of Roma).

Field and type of activity

The biggest number of NGOs participating in the survey has chosen as a priority field of their work Children and youth, Social services and Education (32-30% each). The second group (27-15%) are focused on Community development, Human rights, Non-profit sector development, Promotion of volunteering and the Environment. On the lower scale are Gender issues/gender equality (11%), Roma inclusion (7%), and the lowest - Promotion of philanthropy (3%).

Per type of activity most frequent are the provision of social, health, educational services (45% of the respondents), followed by community based initiatives and facilitating civic participation (37% each), and advocacy, lobbying and watchdog activities (33%). On the lower scale are media campaigns (10%) and fundraising campaigns and resource mobilization from individuals and corporations.

There is a correlation between the location of the NGO and the type of priority activity suggested. For example, 65% of the NGOs that have chosen as a priority advocacy, lobbying and watchdog activities are based in the capital, and the rest in bigger regional districts or towns. The majority of human rights organizations are also based in the capital or large cities, and few in smaller localities.

Another interesting correlation is between the chosen field of activity and type of action. For example, 60% of the organizations that have chosen human rights as a field of activity also work on advocacy, lobbying and watchdog actions. The rest do not have advocacy as a priority type of action.

A third interesting observation is that advocacy, lobbying and watchdog is chosen not only by old and experienced organizations, but also by younger NGOs.

Size of supported organizations

The majority of the supported NGOs identify themselves as small or medium sized. Based on the size of their budgets and human resources in the context of the country, 51% of those NGOs participating in the survey self-identify themselves as small, 38% as medium sized, and only 11% as big organizations. The 2013 budget of about half of the respondents are over € 100,000 (only 14% of them above € 500,000). The other half operated with less than € 100,000 in 2013 (36% of them had budgets below € 50,000, and 13% - below € 10,000). There is a significant positive correlation between the age of an organizations and their annual budget, which increases with more experienced NGOs. NGOs that work on the national and/or European/international level also have relatively higher annual budgets.

II. So what? Mapping progress towards planned outcomes

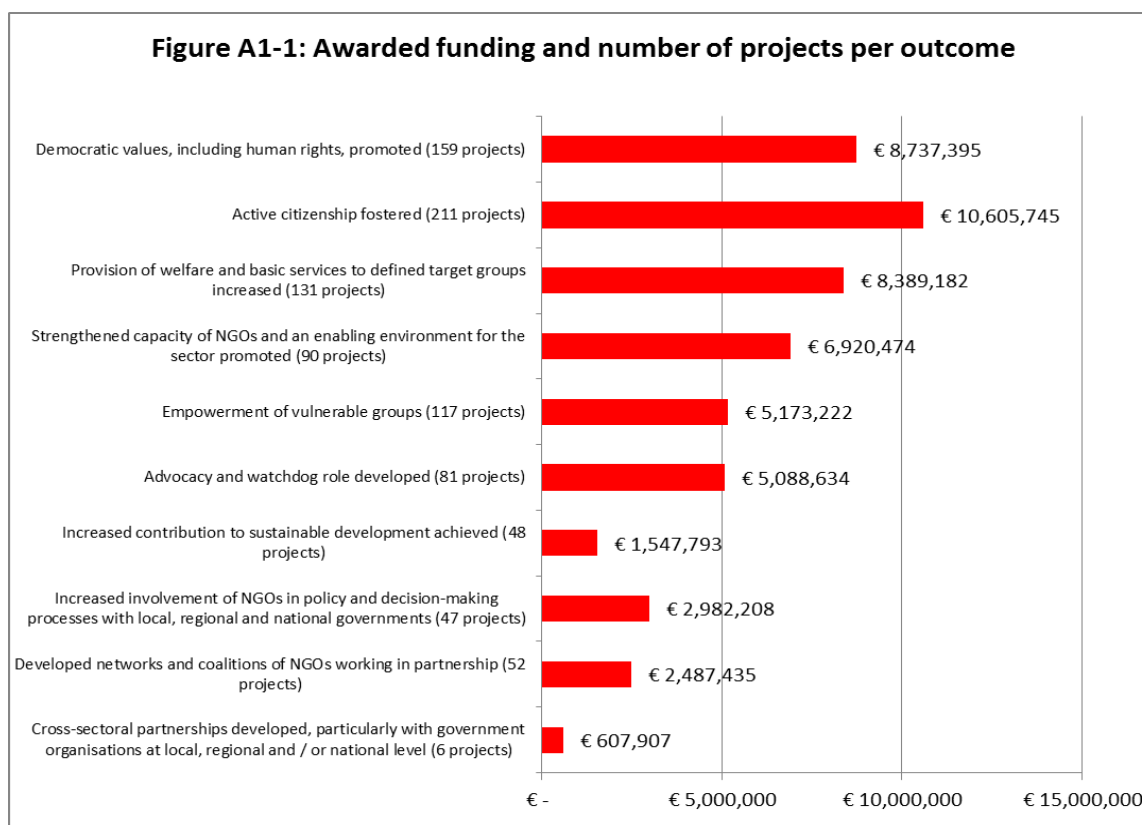
1. The Overall Outcome Map

The NGO Programmes are designed around a set of ten outcomes or changes, the achievement of which will increase the capacity of civil societies' to contribute to social justice, democracy and

sustainable development in these countries. These outcomes are leading the reporting systems on effectiveness of implementation and budget allocation.

It is quite early to map progress towards planned outcomes, as most projects are still just starting or at an initial stage of implementation. In terms of effectiveness what can be viewed is (1) the progress of allocation of funding as compared to the funds commitment to the priority outcomes and (2) to what extent the type of supported projects and organizations are likely to contribute to leading outcomes based on observations from Focus Groups and interviews.

The Figure below shows the overall map of number of supported projects and level of awarded funding per different priority outcomes in all beneficiary countries.¹⁹



The spending per outcome follows the priorities in fund allocations as set in the country strategies. The largest number of grants (20%) and the most significant budget allocation of € 10,605,745 are under the broad outcome of “*active citizenship fostered*”. This is 49 % of the overall committed funds under this outcome. The next two outcomes with the most projects and budget allocation are “*Democratic values, included human rights promoted*” (17% of all projects) and “*Provision of welfare and basic services*” (14% of all supported projects) with a similar level of budget allocation (€ 8.7-8.3 million each), and 42% - 37% of spending as compared to initially planned funds.

“*Strengthened capacity of NGOs and enabling environment for the sector*” is the next outcome as size of budget allocation, but with less projects (9% of all projects). This is due to the fact that under this outcome some of the grants are much larger (e.g. systemic projects in Poland, or macro projects in Hungary). The same is the situation with the 81 projects under “*Advocacy and watchdog role developed*”. The next outcome “*Empowerment of vulnerable groups*” has approximately the same amount of fund allocation but for twice more projects (117), as size of grants under this outcome are much smaller. All of the above outcomes have

¹⁹ Based on data from DoRIS (30.06.2014). Does not include the 15 projects funded in Slovenia as they were not inserted at the system at the closing date for DoRIS data use.

spending of about 38%, and a bit lower in the case of the *Empowerment* - 30% of planned funding.

“*Increased involvement in policy and decision making*” is the outcome with the most spending (44%) from the planned funds, followed by “*Developed networks and coalitions of NGOs*”. Under each of these two outcomes, 5% and 5.4% respectively of the projects were supported with total funding of € 2.9 and € 2.4 million.

The spending rate is lowest under *Increased contribution to sustainable development* - less than 19% of planned allocation. The lowest number of only 6 projects is under the least popular in the strategies outcome “*Cross sectoral partnerships developed*”.

As already outlined in the previous section assessing the relevance of strategy design the outcome map provides only a partial glance of the strategic focus of distribution of funding. Due to overlap of outcomes, their diverse meaning in the different country strategies and the fact that projects may be contributing to multiple outcome, the picture is much more diverse. For example, while cross sector partnership is the least popular outcome as priority of committed and allocated funding, the review of the projects shows that there are a number of cases where partnership is present especially at the local level under other outcomes - for example in the area of social service provision, social inclusion and sustainable development.

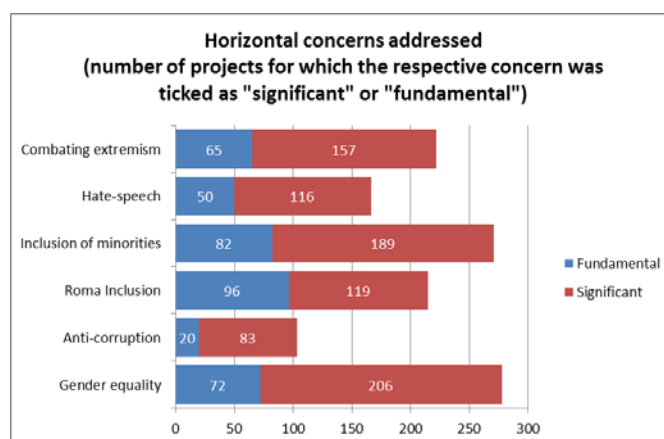
The picture of funded and how they complement each other can be outlined better at “portfolio” level - under the priority areas of support, rather than on outcome level. The calls were designed following priority areas while rendering account of distribution per outcomes. Spending and distribution of projects per priority area can also provide a different glance on the level of focus of the programmes - whether they are too narrow or spreading too thin.

However, due to the fact that the reporting system (including budgeting) was designed around the predefined outcomes, we could not find comparative data on achievements per priority areas. The challenge of outcomes design for monitoring and learning is further elaborated in the next sections of the report.

2. Distribution per horizontal concerns and crosscutting issues

As defined in the Programme Implementation Agreements, all NGO Programmes ensure addressing the 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”. The picture below illustrates FMO collected data derived from grantees’ information – project promoters indicate “fundamental” or “significant” contribution to respective horizontal concerns or cross cutting issues.

Figure D3



While the above data provides a picture on distribution of horizontal concerns and crosscutting issues among the projects the summarized data has only general informative value. This is due to several reasons. First, one project may contribute to several areas and there is no data on the distribution of the resources by horizontal concerns. Second, there is obvious duplication between the horizontal concerns and some of the areas of support which makes confusing the very idea of horizontal interventions. Third, monitoring of the presence of the horizontal concerns is done entirely in self-reporting manner (the project promoters assessing to which horizontal areas their projects contribute “fundamentally” or “significantly”). At least from the outside the terminology is unclear (what is the exact difference between “fundamental” and “significant”).

With all the caveats outlined above, it is interesting to note that most project promoters prefer to report “significant” and not “fundamental” contribution to all horizontal areas.

The attention to the horizontal concerns is distributed differently among the ten priority outcomes. All horizontal concerns are most present under the outcomes active citizenship, democratic values, included human rights promoted, empowerment of vulnerable groups and partially under the outcome basic welfare service provision.

While the horizontal concerns are addressed in the broader areas above, they are much less present in the outcomes related to capacity growth of NGOs and the sector. The outcome strengthened capacity of the NGOs accommodates only 11% of the projects for Roma inclusion; and only 8% of the gender equality projects. Developed networks and coalitions of NGOs accommodate only 7% of the projects dealing with hate speech, but 14% of those dealing with combating extremism. Networking is also low for Roma inclusion related projects (0 fundamental, and 13 significant), but a bit higher for gender equality (3 fundamental and 8 significant).

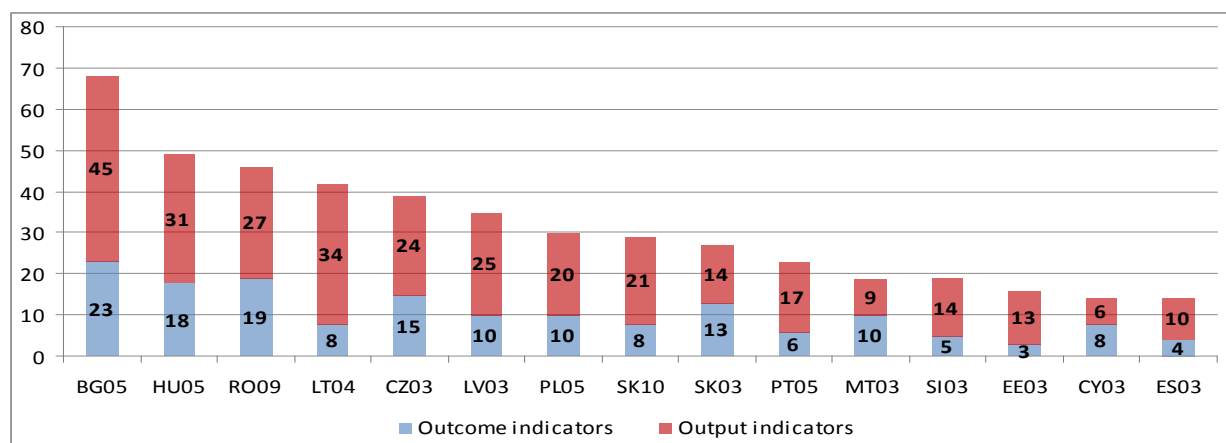
Theoretically, detailed analysis is possible linking the individual project funding and the horizontal areas ticked. Such analysis however would not mean much due to the vagueness of the definitions mentioned above and the multiple areas addressed in some projects. Monitoring of the horizontal concerns would be more appropriate at the level of outcomes as well as within the core areas of support related to democracy, human rights, empowerment and inclusion.

3. The outcomes and outputs challenges

The above data provides a good picture on *what was funded* as level of fund allocation, number of projects and effectiveness of spending in regard to outcomes. In order to answer the question on effectiveness (“so what?”) the qualitative reading of this information reveals some issues and challenges related to the outcome framework and monitoring systems of the Programmes.

Based on the interviews with the FMO and the Operators of the Programmes, as well as our analysis of provided data on the monitoring and evaluation systems there are several key challenges. The NGO Programmes have a very complex system designed to measure change. The 10 predefined outcomes and the relevant outputs are measured by 470 indicators, out of which 160 outcome indicators and 310 output indicators. The number of indicators is highest in Bulgaria and lowest in Cyprus and Spain.

Chart D4: Number of outcome and output indicators by NGO Programme²⁰



The system was designed by the FMO, where a set of standard outcome indicators were developed in order to provide for aggregated data. This was to provide for comparability of data across the diversity of Programmes and contexts. At the same time Operators were encouraged to develop their own custom indicators where needed in order to fit the specificities of the Programme. The Operators in Slovenia and Estonia used standard indicators. The rest of the Operators added their own custom outcome indicators (most significantly in Romania -17 custom outcome indicators out of the total of 19).

The large number of indicators (160 for all NGO Programmes) is already recognized as a challenge by the Evaluation Department of the FMO. Currently, there are internal processes of identifying ways of simplifying the overall indicators framework, by consolidating them to fewer indicators to report on, and more closely aligned to the 10 expected outcomes.

A major challenge comes from the ten outcomes themselves. They are too many and designed as quite broad statements. There is no shared definition of what their meaning is or what set of desired changes they may involve. The content of outcomes can be outlined “bottom up” from the set of standard and custom indicators under each outcome as defined by the FMO or the Operators, as well as by the outputs that will lead to them.

This makes the picture even more diverse and confusing at least from the outside. Based on the review of the set of indicators and outputs in the different strategies, there is an obvious overlap of the meaning among the different outcomes. In some cases some of the ten outcomes are present as outputs under other outcomes²¹.

Some outcomes have accommodated a different meaning. For example, as already mentioned the outcome “Increased contribution to sustainable development” has two standard outcome indicators as developed by the FMO: “number of NGOs contributing to sustainable development” and “number of NGOs that have strategic sustainability plans”²². The first relates to sustainability as societal and governance practice, the second relates to sustainability of NGOs. At the same time, sustainability of NGOs as sustainable plans and new sources of funding is a standard

²⁰ Chart provided by the evaluation department of the FMO. * Based on data provided in Annual Programme Report. Excludes HR02 and GR04.

²¹ For example the outcome “active citizenship fostered” overlaps with the one on “participation in decision making”. It is also present as outputs under other outcomes or some of their aspects: monitoring and watchdog NGOs strengthened (Slovenia), “access to work of people facing poverty or social inclusion of the poor” (Slovakia) which in practice can easily be part of the empowerment outcome. The outcome “Promoted democratic values/human rights” have natural overlap with the one on “empowerment of vulnerable groups”. The same overlap is present between “advocacy and watchdog role promoted and “participation in policy and decision making”.

²² List of Standard Indicators. EEA and Norway Grants 2009-2014, p.15

indicator under the outcome “Strengthened capacity of NGOs and enabling environment for the sector”.

These overlaps affect the whole system of reporting. As was shared by Operators, *budget allocation and reporting under outcomes is not realistic and creates a lot of “fake” windows*. In many cases one project may be contributing to more than one outcome, and selecting projects by a priority outcome does not give the whole picture of changes emerging as a result of the investments.

A second challenge is the quality of the indicators. Many of the “outcome” indicators are in fact output indicators. In addition, the baseline is set at “zero” as if nothing has been done in the area of civil society development in the last two decades. The “source of verification” is mostly programme reporting and rarely “NGO monitoring” or “custom surveys”. In some cases the same indicator is reported both as “outcome” and “output”.

The third challenge is that the Programmes are dominated by quantitative indicators. This does not provide for extracting qualitative information that is so much needed for learning from change processes that these Programmes are trying to contribute to.

The FMO considers that outcomes can be assessed mainly by evaluations combining quantitative and qualitative methods. DoRIS is a data system that mainly keeps track on progress on quantitative aspects of the outcome indicators. Normally, this is to provide the quantitative picture as a basis for outside independent evaluation studies. However, due to the outlined above challenges - overlap of outcomes, unclear meaning of both outcomes and indicators, the usefulness of the quantitative outcome map produced by DoRIS is questionable. It may provide some general orientation, but it can be also misleading for the actual change on the ground.

The outcome and output monitoring systems in place needs careful review. The problem is structural and is rooted in the very way the program outputs and outcomes are defined. It is not “in the hands” of the Operators and can be addressed by the FMO only. It is the FMO who sets the standards (as priority outcomes and standard indicators) and requests the structure of the outcomes and outputs – and the respective indicators – being used by the Operators.

A further important aspect is that outputs do not translate into outcomes immediately and automatically when delivered. This is particularly the case of interventions in an area like civil society development. There is always a gap of 1-2 years for the outcomes to be observable and registered. And even this is an optimistic expectation as societal change, especially change in attitudes, is a long-term endeavour.

The desire to monitor outcomes is an essential element of responsible grant-making. However it is difficult to answer it at a Programme level. And it is impossible to accomplish by using programme-level data (consolidated reporting from the individual Operators and the projects their grantees implement, as it currently the practice). The link between the projects (their outputs) and the programme (its outcomes) is *logical but not numerical*. However, 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 a Programme’s outcomes.

In addition, when observed and registered, the outcomes cannot be attributed to one single programme or intervention. In the case of a big national-level programme it is possible to claim “contribution” but difficult to talk about “attribution”. For assessing the degree to which this or that intervention has contributed to achieving a certain outcome, a general overview of the entire context and the contributions of the other stakeholders need to be considered.

Existing outcomes and outputs systems need careful review and clarification, if they are to serve as the backbone of the learning systems of the EEA Grants NGO Programmes.

4. Data Sources for the Programme Monitoring: The Challenges of the Documentation Reporting and Information System (DoRIS)

Currently the core of data needed for the internal learning and monitoring of the NGO Programme comes from the FMO information system DoRIS. The main purpose of DoRIS is to be a single platform for everything related to the EEA and Norway Grants and the beneficiary countries - programme preparation, appraisal, decisions, changes and modifications, reporting. It provides better document management and serves as an archive for the FMO. It provides the Donors with key information such as who the target groups are, geographical information, whether programmes and projects are contributing to selected policy areas that they would like to track, indicators across 33 programme areas (Civil Society being one of them), project summaries that include information on what expected results are, etc. It is the backbone for analyses and cross check of multiple data across programme areas to better report to the Donors and the general public.

However, within the complexity of DoRIS, based on the information available²³ as well as on interviews with NGO Programme Operators, DoRIS presents a number of challenges in terms of providing good basis for learning from the efforts of strengthening civil society. Part of the problems seem to be technical, part may be structural.

All Operators except those in Greece and Malta consider that DoRIS is not quite user friendly, not analytical and stimulating a “tick in the box” approach to learning. Some of the major problems shared by the Operators are:

- DoRIS came later after the start of the Programme. There was no initial information on categories of data to be gathered in order to feed the system at the time of the first calls for proposals. Integrating DoRIS later in the process added a lot of workload to the Operators, as they had to go back to grantees to collect needed information.
- DoRIS requires too much information to fit the needs of all 150 EEA Grants programmes. Only most important data is collected across programmes to make it manageable. At the same time some categories that are related to the nature of the NGO Programmes are missing. For example, the category “*citizens*” is missing as an option for target group though often this is the main target of campaigns or other civic initiatives. The category “*association*” as an option for type of organization is also missing though this is one of the most frequent forms of NGOs registration in the studied counties). Part of the problem is that DoRIS was designed for quite different Programmes as size and targets.
- DoRIS does not provide for multiple choices. For example, under “type of project promoter” as an organization there are numerous options, but no possibility to select more than one. At the same time an organization can be NGO of Public benefit, but also local, grassroots and/or advocacy NGO. With the possibility of only one choice different Operators put one aspect of the type of NGOs. Thus, in Bulgaria, all the project promoters are NGOs of public benefit, with no information on other aspects like level of work, or priority type of action. In other countries, Operators have outlined other aspects. This limits the utility of the information on project promoters for comparative analyses.

Based on our observation and our limited experience with data from DoRIS there are a number of discrepancies. Some relate to technical mistakes in the data entered about projects which may lead to distorted quantitative maps of results. Delays in data entry are leading to discrepancies between the information generated by the system and the information from the annual reports of the Operators. There are also discrepancies between the financial data in the system and the data in the PIA and the respective annexes (at least those made available to the evaluation team).

At the end, DoRIS is a tool that needs to provide for information management, learning and reporting on the basis of results-based monitoring of the EEA and Norway Grants. It follows the

²³ The evaluating team did not have access to the system but was using its outputs as provided by the FMO.

overall outcome/output design and the respective indicators. It records the type of activities and outcome areas of support, however, in the case of the NGO Programmes these areas have often unclear meaning and overlap, which affects the reliability of data gathered in terms of the learning process.

The information used for the ongoing monitoring of the Programme comes from the project level reporting aggregated at the level of the Operators and reported to the donors. It is made available to the public via a project portal on the EEA and Norway Grants web-site and provides basic information about each project. The data is also entered into DoRIS by the Operators under a lot of time pressure, and at the FMO there is very limited capacity for quality control of data entries. This may be the reason for the observed discrepancies.

The technical mistakes can be addressed relatively easily by improving the quality control procedures and introducing internal data consistency checks in the system (or applying them if they exist). The bigger problem is the content of the information from the project and program level reporting – it is not suitable for outcome-level reporting as it is used now.

Improvement of the monitoring and evaluation system needs to be of priority attention for the overall Programme. Based on the experience of this midterm evaluation its current design is challenging to use as a background for assessing the progress of the Programmes.

5. An Attempt to Cluster the Existing Outcomes

The predefined ten outcomes of the NGO Programmes are in different nature, focus and meaning under the broad objective of civil society strengthening. Some of them relate to change in societies and development that the NGOs will contribute to. Others relate to increased capacity of the individual NGOs and the NGO sector so that they are able to contribute to these changes and to bring desired societal changes.

We tried to cluster the ten outcomes in three groups based on their nature and focus in regard to the desired change by the Programmes. They are illustrated in the matrix below:

Nature	Focus	Outcomes
Outcomes related to changes of society and development	<i>Focus on the value propositions and impact that NGOs are bringing to society and improvement of the situation</i>	1. Fostered active citizenship 2. Promoted human rights and democracy, 3. Increased contribution to sustainable development, 4. Empowerment of vulnerable groups, 5. Increased provision of welfare and basic services to clearly defined target groups.
Outcomes related to civic infrastructure	<i>Focus on strategic capacity of the NGOs and the sector and its enabling environment</i>	6. Developed networks and coalitions of NGOs working in partnership 7. Strengthened capacity of NGOs and an enabling environment for the sector promoted
Outcomes related to the policy influence capacity of NGOs	<i>Focus on the strategic ability of NGOs to voice and advocate for the citizens interests with the government</i>	8. Advocacy and watchdog role developed 9. Increased involvement of NGOs in policy and decision-making processes 10. Cross-sectoral partnerships with governmental organizations at different levels

We also tried to identify the linkage among the different groups of outcomes. Two of the outcomes groups are focusing on the capacity of the NGOs and the sector.

The strategic capacity outcomes focus on how the NGOs and the NGO sector work. The aim is to **develop strong civic actors** - viable, value led organizations with sound management and accountable governance, as well as a **new collaborative culture of joint action** which makes the sector stronger.

The policy influence capacities relate to the core of the role of **NGOs to represent civic interests vis-à-vis governments**. It involves expanding the advocacy and watchdog functions of NGOs, increased and effective involvement in decision making, as well as entering in cross sectoral partnerships that will be of benefit to the interests of represented civic groups.

The third group of outcomes involves *five broad areas of desired change in society and development*. Or in other words - these are **key processes** that will contribute to the improvement of the situation in the long term. They relate to change of attitudes and practice of individuals, vulnerable groups, government and broader society.

As outlined by some of the Operators, **“active citizenship fostered” is overarching for all** - it relates to empowerment of vulnerable groups, to sustainable development, to promoted human rights and democracy, as well as to improved service provision.

This group of “societal change” outcomes is also depending on the first two groups. **Key processes of change in society** (active citizenship, empowerment of vulnerable groups, democracy and human rights promoted) **and in areas of development** (sustainable development, service provision) **are more likely to happen if there are strong civic actors that work together in coalitions and partnerships and have a strong capacity to influence government** by advocacy, participation in policy and/or partnerships to improve policy development and implementation. Again, **active citizenship** is the backbone of the strategic capacity of NGOs and the sector - broadened civic constituencies makes it stronger and more legitimate.

We organized the existing ten outcomes in these three clusters in order to better focus the evaluation on analyzing the progress towards the anticipated social changes. However, this does not resolve the issue of serious overlap of the meaning between some of the outcomes, as well as the fact that supported projects contribute to more than one outcome. Developing several consolidated outcome areas (clustering outcomes in terms of their meaning towards the objective) may be useful as a possible approach to improve the current Programmes learning and reporting system. But this needs to be done together with the Operators of the Programmes and in a way that does not put completely new requirements in the middle of the implementation of the Programme.

6. Potential Effects of supported projects towards the outcomes

6.1. Outcomes related to changes of society and development *(the value propositions that NGOs are bringing to society)*

Almost 70% of the projects in total value of € 39, 632,519 are supported under five outcomes or key areas of societal change: promotion of human rights and democratic values, active citizenship, sustainable societies, empowerment of vulnerable groups, and providing much needed services to clearly defined segments of society. These are various initiatives focusing on issues of each of the areas, as well as on the functional aspects of the increased role of NGOs in these change processes.

a) Active citizenship fostered. The largest number of projects (211) and fund allocation (€ 10,605,745) is the support to initiatives that foster *active citizenship*. These are projects in 9 countries - Bulgaria, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia and Spain.

Based on interviews and focus groups with the supported NGOs in the eight focus countries, projects are very diverse as the aspects of active citizenship, approaches to fostering them, level of work and experience of the project promoters. These are initiatives developed by large and experienced organizations working nationwide, as well as small scale local initiatives developed at the community level by local NGOs.

Supported projects seem to contribute towards various aspects of the outcome of active citizenship fostered. Some projects focus on increased civic engagement in non-profit work (membership and volunteerism) which will contribute to an important and much needed expanding of the constituency base of NGOs in different areas. A number of projects aim at

expanding the skills, knowledge, critical thinking and growing new values of wider groups of citizens to be able to make informed decisions about their communities. This may contribute to expanding the segments in society that have an understanding and shared commitment to critical democratic and social justice values. An important aspect in some of the supported initiatives is the growing civic engagement in dialogue or putting pressure on relevant authorities thus taking part in decisions that affect the life of their communities.

In terms of approaches, projects that are especially valuable are community facilitation, campaigns, and providing opportunities for direct involvement as volunteers on different causes. As a number of projects are also related to the civic engagement of youth, in the long term they may potentially nurture new generations of engagement and leadership in civil society.

As outlined in the interviews with Operators, in many countries *active citizenship is considered as the leading outcome, underlying the approaches and initiatives within the other cluster of outcomes related to societal change* like sustainable development, democracy and human rights and empowerment of vulnerable groups. A number of projects funded under other outcomes are also nurturing civic engagement around democratic values, environmental issues, human rights as well as self-organizing of vulnerable groups.

b) Democratic values, including human rights promoted is the second priority outcome as allocation of funding with 159 projects supported in total value of 8,737,395. Supported initiatives are very diverse as issues, target groups, level of work and approaches. They address critical areas of human and citizens rights that are otherwise much neglected by other public funding Programmes.

Some are aimed at awareness raising on various aspects of democracy and human rights. Approaches are very diverse including local, regional or national antidiscrimination campaigns especially with a focus on hate speech, awareness raising on implementing European policies and signed conventions. Others are fighting practices of intolerance and discrimination by monitoring of performance of institutions, educating and providing free legal aid to persons whose rights have been or are at risk of being violated, work with children and families for early promotion of tolerance and multicultural respect, monitoring and support to institutions for improved governance practices in relation to vulnerable groups in the short-run.

Box 7: Counteracting Hate Speech

Lithuania: A huge panda-bear rides a tricycle in Vilnius streets, makes chocolate, hugs people and invites messages of joy not of hatred. “*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?*” “I Love Panda” is a creative project of the *National Institute for Social Integration*, which became the visual of the Council of Europe’s No Hate Speech campaign.

Romania: The project “Media competencies for high-school pupils in fighting discrimination and hate speech in mass-media” of the Center for Independent Journalism is training high-school pupils and teachers on tolerance skills and supporting pupils in organising relevant advocacy campaigns.

Lithuania The “Ethnic Kitchen” project of the US Alumni Association campaigns against xenophobia, racism and sexism, and promotes intercultural dialogue among migrants and local population of Lithuania. It is a documentary feature telling the personal stories about five women who moved to Lithuania from different countries (one of them is Roma), followed by grass-roots dissemination events and campaign all over the country.

Poland: A number of innovative projects in the area of Combating discrimination address hate speech. The *Karat Coalition Association’s* initiative is developing recommendations for anti-discrimination policies at the level of several voivodships. The project of *Polska Association* mobilises civic energy in the protest against hate speech in public space, especially against offensive inscriptions on walls. The *Humanity in Action Poland Foundation* is focusing on the prevention of hate speech in the Internet.

Some of the projects are very innovative in involving young people, using effective public communication tools thus reaching to broader audiences and with potential for effect on change of attitudes and practices. What is very important is that some of the projects are activating the local and regional levels, not staying in the official discourse of human rights only at the central level.

This relates both to campaigns, local assistance to victims of violation of rights, as well as policy recommendations.

In some countries the projects contributing to the outcome *Democratic values and human rights* are tightly linked with the outcome *fostering active citizenship* and involve a variety of civic participation activities especially for young people (public forums, citizen jury, internships in leading NGOs, involvement in concrete campaigns and events). This is supporting the effect of growing a new generation of responsible citizens that embrace democratic values and human rights principles.

Last but not least, the overall approach of the Programme area is sensitizing all NGOs on the issues of human rights and democracy. This is done by having the horizontal concerns, as well as through the priorities set by the Operators. The effect will be integrating the culture of practicing democratic values and human rights as principles of the functioning of NGOs regardless of the area they work in.

c) Provision of welfare and basic services to defined target groups increased is the third outcome as level of support (131 projects in total value of € 8,389,182). These are very diverse initiatives targeted at various groups of societies that face social exclusion. They all are related to reducing social exclusion in areas where the public support system fails to deliver quality and accessible services.

Some of the projects have more the nature of service development; others are more linked with empowerment of those served. What is very valuable are some of the supported *community based services*, which also increase the solidarity of local people with those who are excluded. What is very valuable are some of the supported *community based services*, which also increase the solidarity of local people with those who are excluded. Some of the projects offer innovative forms of support.

Box 8: Examples of Innovative approaches to social services

- Introduction of housing mediators for low-income Roma families, as well as other innovative community based social services for Roma in **Bulgaria**;
- Work with autistic children in **Hungary and Bulgaria** and promoting their assets and ability to contribute to society;
- Innovative services based on public private partnerships and social enterprises, as well as developing innovative social service networks aimed at victims of traffic, Roma youth and children and/or for isolated rural communities from the **North-East Region in Romania**;
- Linking social services with advocacy in Romania. Supported project of Caritas Romania is focused on advocacy for equal opportunities for providers of social services interested in public funds, consulting and organizing over 60 service provision NGOs all over the country.

d) Empowerment of vulnerable groups (117 projects in total value of € 5,173,222) is present as a focus in seven countries. Supported projects involve various groups like Roma, women victims of domestic violence, people with various disabilities, immigrants, children at risk, drug users etc.. All of these groups are either out of public attention or are in the focus of public discrimination. Projects address a variety of issues related to discrimination and exclusion of vulnerable groups.

Approaches involve developing skills, knowledge and experience on rights and responsibilities, increasing access to information and services, community self-organizing and self-help initiatives, facilitating their effective interaction with institutions and voicing out their interests what are. Very valuable are initiatives emerging at the local level, especially those that involve creating community based civic infrastructure.

A question of effectiveness is to what extent the Programmes have identified and supported NGOs representing the interests of those that need to be empowered. For example, in the area of Roma inclusion, there are a number of projects initiated by Roma-led organizations - mostly in Romania, Hungary and Bulgaria. Still (based on interviews) they are a smaller share of all 215 projects that have marked Roma inclusion as a fundamental or significant issue.

Part of the problem is the low capacities of the NGOs of the vulnerable groups themselves to develop competitive projects responding to the criteria of the Programmes. A second issue is that some of the Roma empowerment projects are closed, and only work within the Roma community, but miss the outreach to the broader majority to change attitudes and perceptions. However, there are some good and innovative practices bridging Roma and non Roma in Romania and Hungary.

Box 9: Good practices in approaching empowerment and inclusion

- Community self-organizing: A Roma project in **Bulgaria** (Kjustendil) has established a representative community council to negotiate and communicate with local institutions and to mobilize the community for resolving local problems.
- Supported project of Impreuna Agency in **Romania** is mobilizing interethnic communities and linkage among different groups.
- One of the macro projects in **Hungary** has a very innovative approach in the field of human rights and democracy, focusing on citizen's journalism, news services and grassroots campaigning.
- The Project "Women participate EQUALLY" of E-Romnja (Association for Promotion of Roma Women Rights) in **Romania** is encouraging and supporting collaboration between Roma and non-Roma youngsters from the countryside, in view of sound transition from school to high-school
- Good examples of approaches for social inclusion of various groups come also from **Poland** under the component Counteracting Social exclusion.

e) Increased contribution to sustainable development has supported 48 initiatives in total value of 1,547,793 in Bulgaria, Hungary, Lithuania, Romania and Slovakia. In addition, projects under other outcomes related to advocacy and policy influence in some countries too (*e.g.* Slovenia). also involve environmental organizations.

A number of projects relate to fostering the policy influence of NGOs, including collaborative actions aimed at change of existing policies and practices. There is also a strong focus on raising the public awareness on different environmental aspects (campaigns targeting society at large and/or at community levels).

Some of the very valuable activities are aimed at young people, mostly in schools, and include a variety of interactive tools and some target change of the educational system (*e.g.* advocacy to include green entrepreneurship in the curriculum in Bulgaria). Some of the initiatives focus on creating social capital at the community level and stimulate community cohesion and development around the issues of the environment (*e.g.* a number of the community development projects in Hungary, and in Romania). Another group of good practices with potential effect on improvement of policies are regionally based partnerships between different stakeholders, to carry out independent assessments and provide data for informed decisions on sustainable development (*e.g.* Bulgaria, Romania).

6.2. Strengthened Civic Infrastructure and capacities of the NGOs and the NGO sector.

The two outcomes in this cluster are of critical importance for the effectiveness of the NGOs as catalysts of civil society. The first one '*Strengthened capacity of NGOs and an enabling environment*' has 90 projects in total value of € 6,920,474 and the second "*Developed networks and coalitions of NGOs working in partnership*" has 52 projects in total value of 2 € 487,435.

Both outcomes involve different types of projects aiming at expanding the capacity of individual NGOs, or at partnership/network and sector level. They follow the strategy and specific approach to capacity building of the different Operators. While the capacity building approaches will be discussed in the next section of the report, some of the potential effects of projects towards strengthening the capacity of individual NGOs and the NGO sector can be grouped as follows:

a/ investment in the individual capacities of NGOs is critical for developing strong organized civil society.

The option of having up to 15% of the project for capacity building is contributing to growth of skills or capacities, but in mind of the fact that most of the grants are small, it cannot have a visible and measurable effect on the organizational development of promoters. Most instrumental

are approaches providing more consistent organizational support to the overall work of supported NGOs that build strategic space and potential for sustainability.

Box 10. Expanding Advocacy infrastructure by institutional support to core organizations in Latvia

The NGO Activity Support component of the NGO programme in Latvia provided institutional support to leading advocacy organizations in different areas. This gave the opportunity for long term strategic work to 42 organisations promoting democracy out of which 16 are local and 26 work at the national level in areas of human rights; good governance, antidiscrimination, gender equality and the environment. Due to the requirement for expanding networking and partnerships by the end of 2013, the subprogram had helped 93 organisations to engage in local cooperation networks and 197 organisations to join regional, national or international cooperation networks. Just three examples:

- Support to **Providius** enabled this most prominent public policy institute in the country to expand its public policy monitoring and participation by providing opinions on draft laws and policy documents, policy analysis, participation in working groups of Ministries and Parliament committees, advocacy activities and developing interactive internet tools for public participation.
- Support to **MOZAİKA** as one of the leading human rights NGOs in Latvia ensured expanding its advocacy actions for better legislation, advocating LGTB community interests, support to the community, monitoring of hate crimes, participation in international networks and the organization of Euro Pride in Latvia.
- Support to **the Latvian Movement for Independent Life** has strengthened its institutional and human resources and expand its membership to empower people with special needs, to evaluate social policies especially in the process of deinstitutionalization and to advocate for policy changes that will ensure better quality of life of people with disabilities.

Another group of projects aim at increasing the capacity at the NGO sector level - in key thematic sub-sectors or overall.

The NGO Programmes use diversified approaches to stimulate networking and collaborative action at sector level. Some involve specific calls for sector level proposals (macro or systemic), others are part of the capacity building and/or thematic calls for projects. Practically, the EEA Grants NGO Programmes are among the very few investing in expanding civic infrastructure in the beneficiary countries.

Box 11. Examples of support to growing civic infrastructure at NGO sector level

- **Hungary:** Overall the programme in Hungary consistently supports collaborative work among various types of NGOs and membership based organizations locally and nationally. The Human Rights and Democracy Macro Projects focus on support to networking and collaborative culture of civic organizations. Support enables membership-based organizations from different sectors (environment, minorities, equal opportunities, LGBT, sports and recreation) in to support each other through processes of working and advocating NGO policies in the current legal framework, medium-term strategy development and fund-raising. Very valuable is the work of established organizations with smaller local NGOs and informal groups to mutually expand their capacities.
- **Poland:** The systemic projects supported by the Programme are also stimulating networking, expanding knowledge and comprehensive knowledge of NGOs, strengthening the position of NGOs in the processes of public policy consultation both at the local and national levels, and expanding the visibility and prestige of watchdog activities. Thematic projects also contribute to creating new networks. A good example is the National Consultation Network of Leaders in Poland involving local communities into discussions of key public policies and legal solutions
- **Romania:** The network and coalition strengthening component of the Programme in Romania has provided support to 26 coalitions and networks to expand their capacities and membership base. Just two examples: The Project "Coalition for Gender Equality" of the Foundation Center for Partnership for Equality which is consolidating the efforts of NGOs to promote the democratic and human rights values in the field of gender equality on the public agenda. The project "Re-use of confiscated goods for social aims" is an initiative of the Centre for Legal Resources aiming at promoting a law which will benefit to the whole NGO sector.
- The whole programme **in Malta** is focused on establishing new networks in areas of importance to the NGO sector and society

- **Bulgaria:** The Specific Capacity building component helped 19 organizations of different type and size to address their needs in terms of capacity. This includes some of the leading networks in the country (e.g. National Children’s network uniting over 100 organizations and very visible with its effective advocacy work for children rights)

A good factor for success of the network projects is that most of them are of multi-year duration since sustainable networks take time, energy and the commitment of members to develop and grow.

6.3. Representing and voicing citizens interests (Policy influence-related outcomes).

The three outcomes in this cluster relate to a critical aspect of the capacity of NGOs to represent civic interests vis-à-vis governments at different levels by *advocacy and watchdog* functions, *involvement in policy process* and *cross sector partnerships*.

The largest is the investment under the outcome ***Advocacy and watchdog role developed*** (81 projects in total value of € 5,088,634), followed by ***Increased involvement of NGOs in policy and decision making processes with governments at different levels*** (47 projects in total value of € 2,982,208).

Supported projects under these two outcomes are various initiatives in the priority areas of the Programmes with a focus on influencing policy development and implementation at different levels. They involve a variety of advocacy actions locally and nationally, watchdog and monitoring initiatives of public institutions performance, of human rights etc.; public campaigns,). Some of them are at the local level mobilizing participation of local residents in decisions that affect their lives (especially in Poland and Romania). Others are national level actions - a number of the human rights advocacy and campaigns in Lithuania, initiatives and campaigns in Bulgaria, Hungary, Slovakia, Poland and Romania. The already mentioned institutional support projects supported in Latvia under the Activity Programme measure have also enabled multiple advocacy, watchdog and public participation activities, organized by the supported organizations.

Box 12. Examples of increased advocacy and involvement of NGOs in the policy process at different levels

Poland: A number of projects funded under different components stimulate civic engagement and participation of NGOs in the policy process at different levels. Some examples include:

- The project of the Stanczyk Institute of Civic Thought Foundation enables it to exercise public scrutiny of all stages of the legislative process in Kraków;
- The Sendzimir Foundation project involves commune residents in the region of Silesia into the process of design and execution of decisions of local authorities related to land development;
- the Rural Development Foundation engages the residents of a village exposed to flooding to take part in social consultations that will accompany the preparation of flood risk management plans.

Romania: The Programme supported a number of diverse projects increasing advocacy and involvement of citizens and NGOs in the policy process:

- “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;
- “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;
- The Initiative „Reports of open society – Public data open in Romania” of the Foundation for Open Society is aiming at consolidating the partnership between organisations working with open data as good governance tool, facilitating the transition from ad-hoc collaboration to structured strategy
- The project ”Active NGOs participation in the management of European Funds” of the Foundation Resource Centre for Public Participation – aiming at strengthening the capacity of the Coalition on Structural Funds to contribute to the management of the Structural funds in the country.

The potential effect of the advocacy and policy influence initiatives is in multiple directions. It increases the visibility and legitimacy of NGOs as representing civic interests with both the institutions and the public at large. It increases the skills for advocacy and participation in public policy processes. Results from advocacy efforts would eventually bring policy changes that will lead to improvement of the situation in the area of work and in the locality or nationally.

Only 6 projects were funded under the outcome **Cross sectoral partnerships** (total value of € 607,907 in only three countries Romania, Slovenia and Spain. A good example are the two projects in Romania that address the local level and act in the fields of active citizenship for local development (rural) and eco-volunteering in penitentiaries.

7. Visibility

The NGO Programmes are highly visible in all beneficiary countries. The Operators have invested efforts to provide for this through public launching events, presentations at the media and publications on the special websites of the Programmes. Publishing the information on selection criteria, rules and results has contributed to a good public image of the programmes in terms of fairness of selection, transparency and reporting in the majority of the countries. Exclusion is the SK03 programme which got negative feedback in this aspect and main criticism related to lack of transparency of the selection process in the public space.

While all the Programmes were implemented in comparatively friendly environment, the case of Hungary is different. In 2014 the Programme was under severe attack of the Government and especially allegations in the media accusing the Operator in lack of transparency and integrity of the selection process. Based on our in-depth assessment of the selection process in Hungary, it was done in a very professional and transparent way. While the attacks of Government and related to this investigations of KEHI narrowed the normal space for implementing the Programme, in fact it raised the public visibility of the Programme as one of the very few in the country supporting independent civic thinking and acting. The NGO Fund Operator has been very active and professional in responding publicly with its own press statements, interviews and conferences, and a few project promoters as well.

The Programmes are also visible through the funded project-related products and websites of the project promoters. Visibility is among the requirements to supported organizations. The visualization and promotion requirements are listed in the Project Implementation Guidelines and the Communication and Design Manual which are published on the websites of the Operators. In some countries these compulsory requirements are seen as too complex and rigid especially in view of the relatively small investments/size of grants (e.g. Bulgaria and Latvia).

A number of projects contribute to the visibility of the Programmes as they include initiatives for communication to the public at large on the issues and causes they work for - campaigns at different levels or public debates and publications in the media. However, in many countries a challenge in this direction is the gap between the NGOs and the media, which is not always responsive to positive news - of new

Box 13. Strategic Approach to Visibility of the Operator in Lithuania

A very good example is the NGO Programme in Lithuania, where a professional journalist was hired as a PR member of the staff. The Operator has a consistent approach to communicating the causes of the programme to the general public. This is done through support to visible activity projects (campaigns), as well as intensive capacity building (training and mentoring) of project promoters to be more visible in the public.

The NGO Programme itself is actively present in the media. It has a circle of journalists supporting the Programme and cultivates partnership with the Lithuanian Journalist Union, which is a project promoter.

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.

The NGO Programme in Lithuania is one of the best in developing meaningful case stories. A lot of them have been present in the national media, including leading TV channels.

working practices and approaches. This relates to another aspect of capacity gap in the NGO sector related to effective communication to the public and interaction with the media.

To address this, some Operators have put special attention on communication. For example in the second call for proposals (2014) of the Programme in Hungary 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.

The low capacity of NGOs to work with the media and effectively communicate with the general public was addressed in a most consistent way by the Operator in Lithuania. There a professional journalist was hired as a PR specialist and a number of successful public relations training was carried out, followed by individual assistance and coaching to help NGOs “tell their story and develop appealing and comprehensive messages to the public. Capacity building for organizations and groups to attract media, formulate messages, and use diverse and modern social media tools is an important area that needs to be addressed by all programmes.

While Programmes have high visibility on what is funded and how, this is more challenging on the level of messaging out the results - or communicating the benefits of the civic actions and answering the question of “so what” if projects are funded. At this stage this may be due to the fact that in the first half of the Programme the main activities were related to the selection and contracting of projects. More substantial visibility will be possible when supported projects are in a more advanced stage or finished.

Among the wide diversity of supported initiatives sometimes their messages remain fragmented and do not link strategically with the identity of the Programmes at the national level. Though beneficiaries put information on their project results on their home pages this is 1/fragmented and 2/ it is passive communication. It helps to recognize the program locally but does not give an insight into the overall support of EEA/Norway grant programs.

Box 14. Overcoming fragmented visibility

A very good practice to overcome fragmented visibility was done in Poland. To strengthen the visibility of individual projects, the Operator prepared an overall map of the activities implemented by supported projects on its website, divided into voivodships and thematic areas. 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.

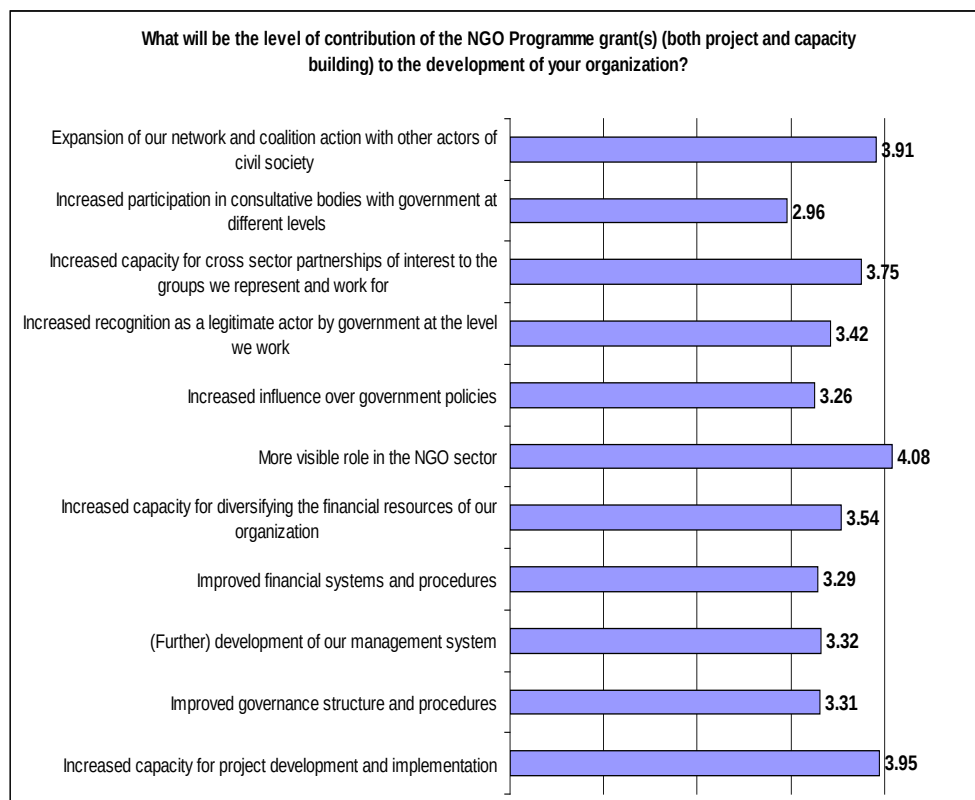
While the details on approaches and results in terms of visibility are in the country reports a question of importance may be outlined here to serve for the strategic learning of the Programmes. Based on the interviews with various respondents, the main question is *visibility for what?* As shared by both Operators and stakeholders the majority of other financing Programmes are “technically visible” in the public space – how much money have generated how many seminars and meetings.

From the point of view of the objective of the EEA Grants NGO Programmes it is critical to communicate out the values and causes they work for, as well as to contribute to increased visibility of the role and benefit of civic organizations. This requires communication strategies, involving growing the capacities of NGOs to communicate to the general public and to communities, developing sector level campaigns and initiatives.

There are some good practices of the NGO Programmes in some of the countries, which can help mainstream this approach in all countries. The overall visibility the Programmes at national European levels is also enhanced by the “No Hate speech” campaign clearly communicating to the general public the core values of civil society and democracy.

8. Potential long term results and effects from provided support as seen from Project promoters

We asked participants in the online survey to estimate *in which areas the Programme will contribute to the development of their organization*. The Table below summarizes the average of the rating (1-5) on each of the areas/statement.



Based on the opinions expressed in the survey the main contribution of the Grants will be increasing *the visibility of supported organizations as part of the NGO sector*. This was also confirmed by the focus groups, where a number of participants consider that the EEA Grants support increases their image as credible and effective organization – within the sector, and with other stakeholders and the public. The second important impact of the support is *expanding the horizon of supported NGOs, beyond their individual activities by increased networking and coalition action with other actors in society*.

In terms of capacities, the strongest contribution of the Programmes will be to the NGOs *project management and implementation*. This reflects the priority focus of capacity development assistance provided by the Programmes related to project development and management in the process of application and implementation.

It is followed by increased *capacity for diversifying the financial resources of the organizations*. However, based on the focus groups and interviews – this diversification of resources refers in majority of the cases to finding other project financing, and less to other sources of revenue – donations from individuals and corporations or income generating activities. Though growing capacity for diversified funding is a subject of some of the trainings provided by the Operators or envisaged in some of the Predefined projects, sustainability is still in the backyard of the priorities of the Programmes.

The influence of the Programme related to *improvements of governance structure, management and financial systems* of supported NGOs have approximately the same average high rating in the survey. Based on the focus groups, the contribution of the Programmes is mostly seen in the area of better skills for managing public funds, including sound financial reporting. Improvement of the governance structure is part of the attention of trainings of some of the Programmes (*e.g.*

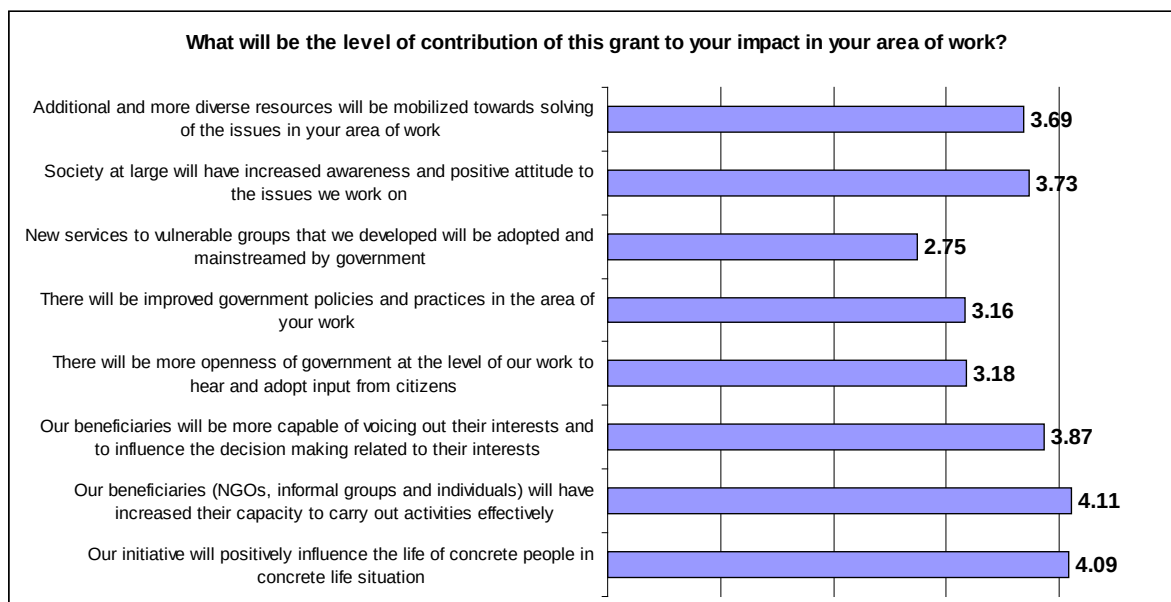
Romania), however, such processes require much more process-oriented assistance for organizational development, like coaching, mentoring and accompanying advice. This in turn requires different level resources for capacity development (to support the pool of consultants or giving more time to the Operator for closer monitoring and feedback) which is missing as an instrument of the current Programmes.

The opinions of respondents to the survey differ in terms of effectiveness on growth of external capacities, especially related to different roles vis-à-vis government.. On the higher end is the *increased capacity of NGOs for cross sector partnerships* of interest to the represented civic groups, which interestingly is the least popular outcome (as fund allocation). As outlined in interviews and focus groups, while not stated as a priority outcome, a number of the supported projects under other outcomes related to social service provision, social inclusion, and sustainable development are opening the doors for cooperation with institutions especially at the local level. In a number of countries the fact that an NGO is supported by the Grants is already a serious legitimacy contribution – it increases the recognition by Governments about the role of NGOs.

In Hungary the opposite seems to be a case: some NGOs perceive support from the Programme as a potential threat for the organizations, fearing that if they are supported they may come under the attack of the Government. This is the case not only for large capital-based advocacy NGOs but also for smaller organizations working with vulnerable or discriminated groups.

On the lowest end is the survey rating on the contribution to the policy capacity of supported NGOs - their ability to influence and change policies. Based on focus groups, this relates to two aspects. First is the capacity of organizations for advocacy, watchdog and participation in the policy process that needs much more investment to develop. The second is rooted in the low optimism on the feasibility of an increased influence over government policies, related to the political and economic situation in the countries.

We also asked supported NGOs participating in the online survey to estimate *what will be the level of contribution of received grants to the impact from the NGOs in their areas of work.* The Chart below summarizes the average of the rating (1-5) on each of the area/statement



As rated by respondents – *the highest will be the contribution of the Grants to changes in attitudes and practices of direct beneficiaries* – NGOs, informal groups and individuals. Participation in the projects will contribute to increasing their capacity to get engaged and initiate effective activities. Projects have the potential to positively influencing the life of targeted individuals and communities. This is a very good finding about the projects and organizations - their core values and approaches are oriented towards activating and empowerment of various target groups to get engaged in social change. This is also very promising for progress towards the objective of the

Programme which relates to change of attitudes and behavior of citizens and organized civil society.

Again, much lower is the optimism of supported organizations related to impacting policy improvements. Still not so high will be the impact on the capacity of served by supported NGOs beneficiaries to voice out their interests and influence the decision making process. This also relates to the much lower scoring on the effectiveness of the projects as increased impact on policy level and interaction with government. The organizations are less optimistic about the effectiveness of support in the direction of more openness of government to hear and adopt input from citizens, as well as on the visible improvement of government policies and practices in the relevant areas of work. On the lowest end is the belief that developed new services to vulnerable groups will be adopted and mainstreamed by governments.

Respondents of the survey have much more optimism on the level of contribution of the Grants to changes in broader society – *raising awareness and growing positive attitude to the issues and causes of supported initiatives.* This also relates to the relatively high rating on the potential contribution of supported initiatives *to mobilize broader support and resources for resolving important issues in it.*

This is very promising in terms of the objectives of the Programmes. Usually the question on impact of projects on the broader society generates more pessimistic answers in similar surveys. The higher self-confidence for the potential of impacting broader groups of society expressed by respondents may be related to the approaches of the Programmes. In a number of the visited countries the Programmes have supported projects that involve targeted visibility actions like campaigns, media presence, public meetings or a variety of community facilitation activities at the local level. This is expanding the effects beyond the “project boxes” and contributes to the visibility of the new values, approaches and results promoted by the projects to broader circles of the public.

9. Sustainability

What will stay after the end of the funding is a legitimate question for any Programme investing in social change. The issue of sustainability was raised in a number of interviews, both with Operators, NGOs in the beneficiary countries and the representatives of the Norwegian Embassies. This was in two aspects; a/ sustainability of the supported initiatives and b/ sustainability of supported organizations.

a) In terms of sustainability of supported projects:

Based on the survey with project promoters, the majority of them are optimistic about the sustainability of the supported projects. About 67% of them forecast it as high, and 26% as very high. Only 10% of the respondents consider the sustainability of supported initiative as not high enough or low, requiring much more work in the future. This is an interesting finding as usually the project sustainability questions generate extremely pessimistic answers in most of the beneficiary countries.

However, based on the interviews and focus groups the meaning of this optimism is different. In the majority of the cases, organizations see as an indicator of the sustainability of their projects that they will raise additional project funds to continue the initiatives. Another frequent sustainability indicator is that beneficiaries will continue using the skills and experience gained in similar initiatives. In fewer occasions they see sustainability resulting from mainstreaming suggested approaches, models and improvements into the relevant policies and practices of institutions. This relates to the above mentioned low optimism about the policy related aspect of the impact of the Programmes. In the areas of democracy, human rights and equality there is a long-term need to change attitudes, behavior and policies of institutions. This requires much more consistent work for expanding capacities of relevant institutions in the area of sustainable development and good governance - both related to respect to human rights, inclusion and interaction with civil society.

This can hardly be done only by the Programmes targeted at NGOs. It will be critical that this serious gap for designing and implementing rights based policies for development inclusive to citizens input and scrutiny is addressed by all the relevant Programmes of the EEA and Norway Grants supported in the beneficiary countries. The chance for optimizing the investments will increase if it involves work from both ends - targeted support to expanding capacities of NGOs and civil society through the NGO Programmes and increased attention to expanding capacity of institutions to accept and work better with civil society through the other EEA and Norway Grants

The same, though in a different way applies to the social service provision areas. Though there is much more public funding for social services, it is designed and managed in a way that it does not reach those who are most in need. Even if some countries social contracting is well developed, it remains rigid in terms of space for innovation – new services or new approaches to old services.

As shared in interviews, the main source for innovation is from the EEA Grants and very few other donors. New services can become more sustainable if they are accompanied by advocacy for adopting and mainstreaming emerging good practices by governments. This relates to another gap that needs addressing. The majority of the service provision NGOs does not have too much experience and capacity for advocacy, and still have the mentality of implementer of state tasks, rather than initiator of change and improvement.

In this respect it will be critical to stimulate new thinking of institutions and their openness to innovation suggested by civil society. This is a long process and will need investment from both sides again - to support service provision NGOs to be able to advocate models to be mainstreamed, and to support change of attitudes and practice of institutions to be open to consider input from NGOs and to work in partnership with them. The latter will benefit from more attention to capacity development of relevant institutions (including more partnership projects with NGOs) in the other EEA and Norway Grants projects.

b) In terms of sustainability of supported organizations:

The Programme objective is to strengthen organized civil society to be able to stimulate societal changes in priority areas. This needs strong civic actors of organized civil society – viable (sustainable) NGOs and civic infrastructure to be able to work on these issues in the long term. From this perspective the issue of sustainability is a serious concern. The majority of organizations are far from sustainable; they can hardly maintain their human resources and completely depend on project funding. Based on the survey only 28 NGOs participating in the survey say that they engage in different resource mobilization (fundraising from Individuals and/or corporations).

To get a more coherent picture of the financial viability of the supported NGOs we also asked in the survey about *the share of all grants from the NGO Programme in the total annual budget of the project promoters for the period of their implementation*. For almost 40% of the NGOs this share can be considered insignificant (0–20%) and for 29% of the respondents average (20%-60%). Only for 21 % of the grantees it is above 61 % and for 10 % of the grantees the Programme financial contribution is above 81% of their budgets. This also corresponds to the type of organizations supported by the Programmes. As outlined in previous chapters of the report,²⁴ more than half of the supported by the Programmes NGOs are small to medium sized, with annual budgets less than € 100 000 (with half of them less than € 50,000 annual turnover). The Programmes are also successful in reaching to the local level. Locally based NGOs are 44% - 65% of all project promoters in the different countries, except Lithuania where they are almost missing.

The greatest number of project promoters for which the share of the NGO Programme funding is over 61% of their annual budget is in Bulgaria (42%), Poland (28,6%), Malta (25%), Latvia (22.1%) and Romania (21,4%). The least dependency is observed in Estonia, (0%), Slovenia (0%) and Spain (0%). For the rest of the countries this share is between 10 and 20%. At the same time,

²⁴ See IV.1. Mapping results

the dependency of the small organizations is higher. In Poland this is valid for 56%, in Bulgaria and Latvia for 50 %, In Lithuania for 43% and in Romania for 35 %.

Sustainability of project promoters is an indicator under two of the FMO standard indicators of the Programmes - the outcome *sustainable development* (sustainability plans) and the outcome *increased capacity of the NGOs and promoted enabling environment* (a focus on developing income generating activities). We could find very little evidence of how progress towards this indicator will be achieved. There were a few cases coming from the focus groups (*e.g.* Slovenia) where some NGOs have used the capacity building support (as % of their project funding) to identify new methods for generating income beyond project funding.

Box 15. Investing in Sustainability: the Community Foundations in Hungary

The *Community Foundations in Hungary* project is about bringing local people from different sectors together for the common good. Community foundations both raising and giving money locally.

By cultivating a philanthropic culture, structure and practices in a community, the community foundations have good potential to be a sustainable model to support meaningful local initiatives. 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 Fund has served to leverage follow-up core support for community foundations from the Charles Stewart Mott Foundation.

In some countries, there are Predefined projects aimed at addressing issues of sustainability of NGOs and generating other sources of income (*e.g.* Lithuania) but they are at a very initial stage and too early to estimate future effectiveness. It is questionable whether mere training can bring visible results in the most challenging area of civil society development.

In principle, the question of sustainability of NGOs remains of minor concern to the Programmes. Expanding contribution of the Programmes in this direction will require much more focused and diversified strategic approach, as well as flexibility of procedures to accommodate it

Chapter 5. Effectiveness of Specific Components Common for all Countries

I. Effectiveness of Capacity Building

1. Effectiveness of capacity building approaches applied by Operators

Strengthening the capacity of individual organizations and of the NGO sector in general is of critical importance for meeting the overall objective of the Programme to strengthen civil society. Among the diversity of capacity building strategies and applications in the different countries there are several types of approaches and emerging lessons that can be grouped as follows:

1.1. Direct assistance to NGOs by the Operators

At the pre-financing stage all Operators provided on-going individual direct or phone and online consultations to applicants and in a number of countries (*e.g.* Latvia, Romania, Slovenia and Hungary) consultation seminars or workshops were also organized thus assisting the capacity of applicants to generate good ideas and projects in response to the calls for proposals. For example, the Operator in Slovenia organized 6 regional project development workshops with project consultants to work with participants to develop their initial idea. This type of counseling was considered by NGOs as very useful²⁵.

After approval of projects all Operators had individual work and/or workshops with grantees to assist project planning, provide administrative and financial consulting. On-going interaction with grantees and mentoring to grantees in the course of implementation was also evidenced in the practice and plans of the visited Operators. However, for some of them it was more confined to administrative and financial matters, while others also focused on the assistance to the substantial and/or functional effectiveness of the initiatives.

The assistance provided to individual NGOs is mostly in the area of growing skills for project development, project management and reporting, as well as compliance with the procedures of the EEA grants. In other words, it is strengthening the capacity of supported NGOs to apply and manage grants from public fund sources. As shared in interviews with both Operators and grantees, more mentoring and coaching, as well as more on-site content monitoring will be very beneficial for supported initiatives.

A second aspect of capacity building support provided directly by Operators were various forms of specialized trainings and/or facilitated meetings focusing on specific areas related to the priorities of the Programme. They were done on a group level and invested in thematic or functional areas, identified as needed across projects.

For example, the Operator of the NGO Fund in Romania organized trainings on organizational development issues, as well as three thematic sessions (Inclusion and innovation in the social area; Active citizenship and respect of human rights; Advocacy and watchdog for sustainable development). In Slovenia, the Operator organized thematic workshops to share experiences and identify what additional support might be needed. *“We called them self-help meetings, it is critical that organizations learn together – this can open doors for more cooperation”*. In Lithuania, the Operator organized specialized trainings in PR and fundraising which was praised by participants as very useful and needed. What was also good is that the Operator provided follow up and on-going individual coaching and mentoring of supported NGOs to increase the effectiveness of their communication to the public.

²⁵ Focus Group with Grantees Slovenia

Interactive training and facilitated issue based meetings were considered as a very good approach to capacity building in two aspects. It brought introduction of new ideas and skills, but also helped learning and sharing among supported organizations.

1.2. Share of project support allocated specifically for capacity building

In the majority of the countries the Operators provided an optional 15-20 % of the grant that can be used by applying NGOs for their capacity development in areas of importance. We have no exact statistics of how this option was used in all countries. In some of the countries the number of projects that used capacity building as part of their project was quite high – for example 82% of the supported NGOs in Poland. In others, e.g. Bulgaria, it was lower²⁶. There were other practices as well that were practically not supportive to using this opportunity for capacity development. For example, in Slovakia SK (03), the Operator initially stimulated NGOs to apply for bigger grants, including capacity building, but later during the assessment when budgets were severely cut, capacity building elements were the first to go.

The majority of the grants provided by the NGO Programmes are project activity grants. They support mostly initiatives, not organizations. In most of the cases projects include capacity building of others (target groups, beneficiaries), not of the implementing NGOs themselves. As shared by some NGOs *“we did not use this opportunity for capacity building because it is a luxury – there was no space for that as projects are small and we needed the budget to provide for those activities that will bring the results we promised”*.²⁷

Another aspect outlined by Operators is that, providing the opportunity for including capacity building as part of the projects is only one side of the question. It is also important to what extent the NGOs are “ready” to use this opportunity. As reported by NGOs, sometimes it was initially difficult to even understand what is meant by this percentage for capacity building. *“We could not believe that this share of the budget is for us – to identify what we need to further develop as organizations”*.²⁸ As shared by the Operator in Slovenia *“We had to facilitate NGOs to start thinking organizationally, out of the project activities box. This is a process by itself and requires attention, time and resources”*.

The same message came from the findings of this evaluation in other countries too. Based on discussions with Operators the “readiness” for optimal use of capacity building depended on the stage of development of applying NGOs, which was different among different programme areas. Bigger and better established NGOs were much more aware of their own needs for organizational improvement. They approached more strategically the opportunity to further develop their organizations. Smaller organizations seemed not to be used to this type of thinking and in many cases understood capacity building in a more narrow way. They focused primarily on short-term investments to meet immediate needs – buying equipment, providing for rent etc.

In some countries like Poland, due to identified limitations of the suggested capacity building in a great number of the approved projects, the Polish Operator provided additional targeted training on various aspects of using capacity development and also gave participating NGOs the opportunity to update this part of the projects. Though according to NGOs this training *“was eye opening of how we can expand capacities in critical areas”*, in practice only a small number participants made changes of initial plans.

Provided opportunity to include a small share for capacity building inside the project was a good approach, however, not sufficient by itself to really tackle the issues of capacity growth of the supported organizations. First, it is very small as most of the grants are small or medium sized in order to really make a difference. Second, small organizations need much more intensive support for capacity building. Assuming that they will come with good organizational plans may be too optimistic and different schemes of support (combining seed funding and capacity development

²⁶ Only 14% of the participants in the online Survey and none of the sample of interviewed organizations.

²⁷ Focus Group supported NGOs, Bulgaria

²⁸ Focus Group supported NGOs, Slovenia

assistance) may be more appropriate. And last but not least, capacity building is usually a process. As it was best phrased by the Polish Operator, “*real capacity building requires much more time and resources for activating different thinking and approaches of supported NGOs*”.

1.3. Specific grant-making components for support of capacity building

In some of the countries capacity building support was provided in specific components and grants. This was done differently and depended on the relevant country strategies. We chose several cases which can provide interesting learning of direct investment in the development of organizational and institutional capacities:

- **In Bulgaria, there was a special priority area “Capacity building for NGOs”.**

NGOs were allowed to implement a capacity building project in addition to one in the other priority areas. This instrument was used towards three of the 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.

Based on interviews, more established NGOs and networks best used this opportunity using support for membership development, strategy development and testing new approaches for income generation. Smaller NGOs were using it for more immediate needs (training of the manager, retreats, rent or other costs).

- **In Hungary, the strategy involved support to macro projects aimed at expanding capacities at the overall sector level in key areas.**

It was providing support to leading NGOs in priority areas and bridging them with smaller organizations and informal groups. A core principle for support of a project was the clear identification of plans for: a) the long-term development of the leading organization, and b) the development of groups or the sector.

We consider this as a good approach as it creates an explicit framework for fostering greater ties and experience transfer from mostly Budapest-based organizations to smaller groups and organizations in the countryside. The effectiveness will be closely monitored by the Operator to generate learning. One challenge noted was that in some cases the NGOs with macro projects might be good in their thematic area (*e.g.* Human rights and transparency) but with relatively little experience in capacity building of others.

Another challenge was related to the actual number of quality macro project proposals. Due to fewer quality proposals than anticipated, a total of 1,294,614 Euro were not granted in the first round. The funds were therefore reallocated to the next calls, though it meant that there are fewer macro projects than originally intended.

- **The NGO Activity Support Measure in Latvia is a unique practice for the NGO Programmes practice of providing core or institutional support to NGOs in priority areas.**

The aim was to strengthen the institutional and human resources capacities of mainly advocacy NGOs via long term financial support for regular participation in processes of policy development and decision making. The component allowed for up to 3 year financing at micro (local) level – up to € 1500 /Month, as well as a macro (regional and national) level – up to € 2000 /month. Selection was done in a two-step process and was based on 3 years strategy of the organisation and annual activity plans. Support was provided for hiring and maintaining expert staff, covering some core costs, organising public debates, consultation with constituencies, campaigns in social media, as well as for engaging in coalitions, partnerships and international networks.

The Activity Support Program in Latvia has provided opportunity for long term strategic work to 42 organisations promoting democracy (16 of them at the local level and 26 at the national level), 5 in human rights; 11 in good governance, 6 in restricting discrimination, 3 in gender equality (1/2) and 10 in Environment.

- **Another good practice is the Predefined project on capacity building under the Area of Support “Active citizenship” in Slovakia (SK10).**

Project promoter Partners for Democratic Change (PDCS) Slovakia was selected based on an open call and is one of the best NGOs in the area of capacity building. The budget of the predefined project is € 97,088. The project is a very good example of a professional and meaningful approach to capacity building by tailored training modules based on careful needs assessment. It involved training for consultants for NGOs from the entire country, not just the capital; capacity building sessions with NGOs focused on sustainability – in creative management, innovative approaches to fund-raising and self-financing, cause-related marketing, professionalization of services etc.

Another interesting aspect of the project was its networking component – it was linking well established organizations with newly created initiatives, which use virtual networks and innovative approaches in their activities. Last, but not least, is the component for networking and peer coaching meetings for leaders of key non-profit and civic initiatives.

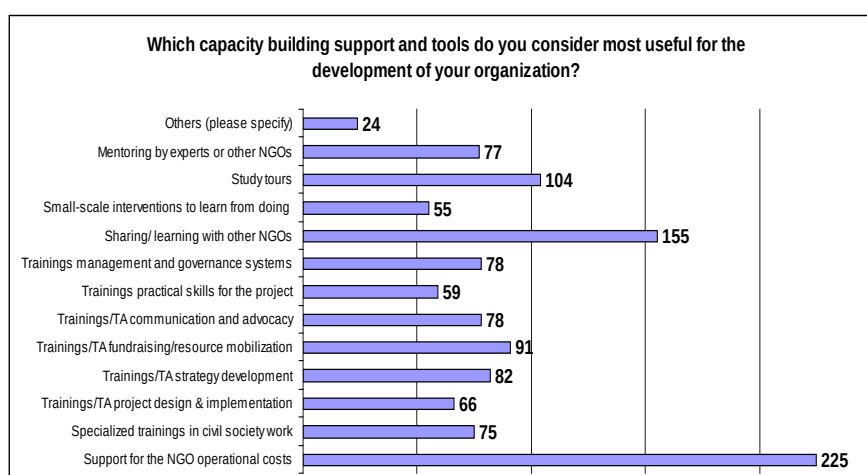
2. Feedback from NGOs on Capacity Building – what works?

Based on feedback from supported NGOs (interviews and Focus Groups) the capacity building aspects of the NGO Programmes are “outstanding” and make the EEA Grants support unique. Resources for organizational development and strengthening of NGOs are so much needed but missing almost completely in other funding programmes in the beneficiary countries.

Though the majority of the grants were in support to project initiatives, the capacity development elements provided space for thinking and investing in critical areas of importance - strategic planning, learning new approaches for fundraising outside public funds and projects, learning new skills in different areas needed for more effective work with citizens and governments, linking with other NGOs and civic groups, and effective work with members and volunteers.

In some countries this support allowed NGOs to hire more specialized staff in needed areas (experts in key areas, fundraising and public relations specialists, etc.). This was considered as “oxygen” for the organizations. As outlined in some of the Focus Groups, NGOs can hardly be effective if they don’t have active and skillful teams. Keeping people in organizations is a critical challenge across countries and is dependent on project funding. Especially appreciated was the institutional support in Latvia, which provided space for effective functioning and growth of the legitimacy and visibility of supported organizations.

In the online survey we asked NGOs “Which capacity building support and tools do you consider most useful for the development of your organization?” We gave 13 options extracted from the practice of the programmes and participants could chose up to five of the most relevant ones. The results of the answers of 345 NGOs (35% of all supported NGOs in all countries) are in the chart below.



As can be seen from the Chart, the supported NGOs consider the capacity support for the operational costs of their organization as most important. The second in rating is sharing and learning with other NGOs, as well as study tours. From the options related to training in different areas, most needed and useful are training in fundraising and resource mobilization, as well as strategy development. Other trainings related to organizational development (management, governance, specific skills in the area of work, as well as mentoring provided by experts or other NGOs) are also important but have a more average rating. On the lower scale of usefulness are training for project design and implementation, or support to learning from doing, as well as growing specific skills needed for the project.

3. Effectiveness of the Capacity Building Matrix Developed Centrally and Applied Locally

The development of streamlined Capacity Building (CB) tools and approaches across the Programmes in the different countries was initiated by the FMO due to the growing strategic importance of capacity development in the framework of the Programme. It was designed by outside consultants, hired by the FMO and piloted in three countries: Bulgaria, Hungary and Slovakia. The results of the pilot were discussed at the regional meeting of Operators in March 2013 and later the CB *tool* was mainstreamed for all the NGO Programmes.

The CB tool pack is elaborated in the Briefing for Fund Operators, which provides a comprehensive overview of various approaches to capacity building, as well as tools and a menu of ideas of integrating learning, self-reflection and sharing into the approaches of Operators. What is very valuable is that capacity development is interpreted as a holistic process. A core tool in this pack is the Capacity Building Matrix. It is a list of standards in five organizational areas and systems related to internal organizational capacity, seven aspects of external organizational capacity, as well as four areas of organizational competence and skills (staff and volunteers). The matrix is an extensive table of 17 pages with over 34 statements/standards in the above areas. Each statement has four stages showing the progressive aspect in the relevant area.

As explained in the documents the Capacity Building Matrix has a set of ambitious objectives at different levels. It is designed to help the self-assessment of supported NGOs to identify capacity building needs and priorities and to map progress for the period of the grant. It is to serve the Operators to identify needs of individual NGOs and needs at the national level which will help better targeting of resources and support. It is also to provide a country baseline at the start of the Programme in a variety of capacity areas and respectively - to assist the assessment of CB outcomes at both the country and Programme level.

A second important part of the CB pack is the set of capacity building indicators to be used across Programmes. This includes:

- three compulsory indicators related mostly to the internal organizational systems and links with beneficiaries: 1/ Number of organisations able to evidence good governance and management procedures; 2/ Number of organisations demonstrating robust financial procedures in place and diversifying their funding sources; and 3/Number of organisations regularly consulting with users, beneficiaries and other stakeholders
- six optional indicators related mostly to values, crosscutting principles, external capacity of the organizations to influence policies, and to strategically communicate and network.

The guidance for using the CB Matrix encourages Operators to adapt it, but to follow its principles. It is also stated that *“There is no requirement to use it if you have better ways of evidencing capacity building. It is a draft tool that the FMO will want to treat as a developing project, and feedback on its usefulness will be welcome”*.²⁹

²⁹ Christine Forester, Sarah del Tufo. Briefing Document for Fund Operators. EEA and Norway Grants for NGO. March 2013, p.6

While the use of the CB Matrix is not compulsory, all Operators have to report on the CB indicators at the Programme level. A number of Operators have already applied or are in the process of introduction of the tool. Based on the interviews it was applied differently. In all countries, the Matrix needed to be seriously adapted in order to make sense in the local contexts. Some Operators applied it as a survey sent to grantees (*e.g.* Bulgaria, Slovakia), and in other countries the matrix was used as a background for interviews of supported organizations done by the Operator (*e.g.* Hungary, Lithuania).

In some countries the CB Matrix was introduced as an obligatory requirement to grantees who had to fill it in at the start and at the final report stage (*e.g.* Bulgaria). In others it was used only with NGOs that had targeted support for organizational development. This was the case in Hungary, where the CB Matrix is used by the NGOs leading the Macro projects, which in turn will use it with the group of small NGOs they are providing with CB assistance.

Based on the Warsaw meeting of Operators (June 2014), as well as individual interviews with Operators, the feedback on the effectiveness of the CB matrix is mostly critical. While in principle such an instrument can be useful, a number of critical points were outlined related to challenges of the design, the timing of introducing the tool, the feasibility of the multiple purposes of the tool and the approaches for its application in the context of the nature of the Programmes:

- **Challenges of the design**

The CB matrix is considered by the majority of the Operators as not completely adequate to the realities in the beneficiary countries. The standards as described can be partially applicable for large NGOs with established organizational systems and policies, but it is “rocket science” for small organizations. As outlined by a number of Operators, a main shortage is that the matrix was developed from the outside with a limited perspective of local contexts. Real consultation with Operators at the stage of design was missing.

The CB matrix is cumbersome and long. The standards are often unclear and the progressive stages for the different statements (indicators) are sometimes artificial, which can be confusing for NGOs. The majority of the Operators have worked a lot in adapting it, and some have chosen only some of the numerous statements (indicators). For example in Slovenia, the Operator chose only 10 out of the 34 statements.

- **Late timing of introducing the new tool**

The CB Matrix came late for a number of the NGO Programmes at a time when the first call of proposals was already finished. Putting an additional requirement to already supported grantees was challenging for both the Operator and the grantees. As stated by some of the Operators, it was practically changing the message to the sector. Capacity building, especially as a share of the supported projects was announced as optional. Some organizations chose not to have it in their projects. A great majority of the grants are project activities and it would be unfair and unrealistic to ask for measuring progress of change in organizational development based on that.

- **Multiple purposes that are not feasible - a different approach is needed**

It can hardly be anticipated that the Matrix can contribute to a baseline of the Programme in the area of capacity building at the national level. This will require different tools and approaches which are developed by the Operators themselves within planned predefined projects or the consultations done during the design of the strategy for the Programme.

As we have already said, the NGO Programme is mostly providing project activities support and much less targeted support for organizational development. Any tool for measuring progress of organizational change in the duration of the grants will make sense only if these grants are explicitly targeting organizational development and provide an accompanying mentoring programme to assist needed areas. It will also be beneficial if NGOs have the resources for potential external facilitation and for the ‘internal time’ to devote to organizational renewal, training and strategy development.

Feedback from interviewed NGOs is also confirming some of the above concerns. A number of the NGOs did not understand this tool and some referred to it as “another administrative requirement we had to meet” or “the other questionnaire to fill in”. The majority the NGOs supported by the programme that participated in the evaluation found it irrelevant to their current situations and hard to even comprehend. Only a few of them NGOs reported that they have used the CB Matrix for internal discussion which has assisted their organizational thinking.

Based on the findings from most of the countries the introduction of the CB Matrix seems more imposed from the outside than supportive, which may be counterproductive to its intended function. It seems like it is accepted as a requirement rather than an opportunity for learning. This is valid for both Operators, as well as grantees. We consider it is completely counterproductive to use the Matrix as another questionnaire to all grantees, no matter whether they receive capacity building support or not. It is much better when it is applied as a tool for interactive discussion or interviews on organizational areas.

If the CB Matrix is to be used it needs to be carefully reviewed and strategically fit into a new approach to supporting organizational development consistently integrated into the Programme.

It will be beneficial if its redesign is done “from within”, rather than just from the outside. An option can be developing a working group involving Operators, as well as some of their partners in providing capacity development (predefined projects or others). This can help adjust the Matrix and the approach of its application so that it “lands” better in local realities and local strategies.

In regard to the chosen compulsory CB indicators, as stated in some interviews, though structure (management, governance and finances) is important, it is even more important to develop other aspects of organizational culture and performance related to values, citizens based approach and democracy nature of organizations and their mission driven interaction with the external environment. For example, the Operator in Hungary, “moved up” some of the optional capacity building indicators related to human rights values in organizational culture, which became compulsory.

II. Bilateral relations

1. Why Bilateral cooperation among civil societies

Like in all EEA Grants, Bilateral relations with Donor State Partners (both NGO and other stakeholders) are also encouraged through the NGO Programmes. This can expand strategic links and cooperation among stakeholders in the beneficiary and donors countries and to stimulate good working partnerships and pro-active work together beyond only seminars and workshops.

In principle learning, exchange and partnerships among different cultural settings is a good way to expand vision, develop new ideas and approaches, even if the contexts might be very different. Based on the interviews with the Norwegian Helsinki Committee and the Icelandic Human Rights Centre which are facilitating the contacts with potential partners in their countries, the NGOs in the donors countries have a lot to offer. It relates to the long tradition of work in democratic environment and high legitimacy of the NGO sectors by both Governments and the citizens:

- In both countries civil societies are well developed and supported by government with funding, but free to provide critical feedback without repercussion. They have access to institutions and are legitimate with government to monitor policies; they take part in hearings and give opinions which are taken into serious consideration, and they are invited as partners in policy implementation. The NGOs in both countries have strong capacities in advocacy, monitoring of policies and raising public awareness. Collaboration and joint work is an important part of the culture of the sectors.
- A major strength of the NGOs in both countries is that they have broad-based civic support and participation which makes them strong and independent. For example, the

115 000 NGOs in Norway are supported by 10 million memberships and 80% of the people in the country are members of at least one NGO, and 50% of the population participates in voluntary work annually. Contributions from membership payments and income generating activities make a bit less than 2/3 of the funding of NGOs, only one third of the support is from Government and less than 10% from private businesses.

- Some of the NGOs, especially in Norway, are very professional with resources and staff varying between 20-100 people. Half of all NGOs are more volunteer based, with annual turnover of € 7,000. In Iceland, the majority of the NGOs are small organizations; some do not have employees but work on volunteer basis. In both countries, people involved are very knowledgeable, committed and passionate about causes, and well educated and organized.

Civil societies in beneficiary countries generally have quite a different situation. While there are positively many committed and well qualified people involved in the organizations and projects, current challenges seem to overshadow this strength. The critical challenges relate to sustainability and funding, as well as cooperative relations with Governments. A fight for survival is dominating the NGO sectors. Governments are closed and not allowing for any criticism. There is a need to strengthen the role of NGOs as actors activating citizens and increasing their trust, participation and support.

Despite the differences, as phrased by the Icelandic Human Rights Centre *“there is no difference in dedication. This is the common ground - commitment, enthusiasm for causes, common areas of concern - people with disabilities, women, etc.”* Based on the feedback from Norwegian NGOs³⁰, their motivation for Bilateral Cooperation is to provide support to partners and contribute to their means, transfer competency, gain international working experience and expand networking. This is seen as contributing to their own development, self-reflection and new ideas. In particular, joining efforts to meet common European challenges, such as right-wing extremism, was also noted as a benefit to cooperation.

2. Implementation and Results

Specific funding within the NGO Funds has been set aside to support Bilateral Relations. At the Programme level it is part of the Complementary Action involving stimulating peer-to-peer exchange of practices among Operators and similar entities in the Donors states. At the project level Bilateral cooperation is stimulated by a Seed fund to facilitate the search for partners and development of partnerships (measure A) and by Bilateral Cooperation Projects to facilitate networking, exchange and transfer of knowledge and experience within the Programmes approved projects (measure B).

The combined allocation of funds for these two measures is € 2,728,744. In the majority of the countries the committed allocation is around 1,5% of the eligible programme expenditure, while in the Programme in Bulgaria, Lithuania, Estonia, Hungary, Slovakia (10) it is higher (2% - 2,7%) with highest share of 3.7% in the second Programme in Slovakia (SK03). However, in the countries with small Programme the actual committed amount is very small to make any difference.

In all countries, there were a number of promotional events - matchmaking meetings bringing together NGOs from the donor countries and from the beneficiary countries. In addition, the NHC and IHC have stimulated promotion of the opportunities provided by the EEA grants in each of the countries. There is a special NGO Partnership Portal where organizations from the donor countries and the beneficiary countries can register. Partnership opportunities are also promoted by the Operators of the Funds in the beneficiary countries.

³⁰NHC. Feedback and recommendations from Norwegian Civil Society on the EEA Grants and the NGO Programmes. December 2013

Different Operators applied different approaches in implementing this part of the Programme, which are described in more detail in the country reports. These included a variety of approaches for learning and exchange, like group and individual study trips of NGOs from beneficiary countries to the donor countries, and internships for NGO activists. A good practice of the Romanian Operator is to organize thematic group study trips. In the majority of the countries this opportunity was open only for project promoters already supported by the NGO funds, but in others (e.g. SK10) this was open to other NGOs too.

Box 16: Innovative approach to Bilateral Relations of the NGO Programme in Hungary

Among the practices for exchange and learning the approach of the Hungarian Operator is very interesting. It involved support for three to six month internships of Hungarian NGO leaders and activists 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, some of them are from the Macro Projects, which are also providing capacity building support to other civic groups and organizations. Thus, the experience gained in donors countries in different fields, including community organizing, communications, professional development and fundraising - has a lot of potential for multiplication.

A second very innovative practice of the Hungarian Operator is the “On the Spot” reporters funding scheme. These are youth study trips of at least two weeks to learn and “report” through various social media tools on examples that can be used to tackle different social problems in Hungary. Thematically, this initiative is linked with the horizontal concerns.

There were also different practices to stimulate involvement of donor partners in projects supported by the core areas of the NGO Funds. In some countries this was done by adding additional points for this in the selection criteria, in others an additional % could be added to the eligible budget in order to be able to include donor partnership (e.g. 10% in Hungary and 20-30% in Slovakia).

As a result, there are currently 112 projects with donors project partners with the highest number in Poland (24 projects partnerships), followed by Latvia, Romania, Lithuania and Slovakia (SK10) (between 22 and 10 projects). In the rest of the countries the projects are below 10 or missing³¹.

Thematically, the projects with donor partners are very diverse, with the majority of them related to the democracy and human rights area and horizontal concerns. These are areas, where NGOs from the donor countries have a lot of experience and innovative approaches that can be shared in the beneficiary countries.

3. Effectiveness and Bottlenecks

Based on the NHC report on the feedback of 30 Norwegian NGOs, the interviews with Operators of the NGO Funds, as well as focus groups with supported NGOs in 10 countries, the following *effects and benefits of bilateral cooperation projects* can be outlined:

- *Exposure to new approaches and models was an eye opener for participating NGOs from beneficiary states.* They could gain new knowledge and learn from different practices in specific issues of interest. Learning how things can be done differently in a different environment helped in opening new thinking and approaches.
- *Having a donor partner increases the legitimacy and credibility of the initiative and the implementing NGO in the beneficiary country.* “Both government and the public take you more seriously if you have a donor partner”.
- *It was very useful to learn about different models of cooperation and relations between government and NGOs,* including how financing from government can support active civil society and critical voices

³¹ Data is based on DoRIS Master Report of 30.06.2014. However, this may be incomplete as findings from country levels reported projects that are missing from DoRIS. For example, the majority of the NGOs Focus Group in Slovenia had donors partners, and according to DoRIS - there are no such projects there.

- *It was very useful learning about different organizational thinking and acting “not to try to fit your organization in project boxes but to follow your mission and strategy”*

On the more challenging side the following bottlenecks were outlined:

(1) Bilateral relations are project application driven rather than demand or strategy driven which makes them less effective.

For NGOs in the beneficiary countries the search for partners while meeting the deadline for project applications was energy consuming and stressful. There are areas where expertise in donors country is missing (e.g. fight against corruption, minorities etc.).

Adding a percentage to the project costs in order to stimulate donor partnerships in projects is making this more feasible, as including partners is usually costly, especially in view of the relatively small size of the grants provided by the NGO Programmes. However, it also fits into the project driven nature of the partnerships and does not necessarily make them more genuine. In many cases, much more time is needed to create such genuine partnerships, which can hardly be done under the pressure of quick project design and application.

The NGOs from donor countries are overwhelmed by waves of partnership requests from 16 countries. Requests are always urgent to meet deadlines, but not always well justified. Based on the interview with the NHC, some Norwegian NGOs which were initially in the database for bilateral relations are currently requesting to sign out, to avoid unsolicited requests for project partnerships from the *beneficiary countries*.

This fatigue of the NGOs in the donor countries was felt in the beneficiary countries too. As phrased in one of the Focus Groups, “in the beginning Norwegian NGOs were friendly, but gradually got tired and ended up being cold and non-responsive. Sometimes they just hang up the phone when we call”.

Project led nature of partnerships does not provide enough room for process to develop quality partnership relations. NGOs from donor countries would not get involved just formally without clarity on common ground - values, commitment and approaches. More successful were partnership projects that emerged from a previous cooperation.

(2) The Design of the Bilateral fund with two measures A and B is too complicated.

This makes the process of application confusing. Time is not enough and partnership efforts are killed by numerous deadlines. It will be better to have just one fund with simplified procedures

(3) Local projects have to “pay” the Norwegian partners, but these projects are small and donor partners are costly.

Norwegian experts require € 150- 400 per hour which in some cases can represent the project payment of the local coordinator for a month. With limited funds the partners from the donors countries in most of the cases get just reimbursement for travel. Some will do it regardless of the limited money as they have resources and are motivated to contribute. Others that are smaller cannot afford this. This limits the participation of otherwise very good NGOs that can contribute to beneficiary countries.

(4) Developed procedures, criteria and payments that are developed are considered by NGOs on both sides of the partnership as very complicated and can sour relationships.

There are considerable administrative differences among the countries. As phrased by the IHRC and NHC “*Issues with requirements are killing the enthusiasm and the initiative*”. Sometimes very little money is allocated the Norwegian partner, and the process for reclaiming this can be hard (“costing more than it is worth”) due to the bureaucracy.

4. Rethinking and redesigning Bilateral Cooperation

Based on sources from both beneficiary and donors countries, the Bilateral Relations fund needs rethinking. Some of the suggestions relate to improving the design of the Bilateral relations

funding as it is in two directions. The first is simplifying and consolidating the measures (seed fund and project fund into one). The second relates to the size of the funding. Based on opinion of the NGOs from the donor countries, the funding is too small in order to raise interest and needs to be increased.

The second group of suggestions proposes complete rethinking and redesign of the Bilateral funding. The following aspects can be outlined in this direction:

- The Bilateral relations fund will be more effective if it is strategically driven and issue led, stimulating networking of organizations around similar causes. This can help create meeting space for like-minded people and develop interactive platforms of NGOs from multiple beneficiary countries and from the donor countries. Multilateral projects for capacity development in key areas can also be considered. This will be a much better use of the resources of NGOs from donor countries. It will also meet the need of linkage, learning and joint action among NGOs from similar environments. If connectedness and common ground are created, projects will follow and future joint initiatives can mobilize larger funding, including from EU sources.
- It needs to include more focus on innovation and experimentation especially in areas of priority for the beneficiary countries. In addition to priority areas of the NGO Programmes like democracy, human rights, and advocacy, bilateral cooperation can be very beneficial to functional areas like sustainability, fundraising and links with civic constituencies, volunteering, effective work with the media, as well as cooperation among NGOs. All these are areas of strength of the NGOs in donor countries and are much needed in beneficiary countries.
- Study trips and internships seem to be very beneficial and need to continue, but they can be open to other NGOs too, not just project promoters. They also need more funding, rendering account of the costs of living in donor countries. Again, it will be good to coordinate this and organize study groups involving participants from different beneficiary countries. This will be a better use of resources of donor countries NGOs and will stimulate linkage and learning among participants from beneficiary countries.
- More public presentations and communication can raise awareness both in donor and beneficiary countries. Bringing groups of activists from beneficiary countries (NGOs supported) in donor countries for more public presentations and discussions will help better awareness in the donor countries about issues, achievements and potential of civil society in the beneficiary countries. Initiatives like “On the Spot” youth study trips and reporting in social media of lessons from donor countries in approaching issues of society are very innovative and need to continue.
- It may be considered to develop a fund facility in Norway with additional funding to the Bilateral Relation Fund, where NGOs from donor countries can apply for some of the Bilateral cooperation initiatives. This can save resources within local funds, and will reduce the resentment caused by large discrepancies in daily rates, as well as the diverse administrative requirements which do not apply in the context of the donor countries.

III. Complementary Action

The Complementary Action (CA) is a new component of all NGO Programmes as compared to the previous Financial Mechanism. It has a special budget allocation as a fixed percentage on top of the management fee (up to 30%) and a maximum ceiling (not exceeding 15% of total eligible

cost of the Programme together with the management fee)³². In total € 2 989 640 have been allocated for Complementary Action in all beneficiary countries.

However the principle of proportional share of its budget made its distribution among the different programmes very uneven. Thus, six of the programmes have budgets for CA below €100,000 euro (some of the smaller ones with budget between € 10,000-50,000), while some of the large programmes like Poland and Romania have much more significant budgets (respectively € 700,000 in Poland and € 919,000 in Romania).

At present the CA includes activities in two main directions: 1/ in-country activities that are complementary to the grantmaking components of the Programmes and 2/ activities that are regional and are stimulating exchange and learning. In many occasions these two directions are linked, as the initiatives organized in-country also involve the presence of Operators as well as project promoters from other beneficiary countries.

The initiatives under the CA undertaken by the different Programmes depend on the level of available budget. In the majority of the programmes, these involve in-country initiatives proactively one of the horizontal concerns, *i.e.* hate speech. They were strategically linked with the European campaign “No Hate speech” led by the Council of Europe as a strategic partner of the EEA and Norway Grants.

- In Bulgaria a representative survey of the public attitudes was conducted in 2013, followed by “Hate speech and the role of civil society” international conference organized by Operator.
- In Poland an international conference on hate speech was held and a portal providing information on hate speech in Poland was launched (www.mowanienawisci.info). There are also studies of hate speech and workshops for young bloggers. Further, a series of debates on hate speech, a competition for a press article about discrimination and hate speech as well as the activities of the National Forum of Polish Non-Governmental Organisations’ are also planned.
- In Romania the event *Civil Society: Trends in working with children and youth* focused on education including no hate speech/ tolerance and anti-discrimination;

The in-country activities are of critical importance for more strategic operation of the funds, working with the entire sector (not just of supported grantees). Strategically it can be linked to the clarity of the role of the Operators - proactive in developing civil society, not just disbursing grants.

In Romania a number of strategic events, meetings, forums and discussions have been organized or planned that stimulate expanding the strategic capacity at the NGO sector level while also including intensive international presence from supported NGOs and Operators from other beneficiary countries. These include:

- the *Civic Arena*, an original forum for discussions and debate about new trends and developments in the recipient and donor countries’ NGO sectors;
- *regional conference on Roma and discrimination* to analyze perspectives on Roma inclusion;
- *thematic conferences* on democracy, social policies, children and youth, and environment;
- the *NGO Fair* in 2014 with various workshops and group discussions on innovation of NGO work.

The regional level activities included in the CA are mostly meetings, seminars, conferences organized by Donors, Partner Organizations, POs from other Beneficiary States, etc., to

³² EEA Financial Mechanism 2009-2014. Guidelines for NGO Programmes. p. 16

demonstrate the progress made and to share experiences related to the implementation of NGO funds.

Very useful were meetings initiated and organized by the Operators focused on learning and improving the programmes. We attended the meeting in Warsaw (June, 2014) focused on discussing the potential and challenges to the effectiveness and impact of existing grant-making practices and their fit with existing procedures. This served as a strategic focus group that informed this midterm evaluation. The conclusions and recommendations from the meeting are attached to this report.

Sharing practices and learning from different countries is also considered as very valuable. This relates to the exchange of good practice among the Operators, as well as to the opportunity for project promoters to meet with NGOs from other countries. Interacting and learning is helping boosting innovative thinking and ideas by opening to new experiences. Civil societies in the different beneficiary countries have diverse experience and are at different level of development of pilots, innovative approaches and practices in different areas. Exchanges and lessons learnt among them is key for further expanding the horizon and capacity of organizations.

Chapter 6. Making a Difference? Conclusions and Emerging Lessons learned.

I. Programmes Policy and Strategic Modalities

1. The EEA Grants NGO Programmes have met the donors key political concern of support to the NGO sectors in the beneficiary countries.

- At present, the NGO Programmes of the EEA Grants (2009-2014) are the most significant investment in the strengthening of civil society across Europe. It is unique not only as size of support (€ 160 million), and geographic coverage (16 countries), but also as a consistent message of the importance of active citizens and organized civil society as checks and balances that make democracies truly functional.
- *The overall and concrete country strategies are of very high relevance to the context and the needs of civil society in the beneficiary countries.* The NGO Programmes came at a challenging time for Europe of increasing negative trends of rising xenophobia, discrimination, populism and growing social frustration and mistrust in the functionalities of democratic institutions. This is also a critical time for the NGO sectors in the beneficiary countries that are facing the challenges of narrowed constituency support, legitimacy and recognition with government, reducing funding sources and an increased fight for survival.
- *Support of the Programmes is considered by NGOs as “the oxygen for real civic work”, keeping the civil society meaning of the NGOs sectors alive.* In the majority of the beneficiary countries the EEA Grants are the primary donor in areas related to functional democracy and human rights, as well as in assisting the capacity of NGOs and the NGO sector to play their true civil society role of catalysts of active democratic citizenship for social justice, equality and human rights, sustainable development and increased accountability of governance policies and practices.
- *However, even though considerable in funding size, the EEA Grants NGO Programmes are not able to meet the enormous demand for support in the given priority areas.* So far the Programmes could support on average only 10% of the coming proposals in all the countries. It is below 10% in Romania, Poland, Lithuania and Hungary and the lowest is in Slovenia, where only 4% of submitted proposals could be supported.

2. The level of cooperation and strategic coherence among the NGO Programmes and the other EEA Norway Grants Programmes is low or missing in the majority of the countries

2.1. *Coordination with the NFPs is low and fragmented and confined mostly to their function of observers of the selection process and receivers of information on the progress of the Funds.* If the Programmes are not contracted through the NFPs, their comments on the programmes varied between genuine interest and some level of collaboration to polite indifference or complete detachment.

2.2. *The effectiveness of interaction among the Operators of the NGO Programmes and the NFP depends on the pro-activeness of the Operators, as well as on the quality, capacities and understanding of the importance of civil society of the people working in the NFPs.* It also depends on the political climate and the extent to which it is enabling for civil society. While in most of the beneficiary countries civil societies are functioning in normal environments with more or less challenges, the recent events in Hungary of politicized attacks targeted at the Operator and the NGOs supported by the NGO Programme puts serious questions on the political risk management of the NGO Programmes.

2.3. *The level of co-financing provided by the Governments to the NGO programmes is very low for those contracted through the NFPs and completely missing for the ones in direct contract*

by the FMO. If support to civil society is part of consistent Governments policies, then support to the NGO Programmes (including co-financing) will be natural even if the Programmes are not under direct control of the Governments.

2.4. *The level of cooperation and strategic coherence among the NGO Programmes and the other EEA Norway Grants Programmes is low or missing in the majority of the countries.* This will limit the effectiveness of putting in practice the cross cutting principles of the EEA and Norway Grants of *good governance* and *sustainable development* which are valid for all Programmes. Some aspects of their substantial meaning are directly linked with civil society – consulting and involving citizens, inclusive policies and civic participation. From this perspective, *civil society and NGOs are a natural part of these cross cutting principles and need to be part of the programming in the relevant other areas*, in addition to the specialized NGO Programme.

2.5. *Collaboration with the NGO Programmes is needed not only to avoid duplication, but on a strategic level - identifying the best ways to support a different culture of good governance and sustainable development based on accountability to citizens and partnerships with the organizations that represent them. Using the specific expertise of the Operators of the NGO Programmes can be of help in designing and managing some of the small grants schemes that can stimulate participation of NGOs and their partnership with institutions in different thematic areas.*

3. The overall strategic framework is broad to accommodate the diverse needs and the plurality of civil society, but overcomplicated by priorities, outcomes and indicators that lack clarity in linkage and hierarchy among each other.

- *The overall strategic matrix was designed to ensure more civil society meaning and focus of the NGO Programmes.* Due to the complexity of issues and diversity of contexts and needs it ended as a multiple set of priorities of different natures evolving over time (priority areas, outcomes, donors horizontal concerns, cross cutting issues, functional aspects across priority areas like capacity building, attention on youth, bilateral relations, CA, etc.).
- *Outcome-led design of the overall strategy is its main strength, but also among its biggest challenges.* Focus on anticipated social change is critical, but the ten predefined outcomes are too broad and often overlapping in meaning, or with priority areas and activities.
- *While the country strategies and calls for proposals were developed by Programme areas, the reporting systems, including budgets, were based on outcomes.* This resulted in an overcomplicated system of reporting based on ten outcomes and over 160 indicators, the majority of which are quantitative and practically on an output level. The system as designed is a serious challenge to learning on the outcome level and needs careful rethinking and simplification.

4. Among the diversity of local contexts and priorities the NGO Programme have a common focus on the effective functioning and contribution of civil society towards social change.

- *The focus of the country strategies differs depending on their size and the chosen approaches to match the NGO sector demands with the Donor priorities.* Some Operators chose all or multiple outcomes and programme areas; others organized their strategies on just a few of them. A legitimate question is whether the Programmes are not spreading too thin among the multiple priorities.
- *Based on the evaluation, less priorities and outcomes do not necessarily mean more focus.* Focus depends more on the strategic capacity of the Operators to develop a coherent intervention that is relevant to the needs, but also feasible for the level of overall funding available. Some of the larger Programmes are more complex with multiple but strategically coherent components to expand the impact towards the overall objective. The smaller sized Programmes have a more narrow focus to avoid spreading too thinly the

limited available funds. However, in cases more focused approach is seen by the NGOs as a too narrow interpretation of the overall objective of the Programme.

- *There can hardly be a uniform answer on what is the best option - narrower or broader focus.* The high demand for support from all segments of civil society in the beneficiary countries is a serious challenge for both big and small Programmes but especially stressful for the smaller ones that have high level of oversubscription. With the NGO Programmes as a primary or only donor for civil society in many of the countries any attempt to narrow the focus will be criticized by the segments of the NGO sector that are left out.
- *Pre-defining a more narrow focus or priorities from the outside has also its challenges.* It can reduce the opportunity to include the most pressing needs and opportunities for the development of civil society in the different countries. In cases this can overlap with existing funding for the predefined priorities. This was the case in Slovenia with the mandatory 10% share of the programmes in support to youth, when this priority is over funded by other sources.
- *Keeping the focus broad leaves space for bottom up rather than top down definition of the strategies.* The Operators have to define and justify the focus of their strategies in the process of negotiation at the start of the Programmes. At this negotiation stage it will be critical to have enough time for stakeholders meetings and discussion on focus to make sure that selected approaches will bring for best investment of provided resources to ensure maximum effectiveness towards the desired change in the local contexts.
- *What brings the diversity of Programmes together is the common focus on support to growing the functional capacity of NGOs across programmatic priorities.* We find this approach of functional rather than thematic focus very relevant to the objective of the Programme
- *The core priority area of “Democracy and human rights (with all its sub-areas) and the additional area of Sustainable Development, have focused attention on increasing the functional capacities of the NGOs and the NGO sectors to facilitate processes of change in these areas - the ability of NGOs to mobilize citizens, to expand collaborations and partnerships and to effectively interact with governments at the local or national levels.*
- *The area of “Basic and welfare service provision” is focused on support to services to defined vulnerable groups which are missing or limited.* This is very much needed as with the current economic crises and austerity measures many vulnerable groups remain with limited or no access to basic services. While the need is obvious, the question is what will be the best value for the money of the EEA Grants towards the objective of the Programme - investment in services, or investment in the capacity of service provision NGOs to empower those served and to advocate for better services based on evidence from good NGOs and partnership practices.

5. Focus on capacity of civic organizations and the NGO sector is of critical importance for meeting the overall objective of the Programme to strengthen civil society.

5.1. The capacity building aspects of the NGO Programmes are what make the EEA Grants support unique as compared to other funding Programmes. Resources for capacity development provide space for “thinking organizations” not just projects. They fill in a strategic niche for strengthening civil society - visioning and strategy planning, keeping and expanding their human capital (teams, volunteers, members and supporters), learning new skills and identifying innovative approaches for mobilizing constituencies, raising support outside public funds and projects, more effective interaction with decision makers, and increased collaboration with other NGOs and sectors for increased impact on social change.

5.2. Among the diversity of capacity building strategies and applications in the different countries there are several types of approaches and emerging lessons that can be grouped as follows:

- *The direct assistance provided by Operators to the supported NGOs is highly valued.* It helped individual NGOs with new ideas and skills during the on-going interaction, organized issue based meetings and trainings to share and learn with other NGOs. Such interactive assistance was important at the pre-financing stage, especially for smaller organizations to expand their ideas and develop good initiatives, as well as in the course of implementation by content related on-site monitoring. For a number of small and/or young NGOs the application process by itself has been a contribution to their sustainability, preparing them to apply for other, mainly EU programmes.
- *Providing a share of the individual grants for capacity building of the applicants is an innovative and valuable approach.* However it is very small as financial contribution (up to 15% of usually smaller grants) to meet the needs of organizations. A number of NGOs did not include it as they preferred to use the entire grant for the activities needed to reach the promised results. A second aspect relates to the readiness of the NGOs to develop their capacity growth. In principle, larger NGOs approach this more strategically as they know better their organizational needs. Small and less experienced NGOs tend to cover short-term funding gaps instead of strategically planning for longer-term sustainability. For all NGOs, thinking organizationally is not always easy when they are fighting for survival and in many cases can hardly keep their staff.
- *There is a need for targeted capacity building for small and less experienced organizations.* It can involve more intensive assistance in the pre-financing period to assist developing ideas into projects, as well as coaching and mentoring during the implementation phase. Based on the experience of other grant-making programmes capacity development programmes combining seed grants and accompanying capacity development assistance are very instrumental.
- *Specific strategies and components targeted at expanding capacities in key areas and segments of the NGO sectors have a lot of potential for effectiveness towards the strengthening of civil society.* Especially effective are approaches including: long term institutional support to key organizations in the priority areas,; bridging more established leading organizations with smaller organizations and informal groups, specific calls for support to networks and coalitions, as well as targeted at capacity building predefined projects .

6. Developing strategic capacity of the NGO sectors and systemic change requires a more comprehensive approach including an increased proactive role of the Operators

- *The objective of the NGO Program is to “strengthen civil society development”.* In the current mechanism, the role of Operators is largely limited to re-granters disbursing funds to project promoters. Their role in building capacity for the sector was mostly confined in designing the calls for predefined projects or for other measures for systemic change at the sector level.
- *Even if well designed, calls for proposals may not generate quality proposals from the NGOs, especially in the area of systemic change.* This was the case with systemic projects in Poland, as well as the macro projects in Hungary. In both cases the lower number of quality proposals resulted in underspending of otherwise excellent and well planned strategic components. From this perspective, addressing change at systemic level may need work to prepare the sector to come with strategic ideas.
- If the Programme is to contribute to the development of civil society (*developing what is missing as new thinking and acting*) and not just to its survival (*keeping what is there the way it is*) some proactive developmental work might be needed to get the field ready to

come with innovative responses (projects). In this, the capacity of the Operator (skills, people and resources) to act as facilitator and convener will be very important.

- *The funding provided to Operators to build the capacity of the sector was inadequate.* Funds reserved for capacity building within management costs have largely been used for project-specific capacity building. Capacity development should not be limited to building technical skills of project promoters to submit applications and manage grants.
- *Using a portion of the CA for proactive work at the NGO Sector level contributed to addressing some of the deficits of civil society related to lack of systemic thinking and fragmentation.* This proves to be a very useful approach in stimulating meetings, discussions and the search for new solutions at the sector level. Some of the Operators (e.g. Poland) organized it in strategic partnerships with other key NGOs with expertise in the area, instead of taking over areas where others had good record of years of effective work.
- *Some of the predefined projects have strategic activities in key identified areas that are of importance to the development of the sector* - mapping of civil society, intensive capacity building in specific areas, organizing important discussions on critical issues. The majority of them is still in a more initial phase, but seems promising to contribute to the objective of the Programme.
- *Last but not least, there is a need to reflect deeper on what systemic change at the sector level.* While it relates to sector level initiatives (advocacy, shared vision, developing processes and products of benefit to the whole sector) it also relates to the key elements of strengthened civil society - strong organizations that are able to provide leadership for social change. These are both the “elite” NGOs acting for systemic changes or outcomes at sectoral level and the “base” – the variety of active grassroots organizations and citizens groups. From this perspective, the strategies for systemic change are also linked with the effectiveness of approaching the different levels of civil society and stimulating the linkage and collaboration among them.

II. Management level

1. The EEA Grant NGO Programmes can serve as an innovative model of effective management of public funds by outsourcing them to organizations independent from the governments with commitment, experience and knowledge of civil society and trust within the NGO sectors.

- *The design of the Programmes and selection of the Operators of the NGO Programmes* was developed based on *consultative processes* with civil society in the beneficiary countries which is an innovative practice for the EEA and Norway Grants Mechanism and broader - for the design of public funds related to civil society..
- The majority of the *selected 16 Operators of the NGO Programmes in the 15 beneficiary countries covered by the evaluation are legitimate and highly visible actors for social change recognized for their professionalism and integrity.* The major asset of most of the Operators is their professionalism, independence from Government, commitment to the priorities of the Programmes and belonging to civil society.
- *The selected Operators are the key success factor for the NGO Programmes implementation.* Among the diversity of selected Operators and local contexts, most effective are those that are close to the NGO sector and have strategic vision and commitment to its development. Experience and ability to facilitate the capacity of the NGOs and the sector is another important factor for the success in design and implementing the programmes. Established consortiums prove to be an effective approach

to meet the multiple and demanding tasks of management of the Programmes. They are more effective when based on shared vision, similar culture and approaches and history of previous cooperation among the participated organizations.

- Based on feedback from NGOs in the beneficiary countries the Operators that are closer to the NGO sectors and independent from Governments are more effective in managing public funds than Ministries and/or government agencies due to their specialized expertise, vision and commitment to civil society development.
- Despite the delay of the start-up, *the NGO Programmes are more efficient and effective in delivering grants as compared to the rest of the Grants Programmes*. About 60% of all projects funded to date by the EEA and Norway Grants are supported by the NGO Programmes.

2. Direct contracting of the NGO Programme Operators by the FMO is a much more effective and efficient management set up.

The majority of the Operators of the NGO Programmes (12 out of 16) are already directly contracted by the FMO of the EEA Grants, and only four - through the National Focal Points. Based on the evaluation direct contracting by the FMO is more efficient and effective. It provides a more streamlined line of communication avoiding a double administrative burden of reporting to two authorities with different requirements (the FMO and the NFP). It also ensures better strategic coherence of the Programmes across countries, and is a safeguard for the independence of the Programmes from attempts for political control by the Government.

3. The FMO had to adopt a new demanding Role of Programme Operator subcontracting the NGO Programmes in 13 countries to local Operators.

3.1. *The new role of PO is much more demanding for the FMO due to the different nature and the innovative character of the NGO Programmes*, as well as the size of the project portfolio. They require more strategic and operational oversight to ensure effective guidance and coherence with donors objectives, monitoring of the selection process, and compliance with the EEA Grants regulations and risk management.

3.2. *While the FMO was effective in in terms of contracting, oversight and assistance of the NGO Programmes, there were also some challenges related to insufficient human resources and rotation of people over time.* Despite the increase in the number of civil society sector officers from 1 to 3, about 70% of their time is allocated to technical and compliance monitoring and information processing.

3.3. *Overall, the communication and interaction among the FMO and the Operators has been dominated by technical and procedure related matters, as well as concerns on control and risk prevention.* Space for discussions on substance and strategic learning on civil society development has been limited. This was also due to the very short time frame to put the Programmes effectively running due to the overall delay of the Programmes.

3.4. *The management set up at the FMO level needs better structure with clarity of role and responsibilities in the interaction with the subcontracted Operators of the Programmes.* This will help finding the right balance of how much hands-on interference is not too much and does not lead to micromanagement of the process, as well as how much consistent hands-on FMO involvement is feasible with its limited human resources. This also relates to the already mentioned broader questions of ownership and space of allowed risk taking.

4. The main bottleneck of the effectiveness of the Programmes is their late start which reduced their initial five year commitment into 3 years timeframe for actual implementation.

4.1. *Long negotiations with governments to agree on the MoU and on the process and results of the selection of the Operators of the NGO funds is among the key reasons for the significant delay in the start of the NGO Programme in most of the countries.* The late start put a lot of stress

on all aspects of the management of the NGO Programmes - developing all the procedures, organizing calls for proposals and the selection process, management and monitoring of grants, reporting etc.

4.2. *The delay is negatively affecting the potential for impact of the Programmes.* Fast disbursement of large funds is in clash with the initial idea of the Programmes to support processes of change which require time. It also contributes to arrhythmic support to the NGO sectors - years with intensive funding and “dead” zones of limited or no funding at all.

5. A second challenge to the effectiveness of management was the misfit of the EEA and Norway Grants legal framework and procedures with the nature and substance of the NGO Programmes.

- *The EEA Grants legal framework and procedures were designed for different types of Programmes* which are much larger and managed by public institutions. The NGO Programmes are much smaller grants aimed at seeding innovation, capacities and social change. This requires developmental approaches and a lot of flexibility in order to provide for innovative ideas, actions and organizational development.
- With no single specific document regulating the NGO Programme, the clarification of confusions with rules and procedures has been accompanying the implementation of the Programmes and was time consuming for both the FMO and the Operators.
- Major issues hampering effectiveness are the *insufficient management fees and programmatic resources beyond the grant-making budget* (capacity development, work with the sector, strategic communication). Due to the applied principle of a flat percentage of the overall EEA/N Grants funding for the countries, the management fees are very low especially for the smaller Programmes. They are also insufficient to provide for more proactive capacity and sector development role for all Programmes.
- *The NGO Programmes have much higher risk management measures as compared to other EEA and Norway Grants Programmes* – a bank guarantee or retaining % of the management fee of the Operator. This put a lot of stress and costs on the financial system of a number of Operators. This way, covering the risk for the donor can bring risk for the cash flow and sustainability of the Operators.
- *Project selection has very detailed and uniform compulsory procedures with little room for innovation and a limited role of the Selection Committees and the Operators* in the decision making process despite their expertise in grant-making.
- *Some of the provisions related to Project Promoters are challenging to the NGOs and do not contribute to sustainability, which is part of the objective for strengthening civil society.* These include the 10% co-financing requirement, low % for indirect costs, as well as the economic benefit provision (to spend all money from any income generating activity in the course of the project).

III. Operational level

1. The application process was carried out in an effective and efficient way by ensuring outreach to different segments of civil society in the beneficiary countries

1.1. *Broad promotion and interactive communication with NGOs including meetings in and outside of the capitals made the Programmes accessible* to both centrally based and local organizations. The comprehensive guidelines and the dynamic communication with the Operators in the application process were valued by NGOs participating in the process as different and unique as compared to other funding Programmes.

1.2. The application process was organized in either one stage or two stages (a concept and a full proposal for the selected concepts). In the majority of the countries, where the concept proposal was simple in format and the process of selection efficient, this was considered as a better approach, saving time for applicants and allowing for better design of the full proposal based on the feedback from the Operator.

1.3. *A great number of the Operators had differentiated approaches to small, medium and large grants, in some cases, with simplified conditions for small and micro projects.* In principle, this was a better approach making the Programmes more accessible to small and less developed NGOs. However, in some cases, due to lack of funding, it was reported that bigger and better established organizations were also applying for small grants, thus competing with smaller civic organizations.

2. The selection processes were transparent and effective but with evolving clarity on allowed flexibility within the tightly prescribed procedures and rules.

2.1. *The selection process was highly effective and efficient.* For a year and half since their official start the NGO Programmes have reviewed 8916 applications and have selected and approved 957 projects in total value of € 53,793,561 in 13 countries.

2.2. *The Selection procedures were tightly prescribed to ensure transparency, but with limited clarity on allowed innovation to ensure effectiveness towards social change.* This gave little space for Operators to use their own grant-making expertise and/or devise and apply selection procedures that will best ensure the achievement of their strategies. Some Operators were on the safe side tightly following the procedures as prescribed, others were more proactive in suggesting new approaches.

2.3. *Some Operators faced challenges at the operational level especially in applying the EEA Grants procedures for the selection process.* In some cases this was due to less general experience with grant-making (e.g. Lithuania where the leading partner was an operational NGO), in others this related to missing or limited experience with management of public funds despite of the extensive record in grant-making with funding from private funding (e.g. Poland, Bulgaria). Most effective in organizing the selection process were the Operators that combined extensive knowledge of both private and public grant-making with concrete knowledge of the EEA Grants procedures due to the fact that they managed the NGO Funds in the previous Financial Mechanism (e.g. Hungary, Romania).

2.4. *The procedures ensured transparency of the selection process but faced challenges that relate to the effectiveness of the process:*

- Missing clarity on the role of the Selection committee and what are the “justified” cases when it can modify the ranking of projects offered by the external experts caused issues between the FMO and the Operators. This, in turn, delayed the finalization of the calls which affected the NGO sectors in the relevant countries.
- While external assessment is to ensure equal treatment and impartiality, it is critical that invited outside experts have a shared vision and understanding of the objective and approaches of the Programme.
- Individual experts have diverse views and interpretations based on their background and preferences. This has led to 30-40 % involvement of third external experts due to difference of the scores above 30% in the majority of the countries.
- A shortage of the external experts is that they have the narrow view on the Programme through the lenses of individual assessment of a limited number of projects. They may miss the bigger picture of the portfolio and Programmatic level. This can result in fragmented results - projects reflecting individual assessment rather than strategic portfolio translating the Programme objective.

2.5. Some lessons from practices introduced by Operators to overcome the above deficits include:

- *Selection committees are critical for the effectiveness of the selection process.* They bridge the individual views (scoring of outside experts) with the strategic meaning of the selection of projects (portfolio or program strategies). The most effective were SCs that were strategically reviewing the ranking list of from the projects assessed by the individual experts, rather than technically approving the arithmetic of individual scoring.
- *Introductory meetings organized by the Operators with all external experts at the start of the selection were very instrumental.* Longer and more consistent process of introducing external experts to the Programme can coherence in approaches, especially in cases when the Programme is working with completely new experts.
- *Allocating a larger number of projects for review by the same expert broadens their comparative look at the diversity of suggested for funding initiatives* in regards to the set of objectives and outcomes in the relevant component. However, this is possible only with external experts with high expertise and clear understanding of the Programme, as well as it depends on their availability.
- *Bringing together outside experts after the individual review of projects - the pair assessing the same project or as an evaluation panel per component- provides a more coherent approach and better quality of the assessment.* It also provides for more comparative look at differences and the justification for them.
- *Organized feedback from the external experts after each call on the quality of applications* and the selection process has contributed to improving the design of the consequent calls and fine-tuning the selection criteria.

IV. Effectiveness, Impact and Sustainability Prospects

1. The NGO Programmes were very effective in meeting the donors political concern of support to the NGOs in the beneficiary countries by targeted fund allocation to meaningful initiatives according to leading outcomes.

1.1. *The Programmes were effective in focused investment in the priority areas of the Programme.* The biggest share of awarded projects and funding (826 projects in total value of € 45,404,379) are in support to strengthening the multiple roles and capacity of civil society in various aspects of democracy, human rights, antidiscrimination, gender equality, youth empowerment, social inclusion and empowerment, good governance and sustainable development. Only 16% of the allocated funds are in support to welfare and basic service provision to the most vulnerable groups as defined by the Programme.

1.2. *The Programmes were successful in reaching out to different segments of the NGO sectors in the beneficiary countries.* The Project promoters are both centrally based and local NGOs with different ratios in the different countries.

1.3. *Though it is too early to measure the effectiveness of projects which are at a very initial stage, supported initiatives have a great deal of potential to contribute to key outcomes.* Based on this evaluation, approved projects are well grounded, have strong coherence with the objectives and clear prospects for realizing intended outcomes of the Programmes. Various supported initiatives apply methods that will be activating important processes at different levels - mobilizing civic engagement for more participation and making governments accountable, increased NGO collaborative culture and joint action, and sensitizing the broader society on issues critical for democracy and social justice values and rights.

1.4. *Key success factors at the project level are the supported NGOs and especially their expressed deep commitment to the issues and causes they work for.* In most of the cases the work

on supported issues will take much longer than the timeframe of supported projects. From this perspective the commitment and capacity of the implementing NGOs is critical. The investment in capacities of the supported NGOs is another important factor that is contributing to success, especially in regard to strengthening the policy influence role of civic organizations to make governments more open to citizen input and accountable to their constituencies. This is helping the growing visibility of NGOs as representative voice and increases the trust among beneficiaries and communities served in organized civil society.

2. Are the NGO Programmes making a difference towards the objective of strengthened civil society and enhanced contribution to social justice, democracy and sustainable development?

2.1. The objective of the NGO Programmes is very ambitious and can be achieved only in the long term. Its success will depend on activating complex change processes at different levels - within the NGO sector, among citizens and the public at large, within decision makers and institutions. All these change processes relate to nurturing new attitudes and behaviour within communities, at the country level and regionally. In this respect, inputs (supported projects), outputs (emerging immediate results from supported projects) do not translate immediately and automatically into outcomes (change of attitudes and behaviour) and impacts (positive improvement of the situation.) Change in attitudes is a long-term endeavour, especially in an environment of negative counteracting tendencies of fragile democracies, intolerance and low civic trust in democratic institutions.

2.2. At this early stage of the Programmes, they have good potential for “moving the needle” towards desired social change at several levels:

(a) At the level of organized civil society:

- *The main focus of the Programmes is strengthening of organized civil society.* This is why they are called NGO Programmes. They are directly investing in strengthening the way the NGOs work to implement their mandate as catalysts for social change and for activating citizens. Provided funding is supporting value driven organizations to increase their links with the citizens they represent, to improve their management and accountable governance. It is also growing new infrastructure of joint action which makes the sector more vocal and legitimate.
- *The increased ability of NGOs to activate citizens and represent their interests with governments is a critical factor for achieving the objective of the Programme.* The central place of the outcome active citizenship as underlying for all other outcomes stimulates the contribution of the Programmes in growing social capital. Critical in this is increasing the trust of citizens in the power of civic participation, as well as in NGOs as actors representing effectively civic interests.
- *Sustainability of civic organizations remains a fragile area that needs targeted attention.* Strong civic actors will be needed in the long term. A culture of survival is still blocking the vision and energy for change and innovation. The Programmes are critical in “providing oxygen” for the civic meaning of NGOs by supporting initiatives and areas that are controversial and missing in other sources of support - human rights, advocacy and watchdog, and participatory democracy. But to keep the “civic breathing” in the long term more focus is needed on targeted support to innovative approaches that will increase the sustainability of NGOs as critical voices independent from governments.
- *At the level of organized civil society the main contribution of the Programmes is growing civic infrastructure – contributing to strong civic organizations, networks, coalitions and joint action.* Initiatives that link established national NGOs with local grassroots organizations are especially effective in raising the capacity of the latter. The investment in the ability of NGOs to activate citizens and represent their interests vis-à-vis governments is especially valuable.

- *Last but not least, the Programmes contribute to growing a new type of infrastructure for assistance to civil society development which will be needed in the long term. By expanding the capacity of independent grant-makers within the beneficiary countries, the EEA Grants demonstrate a more effective approach to public funds distribution by independent non-profit actors, closer to the sectors and able to strategically combine funding with capacity building support.*

(b) At the level of broader society in the beneficiary countries:

- *Supported by the Programmes projects reach out and bring benefit to a wide variety of groups in society - the broader public and citizens, youth and children, various vulnerable groups like LGBT communities, Roma, other minorities, people with disabilities, victims of trafficking or of gender based violence, women, residents of isolated and deprived communities, teachers and students, etc. These wide varieties of groups are changing attitudes and behavior towards embracing democratic values and practices and more empowerment.*
- *The value added aspect of the Programmes is the focus on investment in key processes of change of attitudes and practice of individuals, vulnerable groups, government and broader society. Fostered active democratic citizenship is leading. Provided funding is supporting civic engagement in communities and causes (participation, volunteerism, membership), as well as participation of citizens in decision making that affects their life. This will lead to more empowered vulnerable groups, more accountable policies, and more sustainable development.*
- *The improvement of the situation in key areas of social justice, democracy and sustainable development will depend on the viability of activated key processes of change in society. Impact will depend on a change of attitudes in different circles around the issues – people involved to become more empowered, decision makers to have empathy but also vision for solution, the public at large to be supportive, and individual citizens and businesses to contribute. In other words, it will take aggregating and expanding communities and practices of change.*
- *On the one hand, this will be more likely to happen if there are strong NGOs that work together in coalitions and partnerships and have strong capacity to influence governments for more openness to citizen input and more accountable and responsible policies.*
- *On the other hand, there is growing importance of “the other civil society” – not formally organized, spontaneous ad hoc groups of active citizens, new movements and social media aggregated communities of change. As of now, by default the Programmes were focused mostly on support to NGOs and the NGO sectors. They were partially reaching out to these groups through the NGOs initiatives within the different priorities (especially active citizenship). A few of the NGO Programmes have involved more directly these segments within some of the projects of “traditional” civil society (Hungary, Slovakia). Further focus on bridging the organized NGOs with informal groups and broader civil society can expand the impacts on changes of attitudes and behaviour in broader society.*

(c) At the regional and European level:

The NGO Programmes have also added value as regional funding across beneficiary countries:

The strategic coherence of the NGO Programmes around the same strategic framework across beneficiary countries is a good background for expanding its regional impact in several aspects:

- *European campaigns on critical issues for society like the participation of all NGO Programmes in the country implementation of the No Hate Speech Campaign led by the CoE as a strategic partner of the EEA and Norway Grants*

- *Opportunity for exchange and learning among the Operators and among project promoters, through the various activities within the CA - forums, conferences, site visits*
- *Solidarity action for critical issues related to democracy and civil society at European level.*

An unplanned result at regional level was the campaign of support to the Hungarian civil society and the Operator of the NGO Programme who is undergoing political attacks by the Hungarian Government. This emerged as an initiative of the Operators of the Programmes in the different beneficiary countries. The majority of them signed a joint statement that was sent to the EC and the representatives of Governments in support to the integrity of the Operator and NGOs supported by the EEA Grants NGO Programme in Hungary.

This, together with other broader solidarity action of other over 900 NGOs from all over the world indicate that there are problems that do not recognize borders - democratic challenges and threats are one of those and the new member states as fragile democracies are particularly vulnerable. Situations as the one in Hungary cannot be tackled effectively only internally because they are in practice a European concern.

3. Contribution of Bilateral relations funding to the overall objective of the NGO Programmes

3.1. *Bridging civil societies from donors and beneficiary countries has a lot of potential to expand vision, and develop new ideas and approaches and meaningful partnership initiatives.* NGOs in the donors countries have a lot to offer especially due to their long tradition of work in a democratic environment and their high legitimacy with Governments and remarkably broad citizens support (volunteerism, membership and donations).

3.2. Based on the evaluation, *the most instrumental were the exchange visits, study trips and internships to the donor countries.* The 112 projects with partners from the donors countries had both added value and challenges. On the positive side, they are an opportunity to acquire new knowledge and skills, opening new thinking and approaches. A weakness of project partnerships is that it is project application driven rather than strategically driven. This, together with complicated procedures, has hampered the development of quality partnership relations, and respectively the effectiveness of the partnerships.

3.3. Based on feedback from NGOs from both beneficiary and donors countries, *the Bilateral Relations fund needs rethinking and redesign towards more strategically driven and issue led initiatives* stimulating regional networking among NGOs around similar causes and including more focus on innovation and experimentation.

V. Visibility and communication

1. The NGO Programmes are highly visible in the public space due to various activities for wide promotion of the objectives of the Programmes, as well as through visibility requirements to supported projects. An asset of a number of the Programmes is that they go beyond “technical visibility” of what is funded and what activities are implemented but also communicate the causes and the values underlying the Programmes.

2. Some of the Operators have put a special attention to communication (e.g. Lithuania, Hungary and Poland). Based on emerging practices most instrumental are:

- developing clear strategy on communication and visibility
- hiring professional journalist as part of the team to assist the overall communication strategy and the capacity of supported NGOs to effectively tell their story and get the media interested,
- creating circles of journalists around the programme

- intensive and consistent presence of the Operator and supported organizations in the mainstream media.
- developing and publishing on the site of the Operator a map of supported projects and their results to overcome fragmented visibility of the programme among the different projects

3. The overall visibility the Programmes at national and European levels is also enhanced by the “No Hate Speech” campaign clearly communicating to the general public the core values of civil society and democracy. However, this is very uneven across countries, depending on the level of active engagement of the National coordination committee of the No Hate Speech Campaign. Other in-country events with international participation implemented in the framework of the CA also contribute to the visibility of the Programmes.

4. *A major shortage of the Programmes is that they have limited budgets that can be allocated for strategic communication and visibility.* The current management costs include some support for communication but it is mostly for promotion of the programmes and their public launching. Consistent strategy for communicating the values, issues and emerging benefits of supported civic initiatives as part of building broader public support to civil society requires much more resources which can be part of the CA.

VI. Systems of Monitoring and learning

1. There is a general agreement of both the FMO and the Operators of the NGO Programmes that the current strategic matrix and systems of learning need simplification and improvement.

- The FMO wants to see *less and more consolidated outcomes and indicators*, as the current system of learning is very complicated and challenging (10 outcomes, 160 indicators).
- The Operators want improvement of the *formulation of the core areas* as currently some of them are very general (e.g. “Democracy”) while others are much more specific (e.g. “Gender-based violence”). They suggest 8 more focused thematic priorities to achieve greater clarity and consistency of content and facilitate achievement of tangible outcomes. Some of these priorities are thematic (Participatory democracy; Good governance and transparency; Human rights and anti-discrimination Social justice/inclusion; Environmental protection and sustainable development). Others are based on a specific target group (Youth empowerment). A third group is related to strengthening civil society (Civil society growth and NGO Sector development)³³.
- *There is a growing agreement that budgeting and reporting of spending per outcomes is not effective*, as Programmes are designed around priority areas of support and respectively calls for proposals and supported initiatives follow this design. At the same time, there is also agreement that it is good to have outcome orientation of the strategies of the Programmes. This way they are more focused on the change processes that the invested support needs to contribute to.

2. The *Capacity Building Matrix* developed by the FMO as an overarching tool to grasp the effectiveness of investment in capacity development in all countries was a good intention, with limited usefulness. The problem is rooted in a number of aspects.

- Firstly, it relates to its *design as process and product*. *It was done from the outside*, thus not always adequate to the level of development of local civil societies. The matrix itself ended up cumbersome and long and difficult to understand from local NGOs.

³³ Memo from the meeting of the Operators of the Ngo Programmes. Warsaw, 2014

- Secondly, it relates to *the timing* - for some countries the Matrix came late in the process after first call was already announced.
- Thirdly, although the Matrix will provide some basis for mapping the NGO capacities and needs, its benefit will be rather limited, as (a) it is *targeting almost exclusively Project promoters* and (b) there is *no time to analyze in depth the results and refine the Operators' capacity building approaches*.
- And last but not least relates to *the nature of support of the Programmes which are mostly providing project activities support and much less targeted support for organizational development*. Any tool for measuring progress of organizational change in the duration of the grants will make sense only if these grants are explicitly targeting organizational development and provide an accompanying mentoring programme to assist needed areas.
- Based on the findings from most of the countries *the introduction of the CB Matrix seems more imposed from the outside than supportive*, which may be counterproductive to its intended function. It seems like it is accepted as a requirement rather than an opportunity for learning. This is valid for both Operators, as well as grantees.
- We consider some of the practices of using the Matrix as another questionnaire to all grantees, no matter whether they receive capacity building support or not as completely counterproductive. *More effective were the approaches of application of the Matrix as a tool for interactive discussion or interviews of supported NGOs by the Operator on organizational areas*. A serious gap in the current programmes in this direction was the limited resources of both the Operators and the grantees for potential external facilitation and for the 'internal time' to devote to organizational renewal, training and strategy development.

Chapter 7. Looking forward: Recommendations.

1. Recommendations for the current Financial mechanism (2009-14)

1. It is important to keep the consistency of strategy designs in the remaining 2 years for implementation in order to ensure optimal effectiveness upon completion of the Programmes.

2. Integrate some of the lessons from good practice in project selection and contracting wherever possible in the remaining calls for proposals: clarifying and increasing the role of the Selection Committees, introducing a set of strategic criteria at the portfolio level which are publicly announced with the new calls for proposals; organizing meetings of external assessors/experts as panels to discuss the proposals on a portfolio level and to provide feedback on quality of proposals; more individually tailored approach to defining the conditions of the grants especially the scheme for installments of payments.

3. Analyze the results of the assessments done by using the Capacity Building Matrix and further review it for future application. An option can be developing a working group involving Operators, as well as some of their partners in providing capacity development (predefined projects or others). This can help adjust the Matrix and the approach of its application so that it “lands” better in local realities and local strategies in the next financial mechanism.

4. More efforts and if possible more resources need to be focused to increase the strategic communication and visibility of the Programmes. It needs to become a priority for the remaining two years of the implementation and to be linked with the improved system of learning. Consider applying some of the good communication practices: developing interactive maps or public Calendar of events of the funded projects; expanding partnerships with journalists; training and assistance to supported NGOs for visibility and effective public communication.

5. Use the resource of current Operators to inform the strategy for the next Financial Mechanism. Well facilitated meetings with the current Operators as a strategic stakeholder group can better integrate lessons from the implementation so far into the new strategic thinking. The discussion on the findings of this evaluation can serve as a good start in this direction.

6. Improve the learning system of the current Financial Mechanism. Focused discussion specifically on the overall strategic framework and the linkage among priority areas, and outcomes and outputs will help learning at outcome level. As changing the predefined outcomes framework will not be possible in the current period, a good first step will be assessing the achievement in two or three consolidated clusters (outcome areas) according to their meaning to the objective of the Programme.

7. Use the regional events planned within the Complementary actions to discuss critical areas of learning related to common gaps of civil society development. This will inform strategically the new Financial mechanism. Some of the topics may include: *civic innovation* (stimulating innovative approaches of NGOs; approaching broader civil society- informal groups, social media communities, bloggers); *new avenues for sustainability* (new sources of funding beyond projects; social entrepreneurship, stimulating individual donations and philanthropy); *strategic communication and mobilizing public support*; *effectiveness of policy influence and interaction with Governments* etc.

8. Start rethinking and testing of potential redesign of Bilateral Relations Fund towards more strategically driven and issue led initiatives by focused regional discussion of the Operators and the Norwegian Helsinki Committee and Icelandic Helsinki Committee, as well as piloting support to some multilateral issue based networking initiatives.

II. Recommendations for the Next Financial Period

The recommendations for the next financial period are based on the views of stakeholders expressed in interviews and focus groups, as well as on the analyses of the lessons emerging good practice from the implementation of the NGO Programmes in the different countries. They were developed as a menu of potential options that can serve the discussion and the thinking towards updating the future strategy of the NGO Programmes.

A. Programme Scope and Policy Modalities

1. Continue and expand the support to the NGO Programmes in the beneficiary countries:

1.1. Continued support of the EEA Grants to the NGO Programmes will be of critical importance for building upon the created positive momentum of multiple social changes started in the current Financial mechanism. This will provide for continuity in the strengthening of civil societies in the beneficiary countries to enhance their contribution to social justice, democracy and sustainable development. It will also help rescue the civil society in countries with democracies at risk like Hungary.

1.2. Increase the level of support for the NGO Programmes as a share of the overall EEA and Norway Grants funding allocation in the beneficiary countries. This will help respond more effectively to the enormous demand for support in the priority areas of democracy, human rights and social justice as well as for the advocacy and watchdog functions of civil society. Funding for these areas, as well as for support to capacity development of civic organizations, is completely missing or limited.

1.3. Introduce a Bridging Fund facility to avoid the risk of the anticipated two year gap between the end of the current NGO Programmes and the start of the next ones, especially where other support for civil society is completely missing or democracy is at risk. Bridging fund can utilize some of the under spent funds from other EEA Grants Programmes. It can be designed on the principle of Action grants for quick reaction on critical issues with an extended date beyond the project close off date of end of April 2016.

2. Provide for five years implementation of the NGO Programmes in order to ensure their effectiveness and impact. It is critical to avoid replication of the main challenge to the Programmes – a reduced time framework for implementation due to long negotiations and delay of their start up. Measures can be in two directions:

- Seven year commitment of the Programmes with five years for actual implementation
- Earlier start of the negotiation of the programmes, if possible in 2015 after the last projects are funded, not waiting until projects are finalized in April 2016.

3. Ensure better strategic coherence and coordination of the support to civil society within the overall EEA and Norway Grants Funding.

3.1. Optimize putting in practice the EEA Grants cross cutting principles of good governance and sustainable development by ensuring civil society involvement in all relevant Programmes of the EEA and Norway Grants and respectively in the indicators for their success.

3.2. A special quota from other thematic Programmes of the EEA and Norway Grants can be specifically allocated to support NGO initiatives implemented in partnership with relevant institutions. These “partnership thematic funds” can stimulate better cross sector collaboration and joint work on resolving issues and/or developing new services to vulnerable groups. This can be done under the small grants schemes within the relevant Programmes.

Some of them can be entrusted to be managed by the Operators of the NGO Programmes, or by other independent non-profit actors.

4. Continue the main lines of the current strategy with a clear focus on support to strengthening the functional capacities and contribution of civil society in key areas with some modifications based on the learning from this Financial Mechanism.

4.1. Continuation of current strategy of the NGO Programmes will respond to the long term needs of developing a strong and active civil society. Continuity of the current approach of the Programmes to invest in developing strong civic actors, able to facilitate key processes at both the local and national levels and in key areas of democracy, social justice, human rights and sustainable development will foster and sustain current investments.

4.2. Keep the current programme areas and priorities but with a better formulation and some adjustments including:

- *The areas “Active citizenship and good governance” and “Human rights and antidiscrimination” need to continue to be at the core of the programmes.*
- *Continue support in the area of “Environmental protection and sustainable development” as an avenue to mobilize citizens and especially youth movements and developing community based models for sustainable development*
- *Redefine the “Welfare and basic service provision” area into a more focused area on “Social inclusion and empowerment of vulnerable groups”. Service provision can be fostered through the suggested targeted support to NGOs in the small grants schemes of the other thematic EEA and Norway Grants Programmes. The NGO Programmes need to focus on the capacity of both service provision NGOs and NGOs representing vulnerable groups to empower them and to influence policies to mainstream innovation emerging from NGO practices.*
- *Introduce “Sustainability of the NGO Sector” as a new core area as a focused investment in systemic change and sustainability.*
- *Horizontal concerns will be addressed in a more effective way if they are present as specific targeted measures within the core priority areas related to democracy, human rights and social justice.*

4.3. Scope of the Programme needs to be left broad and open to the diverse needs and opportunities for intervention in the different countries. This will provide space for the Operators to suggest the focus depending on the needs of the NGO sector, the available overall funding, identified niches for interventions and the capacity of the Operator. Part of their assessment will be how suggested approach are justified, also avoiding spreading too thin within available funds, or overlap with other existing funding programmes.

4.4. The primary focus of the strategies needs to be on the strengthening of the functional capacities of civil society as a safeguard of democratic values and practices within the chosen programmatic areas. The following key priorities in this respect were outlined as common for the beneficiary countries:

- *Provide support to a plurality of civic action at different levels: support to both key organizations with strong capacities for advocacy and nationwide action, as well as to growing strong community based organizations*
- *Broaden the NGOs citizen base and support- linkage and mobilization of civic constituencies (informal groups, grassroots initiatives, volunteers, members and supporters base).*
- *Expand the capacities for effective communication to building public support – visibility of causes and values in the public space and debate, campaigns to overcome stereotypes and negative attitudes*

- *Continue expanding the policy influence capacities of NGOs* by intensive support for advocacy and watchdog activities
- *Expand the collaboration and culture of joint actions of NGOs* – strengthen existing ones and stimulate new networks and ad-hoc coalitions around issues and causes, not around projects; stimulate linkage and networking among strong NGOs and small, new ones;
- *Priority focus on sustainability of civic organizations which is critical for their independence* – expanding skills, capacity and infrastructure for innovative ways of raising support beyond project funding from individuals, business, using new technology – crowd funding, campaigns, philanthropy development, community foundations
- *Stimulate developing a new generation of young civic leaders* through targeted support to innovative youth initiatives, internships and various capacity development initiatives.

4.5. Civic innovation (innovative approaches and outreach to new civic groups) and sustainability need to be of high priority in the new strategies:

- *Innovation and sustainability will require providing for more flexibility and risk taking to experiment and learn with applying new grant-making and capacity development approaches.*
- *Consider introducing the principle of incentives for sustainability into the grants instruments stimulating income generation activities, social entrepreneurship, fundraising and developing reserve funds that can make the organizations more independent.*
- *Consider alternative approaches (not offering formal grants, but different types of support) to new groups, e.g. bloggers that are not organized and prefer to remain informal.*

5. Simplify and streamline the overall strategic framework with clear links and hierarchy of priorities. We suggest that leading outcomes are consolidated in *three outcome areas* as desired social change across the five priority programme areas. The links among suggested outcome and programmatic areas are in the matrix below:

Programme Priority Areas (priority areas of NGO contribution to social change)	Priority Outcome Areas (For all programme priority areas: strengthened civil society to contribute to social change)
1. Active citizenship and good governance Focus on: <i>Citizen participation/participatory democracy; Civil scrutiny and monitoring of public institutions</i>	A. Engaged citizens Focus on: ➤ <i>Increased involvement in causes</i> (volunteerism, campaigns, supporters, individual donations) ➤ <i>Increased participation in dialogue and/or pressure on governments</i> (letters, campaigns, self organizing, consultative bodies) B. Strengthened NGOs and civic infrastructure Focus on: ➤ <i>Increased membership and supporters base</i> ➤ <i>Policy influence capacities</i> (advocacy/watchdog, policy dialogue, partnership) ➤ <i>Expanded networking and coalitions</i> ➤ <i>Diversified support (beyond only projects)</i> C. Enabling environment Focus on: ➤ <i>Improved policies and legal frameworks;</i> ➤ <i>Accountable and inclusive to citizens input institutions</i>
2. Human rights and antidiscrimination: Focus on: <i>protection of human rights, including the rights of women, children and minorities: ethnic, religious, sexual, etc.; counteracting discrimination, combating racism, xenophobia, hate speech, hate crime, extremism, etc</i>	
3. Social inclusion and empowerment of vulnerable groups: Focus on: <i>counteracting social exclusion (because of ethnicity, gender, age, disabilities, place of living - rural areas, poverty); access to quality and innovative services and empowerment of vulnerable groups; inclusive community development</i>	
4. Environmental protection and sustainable development. Focus on: <i>Increased NGO involvement in environmental protection, educating and mobilising citizens and especially youth to protect the environment,; community development models for sustainable development</i>	
5. Sustainable NGO sectors Focus on: <i>Enabling environment for civil society work; vision forward; Strategic communication to the public</i>	

<i>Developing infrastructure for philanthropy and individual donations;; Innovative income generating initiatives; social enterprises, fundraising from individuals and corporations</i>	➤ <i>Broadened public support</i>
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Operators will define their own specific and relevant outcomes within the Outcome Areas and define specific indicators. After selecting the Operators, the FMO will (in coordination with them) group the similar outcomes and indicators within the outcome areas, redefine them appropriately and come up with lists to be used for tracking the Programmes progress and success.

B. Recommendations Related to the Bilateral Funds:

1. Consider redesign of the bi-lateral funds for the NGO programs in a more coordinated and strategic manner. This could be done by considering two types of measures: (1) bi-lateral exchange and learning measures and (2) strategic regional measures

1.1. Easy and flexible scheme for bi-lateral exchange and learning measures:

- Continue support to study trips of groups of NGOs from the beneficiary countries in the donor countries and vice versa.
- Greater focus should also be given to using bi-lateral funds for raising awareness of citizens: 1/ in donor countries on the importance of the support to civil society in beneficiary countries and 2/ in beneficiary countries on good practices of partnerships with civil society and its legitimacy as an important factor in the donor countries. This can be done by identifying ways of involving journalists or requirements for publicity activities as part of the study trips and exchanges.
- *Extend the definition of bi-lateral exchange to include study visits among the beneficiary countries facing similar problems but applying different approaches to solve them.* The exchange of experience from similar socio-political contexts is not less meaningful than the traditional transfer of knowledge from donor to beneficiary. This can be accompanied by involvement of partners from donor countries, to assist the process of exchange and learning.

1.2. Introduce strategic regional measures. They will support multilateral issue-based and thematic NGO networking and platforms involving like-minded NGOs from more than one of the beneficiary countries, as well as relevant NGOs from the donors countries. This will result in more strategic learning in the priority areas of the Programmes among beneficiary countries and together with donors countries. It also has potential for developing regional action and advocacy at a European level.

2. The Bilateral fund is more effective if it is open for the duration of the entire Programme not just on a call to call basis, as well as to other NGOs outside the group of Project Promoters. This will reduce its nature of being project driven, rather than interest driven.

3. Allow for NGOs from the donor countries to apply for bi-lateral funds in Norway, rather than through the country NGO programmes.

C. Management Set Up Recommendations

Management set up at the FMO level

1. Promote the Civil Society Programme into a Global Civil Society Fund hosted by the FMO working with entrusted strategic implementing partners/Operators in the beneficiary countries.

1.1. Streamlining the Programme into a Global Civil Society Fund will increase the strategic meaning of the NGO Programmes both at country and at European level. The innovative character of the NGO Programmes led by a common overarching strategy requires

much more strategic oversight beyond monitoring of compliance with procedures. They have a lot of potential as a European regional fund with country specific strategies developed in consultation with local stakeholders by the selected country Operators which will ensure the ownership of the Programmes by civil society on country level.

1.2. *The Global fund will be managed and/or hosted within the FMO, but with a clear structure, level of staffing and procedures and rules.*

1.3. *Establishing a Strategic Oversight Board will contribute to outcome oriented focus and processes rather than an administrative monitoring of the Programme.* This Strategic Oversight Board can involve representatives from the FMC, leading NGOs from the donor countries and experts from the beneficiary countries with knowledge of civil society. Combining expertise from both the donors countries and from the region, can contribute to a better strategic oversight of the effectiveness of the Programme across Europe.

1.4. *Regular strategic communication with the National Focal Points will ensure strategic partnership needed to foster increased good governance and sustainable impacts* from the overall EEA Grants investments in the countries. This can be done by improved strategic coordination with the NGO Programmes Operators at country level, or by including communication on the Global Civil Society Fund during the regional meetings of the NFPs. This way the NFPs can serve as strategic stakeholder advisory group for the performance of the Global Civil Society fund. In addition, this strategic partnership approach can provide for discussing co-financing issue on a more strategic level by identifying areas of support of importance to optimize the application of the good governance and sustainable development principles.

1.5. This set up will bring a number of benefits:

- The Civil Society Programmes will not depend on the negotiations with national governments individually. It will be included in the MoU as a general overarching rule agreed at a macro-level. This will reduce the delay of the start of the country NGO Programmes and will increase the time for their actual Programme implementation.
- It will provide for clear cut separate specific rules and procedures, which are adequate to the objectives and nature of the Civil Society Programme.
- It will ensure better strategic oversight and coherence, and will clarify the level of responsibilities and needed capacities at the FMO level and in the beneficiary countries
- It will expand the possibilities for strategic partnerships and alliance with other donors in the region OSF, OSIFE, EC civil society Programmes, other European foundations, etc.
- It will ensure better regional linkage and learning among the different Operators and developing strategic European regional initiatives

2. If the Idea for a Global Civil Society Fund is not considered, then it will be important that the FMO clarifies the management set up of the Programme within the FMO:

2.1. *There needs to be a clear strategy of the positioning of the Civil Society Programme as part of the overall EEA and Norway Grants Funding.* This will help improve synergies with other programmes.

2.2. *Priority needs to be given to strategic oversight, rather than monitoring of compliance with procedures and control*

2.3. *More human resource capacity with substantial knowledge on civil society and the context in the beneficiary countries should be allocated to provide for this strategic oversight, especially in view of the potential increase of the Programmes directly contracted by the FMO.*

2.4. Employing a small number of junior officers will help free the time of current sector officers for substantial work by providing back up for the technical aspects of the Programmes management. This will not require a considerable increase in the FMO budget and is quite justifiable from the point of view of proportionality – the NGO projects constitute 2/3 of all EEA and Norway Grants funded projects.

Management set up at country level

1. Continue the good practice of entrusting the management of the NGO Programmes to Operators in the beneficiary countries which are organizations independent from the governments with commitment, experience and knowledge of civil society and trust within the NGO sectors.

2. Streamline the status of all NGO Programmes to be directly contracted by the FMO, not through the National Focal Points. Based on the evaluation, this practice is more effective in terms of strategic coherence, reduced administrative burden and better regional complementarity.

3. Ensure strategic level communication and coordination between the NGO Programmes and the National Focal Points. This will help potential synergies among the different EEA Grants Programmes, as well as overcoming alienation and bridging the gap between traditional “sectors”.

4. Allow for re-appointing strong Operators of the NGO Programmes who had already been selected by an open tender based on performance evaluation. Re-appointment of the Operators may be conditional based on requirements for improvement coming from the performance review (expanding and/or re-adjusting the responsibilities in the consortium and improving certain aspects of the strategy for the new Financial Mechanism). The main advantages of this approach will be:

- Minimizing the delays associated with competitive bidding, as well as the shortage of potential partners in many countries.
- Continuity of the strategies of well performing Programmes in the countries which will increase potential for long-term impact
- Better use of already developed fund management capacities, thus reducing the time and potential challenges of new-comers to the rules of the EEA Grants.
- Transparency will be ensured, as the Operators have already been selected by an open public tender in the past.

5. The selection of new Operators (due to unsatisfactory performance review of current ones or missing public tender in the past) needs to be based on clear criteria ensuring: 1/knowledge and expertise for civil society and its capacity development, 2 / independence from Governments and 3/ capacity for management of the funds.

6. Develop a shared vision on the role of the Operators as strategic facilitators of civil society development, not just technical re-granters of funds to project promoters. Due to the numerous gaps in civil society capacity, a more proactive role of the Operators is needed to convene various groups and stimulate the search for new solutions, as well as to assist strategically the capacities of the sector in different areas.

7. It is better if there is one NGO Programme per country. We suggest that the two current NGO Programmes in Slovakia are consolidated into one managed by a consortium with the most competitive advantages.

D. Recommendations at the operational level

1. Diversify the types of grants support to accommodate the different needs for strengthening civil society

1.1. Continue the diversification of grants by their size - small, medium and large in order to ensure better outreach to different segments of civil society

1.2. Increase the focus on support to organizations and strategies, not only to projects. Include in the assessment of proposals the organizational capacity of applicants and respectively their needs for capacity development, as well as targeted instruments for supporting organizational development.

1.3. Envisage further diversification of grants instruments per type of NGOs depending on their role in the strategy implementation and on their needs for capacity development. The following type of grants may be considered:

- a) Institutional support to key actors in core areas for key processes. This will be strategic grants (2-3 years) investing in the institutional capacity of leading organizations and networks to carry out their mission and linking it with levels of impact and change in the environment. Grants can be *conditional* with certain requirements and benchmarks for organizational development and sustainability stimulating organizational innovation - new approaches, links to constituencies and other NGOs, strong communication, and partnerships. Application will be by three year strategies (and not *projects*) contributing to meeting the Programme objectives.
- b) Capacity development support to strengthen NGOs in priority areas based on clearly set objectives. These will be project grants (combining capacity development and activity grants). They will be contributing to developing new initiatives and solutions, and to growing the capacity of various layers of civil society. Capacity development can be ensured by specific grants, or by optional share of the overall project activity grant. The applications will be by projects, including assessment of the organizational capacity and needs of the project promoters. Specific goals of the capacity building grants should be defined in line with the Programme objectives.
- c) Developmental support to grow new actors. These will be small seed funds to support grassroots initiatives of small local organizations and/or informal groups combining seed action grants with intensive coaching for capacity development.
- d) Action Grants to support quick and visible civic response to emerging issues. These will be grants supporting campaigns and innovative civic action of various organizations and informal coalitions and groups of dedicated activists.
- e) Potentially the instrument of Challenge grants (conditional on certain requirements for fundraising) can be also used especially targeted at growing sustainability of more established organizations. The introduction of challenge grants will also decrease the risk of donor dependency.

2. Earmark separate funds for strategic capacity development of the civil society sector. Potential instruments may include:

2.1. Better focus the Complementary action in its part related to in-country activities for expanding the strategic capacity of the NGO sectors. More funding needs to be allocated to support proactive capacity building, networking, targeted discussions and other work with the entire non-profit sector (not only grantees), as well as strategic public promotion of the results of the Programme and the funded projects.

2.2. Consider introduction of a New Initiatives Seed fund. This funding will be seed money at the discretion of the Operator to stimulate proactive search of innovative solutions of key identified issues. This may include:

- developing coalitions of different segments within the NGO sector and with other stakeholders around key issues
- developing new types of collaborative initiatives based on interdisciplinary approaches, combining efforts and different perspectives in identifying solutions.

- Growing innovative capacity for resource mobilization, fundraising and financial sustainability
- Advocacy and engagement with government-led policy processes
- Exchange among civil society actors to incubate and scale up innovative approaches

2.3. Include funding to support strategic communication initiatives stimulating public awareness of the role and achievements of civil society (incl. project promoters), building trust and public support in NGOs as catalysts for change, engaging citizens in public debate on critical issues of society; better interaction with the media and growing new type of citizen journalism.

2.4. Better focus predefined projects to optimize investments at a systemic change level. Some possibilities to consider:

- *Some of the predefined projects can accommodate systemic capacity building in key areas of the sectors* including seed grants accompanied with mentoring and coaching for capacity growth
- *Consider also predefined projects on key issues that are of importance to all countries.* This will help comparative analyses and expand the opportunity for regional actions. Some themes coming from the current period are: mapping of the sectors (this can be done by similar methodologies); sustainability of the sector (identification of new methods and working practices); linkage and outreach to broader civil society (active informal groups, movements, and social media communities)
- *Allow strategic selection instead of a project application approach of promoters of the predefined projects* (which is the practice of other EEA Grants Programmes) This will allow strategic partnership approach to implementation of predefined projects on a systemic level.

3. Better focus and regional design of the Complementary actions related to regional level actions. Currently a fixed % for Complementary Actions leaves some programs with too much money and others with very limited resources. Instead, a common fund can be allocated for regional level initiatives. It can be more strategically designed based on joint regional planning of use of funds with the active participation of the Operators. This way the funding will be allocated based on strategically justified requests from fund Operators from more than one country.

E. Recommendations related to Regulation/Procedures

1. Develop a single document with rules and procedures for the management of PA10 Funds for NGOs. A possibility is upgrading the existing Guideline for NGO Programmes and making it an Annex to the Regulation

2. Update existing procedures based on shared vision among the Donors, the FMO and the Operators on what is the possible flexibility and risk taking which can enable the NGO Programmes to accommodate innovation and to better respond to the specific needs for the development of civil society in their countries. .

Management resources:

3. Provide adequate funding for support to 1/ management costs of the Programmes and 2/ to strategic programming costs of the Operators to grow the capacity of the sector.

3.1. Increase the level of management resources for smaller Programmes. Set a sliding scale for management costs reflecting the size of the allocation for smaller Programmes below 10 million euro. It is recommended to allow for 20% for Programmes up to € 3 million, (b) 15% for Programmes between € 3-6 million, (c) 12% for Programmes between € 6-10 million.

3.2. Retain the existing additional cost for capacity assistance to project applicants within the management costs, as they ensure effectiveness of the management of the grant-making schemes by supporting project-specific capacity

3.3. Allocate additional support for the operational costs of the Operator of earmarked separate funds for capacity development of the civil society sector (e.g. facilitation of new initiatives, strategic meetings of the sector, strategic communication with the public, targeted coaching and capacity development of specified segments of civil society). Funding for this category should be provided based on the quality of proposals and suggested initiatives.

4. Continue individual approach to guarantees. Either request a bank guarantee or retain part of the management fee (at a reduced level, e.g. 10%). Assess together with the Operators which is the best option. **Consider a regional reserve fund to cover the risk** for Operators of small Programmes with no (or limited) reserve funds,

Grant-making and selection:

5. Allow re-granting by intermediaries (community foundations, issue specific NGOs or capacity providers) to provide micro and small grants to active civic and grassroots groups without legal registration and to small organizations. This will be more efficient outreach to broader civil society and will ensure more targeted assistance for growing capacities of new actors. Simplified but clear rules for these micro grants will need to be further developed (eg separate bank account, etc.; or making the payments directly from the intermediary)

6. Provide for more flexibility in the procedures for selection of projects to accommodate 1/ the diversified grants instruments and 2/ the experience of Operators.

- Base the selection process around the obligatory principles of transparency, quality and impartiality, but provide space for the Operator to suggest how these principles will be operationalized in the selection process within different funding instruments. In other words, allow Operators to suggest their own selection procedures based on a set of minimum requirements defined by the FMO.
- Introduce simplified procedures for seed funds and action grants.
- Allow for more proactive involvement of Operators in the selection process of strategic and innovative sector level initiatives
- In the selection process the input from external evaluators should be at least 50% (in the case of two assessors – 1 from the PO and one from the outside.
- Assessors reviewing the same project are allowed to communicate and share their argumentation for the scorings, based on the specific selection criteria.
- Assessors are allowed to meet after scoring their individual projects to assess the ranked list against the objectives of the call and the portfolio criteria before recommending it to the Selection Committee.

7. Ensure more strategic coherence of the selection process by delegating more decision power to the Selection Committee on portfolio level. An option is that each Operator develops publicly announced overarching selection criteria (portfolio criteria), e.g. geographic distribution, innovation, or other strategic considerations. Based on these the Selection committee can suggest modification of the ranking lists.

8. Encourage a two-stage application process which can also be linked with targeted capacity building. Simplify the concept format, focusing on capacity of the applicant, practical expected impact from the project, general intervention logic (not activities) approximation of funds needed (not budget). Ensure that the full proposal will be reviewed by the same assessors. Provide the applicants selected at the concept phase the possibility to use technical

assistance/guidance/advice from a pool of experts supported by the Operator in the preparation of the full proposal.

9. Change the “economic benefits” provision (Regulation, Article 5.4.2.). Interpreting sources from fundraising and revenue generating activities as profit and forcing organizations to use it within the project is in conflict with the purpose of strengthening civil society, an important part of which is sustainability of NGOs. Allow that raised income and support to be used to support the NGOs mission and long-term work. Exclude the NGO Programmes from the rules on state aid.

10. DoRIS will benefit from a participatory review. Questions can be sent to the NGO Programmes in all countries (or broader to other EEA Grants Programmes too). This will provide critical feedback on bottlenecks and challenges and will help improve the utility of the system.

11. External audits of the projects to be provided by the Operators: Include this requirement in the ToR so that the Operators plan for the related costs.

12. Management and Control Systems: Assist the Operators to define together with the auditors reasonable levels of risk to be accommodated in the MSCs.

About the EEA and Norway Grants

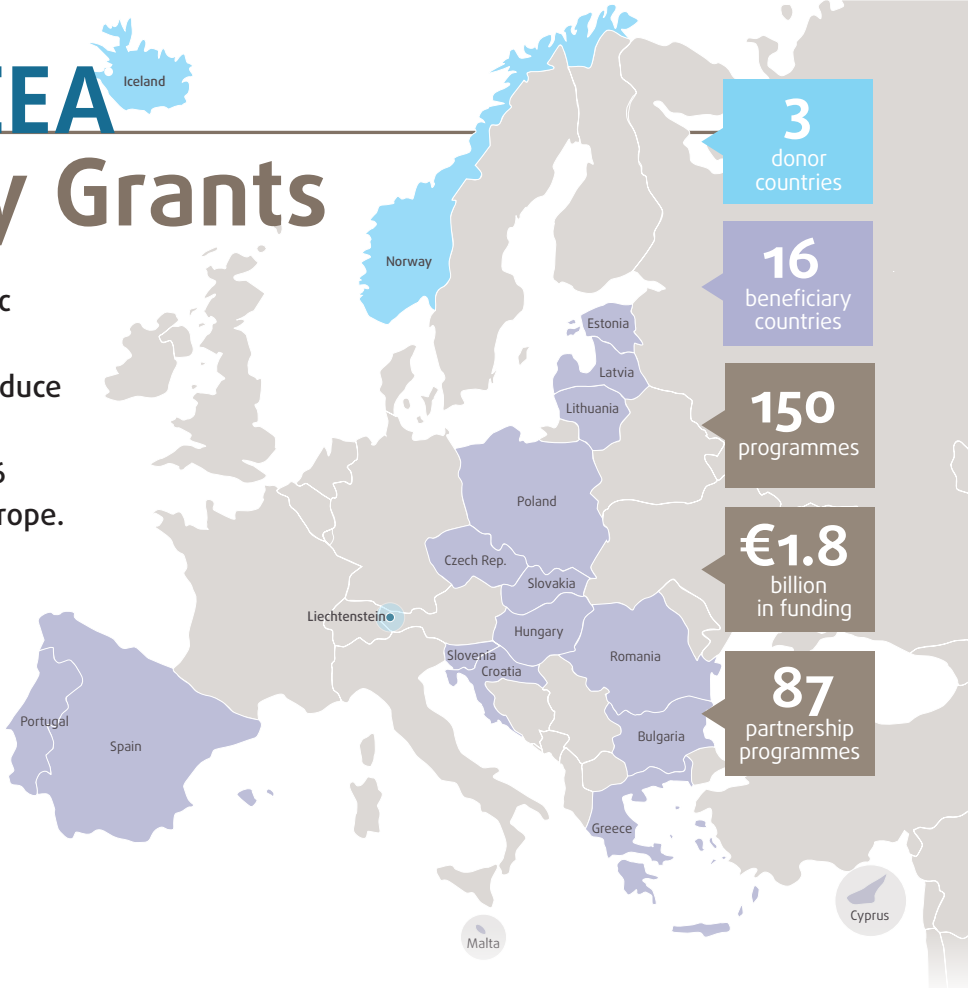
Through the EEA (European Economic Area) and Norway Grants, Iceland, Liechtenstein and Norway help to reduce economic and social disparities and strengthen bilateral relations with 16 countries in Central and Southern Europe.

EEA Grants:

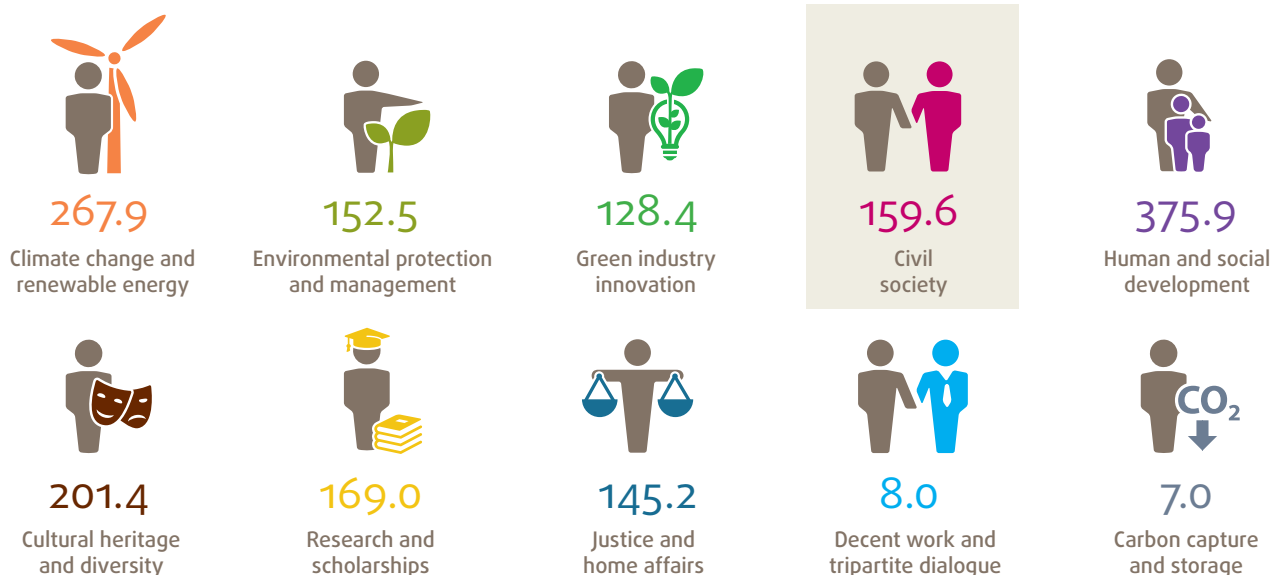
€993.5 million (Norway: 95.8%, Iceland: 3.0%, Liechtenstein: 1.2%)

Norway Grants:

€804.6 million (Norway: 100%)



Areas of support (€ million)



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