


RE-ENGINEERING NON-PROFIT ORGANIZATIONS IN ROMANIA

Areas of Organisational Capacity Related to Financial Sustainability Strategies

The case of 25 NGOs
Civic watchdogs and public policy (think tanks) NGOs
NGO support organisations
Social service agencies
targeted by
Romania Civil Society Strengthening Program funded by USAID

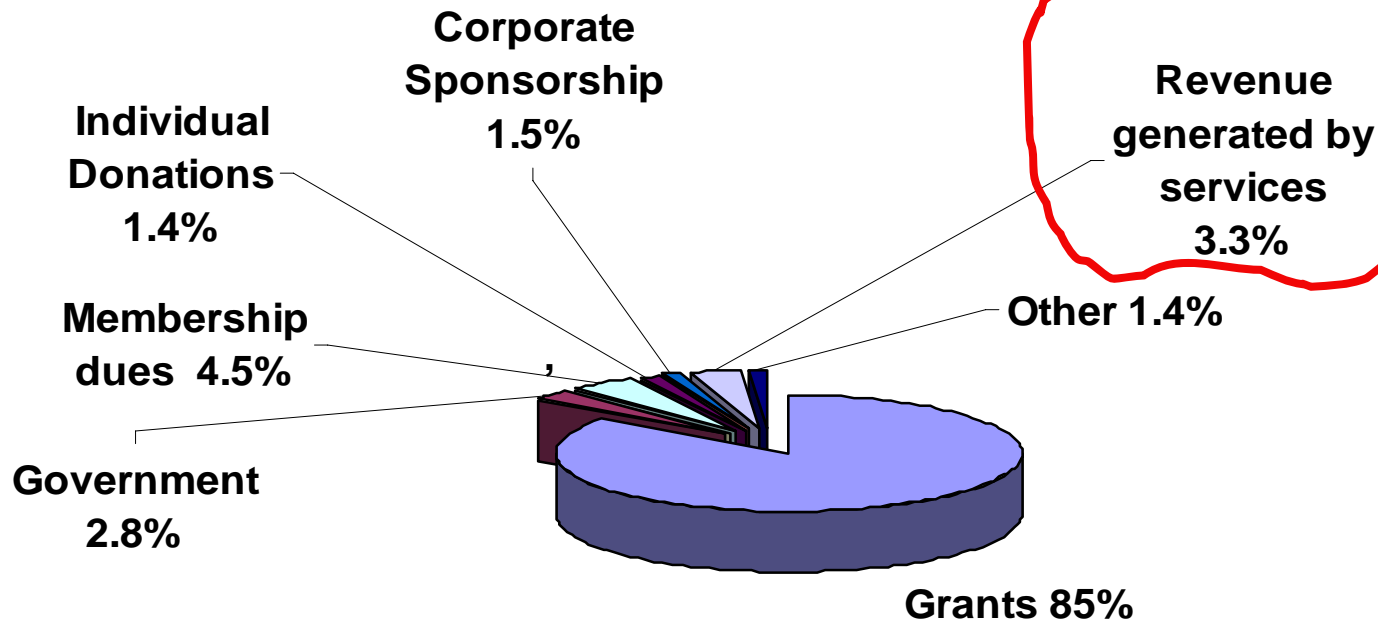
NGOs Revenue Sources



	2005		2006	
Total Budget (in USD) →	\$6,424,658	%	\$5,977,922	%
Grants	\$5,289,856	82.3	\$5,084,108	85.0
Romanian Government (grants & subsidies) →	\$70,210	1.1	\$168,710	2.8
Membership dues →	\$160,025	2.5	\$270,797	4.5
Individual Donations (including 1% tax designations) →	\$25,937	0.4	\$81,189	1.4
Corporate Sponsorship →	\$20,823	0.3	\$88,565	1.5
Revenue generated by services	\$203,203	3.2	\$199,168	3.3
Other ↘	\$654,601	10.2	\$85,382.81	1.4

Calculated based on data from 23 target NGOs

Revenues by source



Average age - 8,5 years from registration

Objectives & Context



RCSS Program objective 1:

Building Organizational and Financial Sustainability of Watchdog, Public Policy and Intermediary Support Organizations

Premises

- Cannot separate organizational from financial sustainability
- Most of the **funding** of the target NGOs is **project-related** (they have a patchwork of funding, with many of them running up to a half dozen donor-funded projects) – **85% of their income**

Measuring Organisational Capacity




Participatory Institutional Analysis Instrument - a tool and methodology developed by World Learning that **measures organisational development**:

- six major areas of organizational development.
- 28 competencies
- 96 indicators
- 4 levels of competence – scale from 1 - start-up, developing, consolidating to 4 - mature stage

PIAI serves as a means for measurement, planning priorities for interventions, designing those interventions, monitoring intermediate progress and evaluating progress through improvements in score.

Strengths



<i>Reputation within community</i>	NGO recognized as having significant expertise in sectoral/technical area; invited to contribute to sectoral fora.	3.7
<i>Compliance with labor, tax & reporting requirements</i>	NGO is generally in compliance with reporting, tax and labor requirements.	3.6
<i>Timeliness & accuracy of accounting</i>	Financial reports clearer and more complete, even as portfolio becomes more complex. Usually on time.	3.6
<i>Development of / adherence to budgets</i>	Total expenditure usually within 20% of budget by line item, but actual activity often diverges from budget projections.	3.6
<i>Constituent advocacy</i>	Identifies key advocacy issues; participates in meetings and opportunities organized by others.	3.5
<i>Governmental relations (national & local)</i>	NGO engages in open dialogue with government on operational and policy issues.	3.5
<i>Cash management</i>	Cash management duties are segregated to the extent possible, but separation not ideal according to accounting principles.	3.4

Weaknesses



<i>Long-term financial plan</i>	No long-term plan envisioned.	1.9
<i>Mobilizing local support</i>	NGO has no clear strategy for local fundraising or attracting other forms of support.	1.9
<i>Mobilizing private sector resources</i>	NGO begins to view private sector as potential resource; expands contacts with private sector seeking areas of mutual interests. NGO working to educate/encourage corporate sense of responsibility.	2
<i>Internal, external customer surveys</i>	Ad hoc information collection, emerging systematic collection and utilization of collected information.	2.1
<i>Financial autonomy</i>	Developing awareness of local resource generation possibilities, but few funds actually mobilized.	2.1
<i>Short-term operating margins</i>	Funding is available to cover short-term project costs, but operating costs are not fully covered by self-generated funds.	2.2
<i>Cost recovery mechanisms</i>	Recognition of necessity for cost recovery mechanisms, but either resistance to or lack of ideas on how to develop.	2.2

Thank you !