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FUEL FOR CSOs: HOW CAN EUROPEAN INSTITUTIONS SUPPORT AND ENHANCE CIVIL SOCIETY ACTIVITIES THROUGH REGULATIONS AND FUNDS? INSIGHTS FROM THE ITALIAN CASE

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SUMMARY

Civil society in its organized forms (Civil Society Organizations - CSOs) play a substantial role in the achievement of the EU's goals, internally and externally.

European CSOs have relied extensively on resources offered by the EU while conducting their international activities and the EU has been very proactive in allocating resources that could improve its role in international cooperation. However, the lack of a coherent framework in regulating and supporting CSOs at the European level poses challenges and opportunities for future results. Moreover, funding instruments have the possibility to shape the actions and the framework of the European third sector and legislators need to be well aware of this possibility. The research I have conducted shows:

- Constraints in application for funds have both the effect of precluding small organisations from accessing some of them and forcing organisations to build networks in order to overcome these obstacles.
- CSOs tend to diversify their incomes in order to be more resilient in times of crisis. Public funds are often seen as too short or too constraining, limiting the organisation's ability to develop a virtuous management.



- A more coherent regulative framework of the third sector at the EU level is indeed required. However, its development must be a cooperative process between all the parties involved.

INTRODUCTION

Civil society in general and its organized forms have always been at the core of EU actions. Civil society organizations are supported due to their great role in enhancing the EU's values and in achieving the Union's goals internally and externally. With the growing importance that the Sustainable Development Goals (SDGs) have gained in the planning of the new Commission, civil society becomes even more central. SDGs require a networked action among the various sectors of society in order to be achieved. As a matter of fact, civil society organizations are

able to foster connections between firms, the government and the wider society, becoming central actors in the networks that are built (and have to be built) to achieve the challenges of today's world.

Civil society is extremely relevant even when it comes to the external actions of the EU and its international cooperation objectives. Through a vibrant nexus of organizations, supported through specific programs such as the Development and Cooperation Instrument (DCI), the EU is able to promote development in critical areas of the world, where the governmental actions are often unable to arrive.

While this relevance is well recognized and various EU stakeholders often integrate civil society to a certain level in the EU policy-making processes (i.e. Civil Society Dialogues, DG-TRADE), the integration is still for the most part dependent on single DGs lacking a substantive and more coherent framework among the various EU institutions.

This lack of a consistent and homogenized framework appears to be a substantive issue for the European Civil society sector, which is divided among national legislations. These regulatory frameworks are often extremely complex at the local level and become even more fragmented when they approach the European level and confront themselves with other counterparts coming from different legislative backgrounds.

Institutional actions to strengthen the European civil society sectors and its international role can pass through two channels: a legislative one and a resource-based one. On the one hand, institutions can enhance civil society actions fostering a clear and well-defined regulatory framework where CSOs can operate. On the other hand, institutions can provide funds that are structured to foster specific objectives such as a requested networked action or a well-defined subject area of intervention.

Due to the variety of different instruments through which resources are allocated, it is not easy to get the total amount of EU funds available to civil society. However, the number is indeed substantial. As a matter of fact, the European Court of Auditors in an audit (2018) for the sole external action of civil society internally and externally has indicated the level of available funds to CSOs at around six billion euros divided among the various DGs.

The research I conducted has been directed to uncover how CSOs operate between various choices given by legislative and funding opportunities. Following these premises, the research has focused on a single case study that offers various opportunities for analysis: the Italian case. Italy has recently undertaken a reform of the whole third sector that has tried to homogenize the regulations concerning civil society. In addition, the Italian institute (Istat) of statistics is among the few that within the EU use the guidelines provided by the UN when it comes to gathering data on the third sector. Istat has implemented the International Classification for Non-profit Organisations (ICNPO) for the last two rounds of the non-profit industry's survey.

The research has evolved around investigating how CSOs choose and use various funding sources moving around the distinction between public and private funds. In addition, the research has also investigated how resources distribute and enhance activities at a networked level, understanding why and how civil society engages in partnerships building networks. Finally, the research has also provided insights into the organizations' resilience when adapting to a new regulatory framework.

KEY FINDINGS

The first and clear emerging result of the research is that organizations try to diversify the sources of their funds as soon as possible, opting for various combinations of public and private funding.

A second key finding is that larger organizations tend to have larger proportions of public funds in their budgets. Smaller organizations still rely extensively on public funds, however, as there could be obstacles to accessing public resources, due to their dimension they also have to rely on other sources (i.e. membership fees, religious support, foundations, etc.). Very large fundraising campaigns are also in the hands of very large organizations as they usually require high costs and great visibility.

Obstacles to access necessary funds, although limiting smaller organizations, favour networked action as organizations partner in order to create more efficient and reliable projects for public resources' applications.

Organisations favour and welcome new simpler regulation frameworks when those are introduced. However, they appear to be also very critical as often even laws that aim at simplifying procedures and activities may miss specific

issues of intervention. While formulating regulations, a participatory and open discussion with the third sector appears to be essential.

Among the various challenges that organisations face while operating worldwide, they often identify political instability and foreign scepticism as obstacles to their operations. While extremely effective in addressing

specific issues, organisations are extremely weak when dealing with foreign governments as they retain lower levels of bargaining power in such relationships. The EU should work with international partners in order to create a favourable environment for its CSOs operations.

POLICY RECOMMENDATIONS

- Work towards a common framework for third sector organisations' regulations at the European Level. It will enhance organizations' activities and help institutions have a better track and planning of their allocated resources.
- Start a reform process that takes into account the current difficulties CSOs face. In the agenda setting of such a phase it is essential to see the participation of various civil society stakeholders, opening dialogues in order to develop a system around the true needs of the sector
- Manage funding to international cooperation based on spill over goals. Beyond the specific development goals, calls often involved structural conditions that affect the sector at large.
- Consider in the Union's external relations the role that European CSOs have and try to work with partners to favour their operations worldwide.
- CSOs are in constant need for external funds as their operations by definitions are not returning profits. Institutional funds become extremely necessary in times when CSOs are under public scrutiny as it may negatively affect private donations.
- The ability of CSOs to create networks and to propose networked solutions is one of the strongest capacities of the sector. Institutions should promote the creation of networks and at the same time should engage in them in order to increase the outreach of the proposed solutions.

SUGGESTED READING

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