PROJECTS FUNDING

Projects funding represents the process which can provide the necessary funds for investment and/or development of activities of enterprises, institutions and nonprofit organizations.

1.1 What funding sources can be used ?

Funding can be made by appealing to own resources or external sources (outside enterprise, institution or organization).

I. Internal funding sources can be:
a. the contributions of owners or members of an organization
b. surplus resources (profit or other kind of monetary funds) generated by the enterprise, institution or organization (self-financing)

II. External sources of funding include:
   a. credits
   b. grants
   c. sponsorships
   d. other sources - donations, legacies, taxes targeted (eg. 2%)

1.2 GRANTS

Why do various institutions, organizations or companies give grants ?

Grants are intended to support public investment and / or pursue activities - important to certain segments of society or for the overall development of the economic and social body - in areas where, due to economic circumstances, there are sufficient financial resources currently available - for example, infrastructure rehabilitation and community services in poor regions, retraining, job creation, supporting the development of the NGO sector (as a partner for public authorities) or in areas where traditionally there is a need for financial resources greater than availabilities (eg, social work, education, culture, etc.).

Most of this funding is granted to Romania by other states or international institutions. But there are grant funds allocated from the state budget or local budgets.

The external public grants system is one of the components of broader mechanisms of cooperation between various countries his character having a supporting aid for solving emergency situations in which the beneficiary of the aid has the expertise and human and material resources required to seek an effective solution on its own. For this reason, the financial resources, themselves, are accompanied by a whole specific methodology, which must be respected in the process of grants awarding which seeks both efficient use of funds granted and implementation of social philosophy elements that have proven validity in similar situations encountered in other countries.

How do grants system function ?

To understand how starts and runs a grant program we present the stages of it's 'life':

Phase 1 - f<u>inancer establishes</u> - including collaboration with state authorities will benefit from such funding (in case of higher financing programs, such as the ones of European Union of the World Bank) - <u>the area or areas concerned and objectives</u> which they intend to carry out activities and potential beneficiaries which are willing to finance its resources.

At this stage it is developed the methodology that will allow the selection of projects by public auction and the actual financing of activities which ensures the fulfillment, in best possible conditions, of the funder objectives.

Phase 2 - is represented by <u>a tender process.</u>

The sponsor publicly launches a financing program that offers to all those interested, an information package containing a program guide (explaining with details what the program intends to accomplish and what qualifies those who try to obtain financial resources from this source, notify the date limit within which projects can be submitted to participate in the auction, the minimum and maximum amounts limits that can be claimed by a single project, the range of time that provides funding for the winning projects (eg. must not exceed the duration of 6, 12, 18 months, 2-3 years and / or activities that can be funded only up to a certain date), the financing (pre / post funding tranches size, etc. the award period.) and a request for financing (usually in a standardized form).

For some grant programs, the information package includes other documents (business plan model supported by financier, maximum levels accepted for expenditure of allowances, evaluation grid, other forms, legal documents, etc.). Applicants may submit projects seeking grants, made in accordance with the conditions set out in the program guide, until advised limit.

Phase 3 – <u>evaluation</u> of submitted projects.

After the period of time in which projects can be submitted, these are evaluated by the evaluation committee constituted in the first stage, each project being given certain score, according to the list of criteria used by the committee (criteria given to applicants, usually within the information package).

Projects are then ranked descending, according to their score, being declared winners the ones that have achieved the highest scores and, cumulative, require a total amount less than or equal with the total budget provided by funder for program funding.

Phase 4 – <u>contracting</u>.

Applicants whose projects were considered successful enter a phase for budget negotiations, negotiation based on a detailed management plan, the company, institution or organization must develop the project in a short time. After determining the final budget and approval of the management plan, the financing contract is signed. The contract is also typically included in the package of information.

Phase 5 - <u>implementation of projects </u>for which grant funding was obtained.

At this stage, the grant beneficiary should follow, as rigorously as possible, the plan of activities described in the project funding and how they spend the money, under the budget and management approved plan. In turn, the financer monitors its work, asking himregular reports through meetings, visits (usually unannounced) etc..

The final phase is **the evaluation**.

The main contributors in Romania

The main categories of donors active in Romania are the European Union, Romanian government central departments, ministries), local governments or Embassies of foreign countries, international banks and financial institutions (eg.: EBRD World Bank), banks active in Romania, foundations and other international organizations with similar status (eg.: Soros Foundation, United Way), large corporations (eg. Microsoft, Coca-Cola, Orange etc..), Other foundations or NGOs.

Sources of information:
www.finantare.ro
www.fonduri-structurale.ro
www.pontweb.ro

and pages of institutions - government, ministries, county councils, municipalities.