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Turkey's New Direction for Free Movement of Persons: Challenges in Turkey

TUĞBA AYDIN*

Abstract

Migration is a salient phenomenon in the European Union, including non-European and intra-European migration. European citizenship contributed to this process a lot under the praxis of free movement of persons. Also the right to vote and to stand in municipal and European Parliament elections has opened a new path for political transformation of citizens' and European migrants' rights. Turkey, as a candidate for EU membership, has a different political and legal structure for migrants. Even if there are settled foreigners coming from EU member countries, yet there is no institutional (municipal, regional or central level) and constitutional development for them. Also, the right to vote is exercised only by Turkish citizens. In the case of EU membership, there will be a considerable debate on citizenship and migrants' rights, including institutional arrangements. So, this paper aims to analyze current preparations of Turkey for the free movement of persons. Thus, the detailed concept of the migration flow into Turkey will be defined and differences will be compared with European member countries. Then, Turkey's current migration and citizenship policy, as well as its administrative practices at institutional level will be discussed.

Keywords: *European citizenship, nation-state citizenship, migration, institutional reforms, citizenship policy, free movement of persons*

TURKEY, ESPECIALLY SINCE THE 2000s, started to receive migrants from European countries. These European Union citizens, mostly with a high income and a high educational level, have settled for a long term with aims of work, education, marriage or retirement.

Settled foreigners, who are still seen as tourists through Turkish peoples' eyes, are the main factor for the new route of Turkey's migration policy. That is because being settled in a country brings claims of participation to the economic, social and political structure. Yet, Turkey has no administrative and legal mechanisms to meet those expectations. So, in this new process, which will bring new reforms at legal and administrative levels, Turkey has to go over its current migration policy.

While Turkey's candidationship to the European Union is still ongoing, it is important to notice and measure these changes at political level. EU membership will provide *settlement and free movement* of European citizens in Turkey, as well as Turkish people's free movement on the European continent.¹ So, it is important to take political and legal measures that, considering new developments, can prevent negative effects² for European citizenship and can contribute to social welfare and social order.

Briefly, the outcomes of European citizenship and the free movement of persons, which will be on agenda of Turkey's political system after its accession to the EU, can be enriched by improving experiences with settled foreigners living in Turkey and by building new politics for them.

It is important to know that Turkey's migration experience with settled foreigners is different than that of European countries. Apart from non-European migration, European states face 'intra-European migration', which is part of the European citizenship project and the Schengen Agreement. It consists of European Union member countries and migration flow is directed from mostly Eastern European countries to rich Western and Northern European countries, for employment and better life opportunities. So, the multicultural politics of the European states aim to integrate these immigrants into their society. But, Turkey faces a new kind of migration from European countries, which can be called 'retirement migration'. So, Turkey's migration

¹ Before the EU enlargement to 10 new member countries, there was a general fear among the European public that a big migration flow from Eastern Europe, consisting of low educated people with lower incomes, will be directed to more developed European countries. The same suspicion repeats also for Turkey, because of its high population (over 70 million people).

² Negative effects can be defined as: 1-) to accept settled foreigners as tourists or temporary visitors, 2-) to lose national sovereignty as a result of the rising number of foreigners' properties in the country.

strategy and politics, which will be built towards meeting the expectations of these groups, will surely differ from those of European states.

So, this paper aims to find out a better management for Turkey's migration policy as it prepares its administrative and legal system for a prospective EU membership in the field of EU citizenship and free movement of persons.

A new route of migration: a European experience

Migration is a very old phenomenon in human history. The reasons why people have a tendency to migrate are diverse (Ündücü, 2009: 160). But, from the 20th century onwards, humanity has been facing migration on a large scale, especially considering the development of new means of communication and of the transportation system as a result of globalization.

European states face migration for a long period in their history. France, which was one of the famous 'migrant receiving countries', changed its statute, as did the whole Europe after the Second World War. Especially the fifth migration flow, including employment and development strategies of the defeated European states, displayed fundamental transformations on migration politics. Post-war, considering the demands for settlement of guest workers (including their second and third generations), European states implemented several politics for them on a large scale - from assimilation to integration. These settled foreigners did not remain as foreigners in the country; they also affected citizenship politics by claiming the recognition of their status. Especially, the collapse of the Berlin Wall has brought new approaches on citizenship into the political scene (Gusteren, 1998). So in Europe new citizenship categories are still under discussion today.

For Europe, it is possible to list two dimensions of migration flows: *Non-European and intra-European*. Especially after the signing of the Schengen Agreement, the number of intra-European migrants, by praxis of the 'European citizenship', has increased.

European citizenship: a new citizenship model?

The classical roots of citizenship acquisition (*ius sanguinis* and *ius soli*) have been different in each country. So, citizenship is assessed as a political tie,

which consists of minimal rights and duties between the individual and the state (like in most Western countries) or as a political, social and cultural tie (like in Turkey). This classification depends on each country's political and historical experiences.

Post-war era has introduced *post-modern citizenship* and *European citizenship* in the historical scene. Post-modern citizenship is not beyond nation-state, but European citizenship is. The latter has a new frame of supranational organization (EU) and it burdens up European nation states with new responsibilities.

Apart from questions of identity and culture³, the development of the European citizenship concept began very early in history.⁴ The Maastricht Treaty (1992) is the first document in which European citizenship was expressed for the first time. (Republic of Turkey-Ministry of EU Affairs, Report, 2010)

European citizenship is defined as follows (European Union Official Website, 2014):

*'All nationals of a European Union member country are automatically citizens of the EU. EU citizenship complements national citizenship and gives some **important additional rights**....Since the Treaty of Maastricht, European citizenship has granted additional rights to Member States' citizens, including the right to move and reside freely, the right to vote and stand as candidates in municipal elections and in elections to the European Parliament, access to diplomatic protection by another Member State outside the EU, the right to submit a petition to the European Parliament and to the European Ombudsman.'*

³ The identity dimension of European citizenship is still under scrutiny. The origin of these debates includes the question of '**whether the European identity already exists? Or was it formed as a top-down identity?**'. One of the views - on which I also agree - claims that European identity is an articulated part of the EU Project. So here, we can ask what is Turkey's position in that project? In Yılmaz's article, we find out the importance of common culture to create European citizens and how Turkey was marginalized in the European history because of its religion, civilization and culture. In his article, the reasons why Turks were marginalized through Europeans' eye are listed as: 1-) the Turks were seen as blasphemous and opponent to Jesus (as religious factor) 2-) the Turks were seen as barbarian, who had prevented European civilization for centuries (as civilization factor) 3-) The EU is only for Europeans (cultural factor). (Yılmaz, 2005, pg: 4-10)

⁴ The idea of European citizenship first found ground in Christianity. But, because of the lack of confidence in the church and its associations, Europeans needed to integrate themselves on the basis of a new identity. So, the idea of a new identity emerged before the Maastricht Treaty (1992) in: Treaty of Rome (1957), Paris Summit (1972), Copenhagen Summit (1973), Luxembourg Summit (1981), Fontainebleau Summit (1984), Schengen Agreement (June 14th, 1985) and Single European Act (July 1st, 1987) (Özdaş, 2014)

Even if it is stated that European citizenship is complementary to national citizenship, its application and outcomes go beyond, resulting in changes in the migration structure within the state at political and administrative levels. Thus, we can observe that European citizenship has opened a new gate as *continental citizenship*, which can be seen as supplementary to national citizenship.

Settled migrants in Europe

The right to free movement has changed the immigrant profile in Europe. Even if all countries have their own immigrant profile⁵, the immigration flow from Eastern European countries has articulated to non-European immigration, which is directed to Northern and Western Europe for the aim of better life standards and better economic conditions.

Apart from employment-based immigration, there is also another type, which can be called 'retirement migration' directed from north to south (for example, in Europe's case, this flow is directed to Italy (Tuscany), Spain, Portugal and Malta).

European migrants in Turkey

Settled foreigners' migration can be categorized as elective migration and environmental choice migration.⁶ Thus, retirement migration should be assessed (Ündücü, *ibid*, pg: 163) according to elective migration, which is based on individual choice, and according to environmental choice migration, which gives priority to life quality and aesthetical taste instead of income (Ündücü, *ibid*; pg: 164). In that concept, any individual who visits any country for the reason of holiday or work, and who then wishes to live in that country and settle there for a long term, can be counted under this categorization. What

⁵ For example, Britain as a colonizer country, provides facilities for its former colonies. The same goes for France, as some facilities are provided for Morocco, Algeria and Tunisia because of historical colonist ties they had in the past.

⁶ Another categorization, 'tourism led migration' and 'migration led tourism', can be found in Deniz and Özgür's work (Deniz and Özgür, 2010, pg: 14)

forms the migration wave is the information flow between migrants and their expats⁷, who encourage them to settle in another country. So, it is possible to say that international retirement migration changes the geographical and sociological map of Europe. (Ündücü, *ibid*; pg: 167).

Turkey also has a place in that transformation process. Until 2000, Turkey was a kind of migrant sending country. Turkish migrants were common in developed European countries (like Germany, the Netherlands and France etc...) with the aim of employment. But, because of Turkey's candidateship to the EU, the migration wind has started to blow in the opposite direction. Nowadays, Turkey hosts retirement migrants from Northern and Western Europe especially in seacoast cities like Alanya, Antalya, Kemer, Kaş, Kalkan, Bodrum and Didim. Those migrants settle there not only for holidays; they have bought properties, and some of them are involved in trade.

Legal and administrative situation in Turkey

Turkey is in a new process of reorganizing its migration policy. Thus, Turkey has to adopt new rules and to form new administrative systems which suit its national values. In this section, I will be analyzing the current situation and perspectives in Turkey, which are different from European states and then the current legal steps which were taken by the effect of Turkey's EU candidateship process.

Current Situation and Perspective in Turkey

Differences in Liberal and Communitarian View

According to the liberal view, individuals become member of a society by meeting minimum criteria beyond identity, religion or ethnicity. This view mostly fits with Western European countries' political regimes. This perspective reflects on human rights practices and migration. But, countries like Turkey, which internalize communitarian views, accept that a country is a whole of shared common sense and values. According to this view, those who will settle in a

⁷ In the sample of Western and Northern Europe, those factors can be listed as: rising economic welfare, developed technologies and negative burden of oldsters' economic costs.

society as outsiders may cause differences, so a society should choose a migrant according to his/her easy integration in society. (Ündücü, *ibid*, pg: 163)

Liberal or communitarian views are applied in each nation state according to their own historical developments. My argument here is that no view is superior to the other. All societies must adapt themselves to the current developments of the globalized world according to their own historical developments and past experiences. So, in countries internalizing the communitarian view like Turkey, the nationalist sentiments will be in the forefront and politics will be based on the communitarian sense. But also, those countries will design politics that protect minority and majority rights. So, I can say that the liberal politics of Europe may not have the same result in other countries. Turkey should design new politics for the inclusion of newcomers by meeting the expectations of the majority of its citizens.

*Golden Ghetto*⁸

Turkey's - prospective - EU membership and thus the right to free movement will revive the concerns that a big migration flow from Turkey will be directed to Europe.⁹ But, recent developments in Turkey show that those concerns will also be subject to Turkey's politics. And that is because Turkey's position on international migration has started to change from a migrant sending country to a migrant receiving one. Also, Turkey has become one of the main attraction centers for international population movement.

Turkey faces migration flows from the Middle East as a result of the political instability there, and from periphery countries which have weak economic conditions (Südaş, 2008, pg: 52). But recently, retirement persons' migration from European countries seems to be a third wave of migration in Turkey. I assume that the right to free movement of persons after Turkey's accession to the EU will enhance the European retirement migration flow in seacoast cities of Turkey. I also argue that golden ghettos¹⁰ in those cities may cause integration problems.

Additionally, some financial solutions in welfare countries (like in

⁸ Golden Ghetto is described as a part of the city in which rich tourists prefer to live, with higher standards than local people living in.

⁹ Same concerns were expressed when Eastern European states were in a process for free movement in the EU.

¹⁰ Accepting only their expats as neighbours, having a low desire to use Turkish as a language in daily communication and being introverted, can be counted as samples of golden ghetto. (International Strategic Research Organization, 2008)

England), which encourage migration in order to reduce retirement costs, may direct foreigners' interest towards Turkey. Because population in Europe is getting older and Turkey's membership of the European Union may provide population exchanges. This may result in young Turkish population migrating to Europe for new job opportunities, but also in European elders migrating to Turkey because of lower costs of living in Turkey.

Deficiency of Administrative Applications

In Turkey, there is lack of administrative structure at local and central levels for settled foreigners. This is due to the fact that they are still seen as tourists.

Of course, there are some units formed by settled foreigners in order to integrate themselves into the Turkish society. And also through local NGOs¹¹, they facilitate contribution to daily life activities, also by exchanging cultures and defining themselves in relation to the Turkish society.

Current Legal and Administrative Situation in Turkey

In this section, Strategy Papers of Turkey and Progress Report for EU candidatenhip will be analyzed in order to locate Turkey on the political map for the free movement of persons.

Also, regarding negotiations with the EU which started in October 2005, only Chapter 24 named 'Justice, Freedom and Security' will be analyzed in this part because of its related concept on migration and visa applications.

Strategy Papers

EU Enlargement Strategy Papers are important for the political analysis of a candidate country's performance as they provide a road map for future applications.

In the introduction part of the 2011 Enlargement Strategy Paper, it was

¹¹ Some NGOs can be listed as:

- Türk-İngiliz Kültür Derneği (Cultural Association for Turks and British)
- Rus Kültür ve Dayanışma Derneği (Cultural Association for Turks and Russians)
- Türk-Alman Dostluk Derneği (Association for Turks and Germans)
- Türk-Alman TANDEM Dayanışma ve Entegrasyon Derneği (Association for Turks and Germans)
- Türk- Hollanda Dostluk Derneği (Association for Turks and Dutchs)

expressed that a positive agenda should be formed for Turkey's harmonization in the EU. In this regard, participation to the 'Citizens for Europe' Program, visa and movement, and cooperation on migration problem were put on agenda.¹²

Also, in a European Parliament Resolution (29 March 2012) on the 2011 Progress Report of Turkey, it was emphasized that Turkey is the only candidate country who does not have visa liberalization. So, it was stated that the Commission and members states' efforts to simplify visa process will be supported.¹³

All those expressions and hopes found their place in the next report (in the 2012 Enlargement Strategy Paper). In that paper, importance was given to visa liberalization dialogue, which is the first step towards the free movement of persons. Thus, Turkey was invited for a long term process to provide visa liberalization step by step.¹⁴

The last report (of October 2013) gave importance on minorities under fundamental rights section.¹⁵ Also, the report strongly emphasized the EU-Turkey Readmission Agreement and the visa dialogue towards visa liberalization.¹⁶

¹² It is stated in the report as: *'The EU and Turkey started to intensify their cooperation on visa issues, while the Commission entered into a dialogue with Turkey on visa, mobility and migration, in line with the Council conclusions of February 2011. This process started delivering results on both the issuance of visas for Turkish travellers and the tackling of irregular immigration to the EU and will help identify concrete steps required from Turkey in view of a future visa liberalisation. In this context, an important step would be that Turkey take the necessary action for the swift conclusion of the readmission agreement'* (European Commission Report, 2011, pg: 19)

¹³ It is stated in the report that *Turkey is the only candidate country which does not have visa liberalisation; stresses the importance of facilitating access to the European Union for business people, academics, students and representatives of civil society; supports the efforts of the Commission and the Member States to implement the visa code, harmonise and simplify visa requirements and create new visa facilitating centres in Turkey...*' (European Parliament Resolution of 29 March 2012 on the 2011 Progress Report on Turkey, 2012, pg:4)

¹⁴ In 2012 Strategy Paper, it is stated as *'...a positive agenda in the relations with Turkey was launched by the Commission in May 2012 to revive the accession process after a period of stagnation and bring fresh dynamism to the EU-Turkey relations. The positive agenda is not an alternative to the accession negotiations but rather a way of supporting them. It focuses efforts on areas of common interest such as legislative alignment, enhanced energy cooperation, visa, mobility and migration, Customs Union, foreign policy, political reform, counter terrorism and increased participation in people-to-people programmes....'* (European Commission Report, 2012)

¹⁵ European Commission, Communication From The Commission to the European Parliament and The Council, Enlargement Strategy and Main Challenges 2013-2014 Report, page:9
http://ec.europa.eu/enlargement/pdf/key_documents/2013/package/strategy_paper_2013_en.pdf,

¹⁶ It is stated in the report that *'With the adoption of a comprehensive law on foreigners and international protection, an important step has been taken towards adequate protection of asylum seekers...'*

'The signature of the EU-Turkey readmission agreement and the simultaneous start of the visa dialogue towards visa liberalisation would give a new momentum to EU-Turkey relations and bring concrete benefits for both. It is important that these two processes move forward and that the signature and ratification of the readmission agreement in Turkey be swiftly finalised.' (European Commission Report, 2013, pg: 21)

Regular Progress Reports

Chapter 24 named 'Justice, Security and Freedom' has significance in the sense that it conceives Turkey's borders as the last border of the EU. Also, a road map for visa and migration politics was emphasized in that chapter.

In that respect, in the 2012 Progress Report of Turkey, importance was given to Law on Foreigners and International Protection, as well as governing Turkey's relations with foreigners and safeguarding the rights of migrants.¹⁷ Also, concerns were raised on the point of limited progress on visa policy.¹⁸

Despite concerns about visa policy raised by the EU, Turkey took significant steps for its adoption into the new migration policy. As stated in the 2012 report, European citizens especially from Germany, Britain and the Netherlands prefer to settle in Turkey. Also, Turkish migrants living in Europe prefer to return to Turkey. So, the need to enhance the current capacity for migration policy and more effort on border controls and encountering irregular migration were put on the agenda. Thus, a new administrative model for migration management, named the General Directorate of Migration Management-GDMM (T.C İçişleri Bakanlığı Göç İdaresi Genel Müdürlüğü, in Turkish) was established with the aim of forming institutional structure to develop strategy directed by political will. (Republic of Turkey, Ministry of EU Affairs, Progress Report, December 2012)

In the 2013 Regular Report, EU views were quite positive for Turkey on the adoption of The Law on Foreigners and International Protection in April 2013 and also as regards the new civilian institution establishment named GDMM. (2013 Regular Progress Report, pg: 64)

¹⁷ It is stated in the report that '*Limited progress can be reported in the area of migration. The Law on Foreigners and International Protection was submitted to the parliament in May 2012 but still needs to be adopted. Its adoption is key to providing a single, coherent legislative framework governing Turkey's relations with foreigners and safeguarding the rights of migrants and refugees in line with EU and international standards*' (2012 Regular Progress Report of Turkey, pg: 75)

¹⁸ '*There has been limited progress on visa policy. The Ministry of the Interior has introduced new provisions on short stays in Turkey. However, Turkey did not align with the EU lists of countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement. No additional measures were taken to further strengthen checks at borders following the visa exemptions launched in early 2009. Furthermore, Turkey continue discriminating between Member States as regards visa policy: the citizens of 11 EU Member States continue to be required to hold a visa before entering Turkey, while the citizens of 16 Member States are exempted from this obligation. There is a clear need to step up training for consular staff, in particular on document security*' (2012 Regular Progress Report of Turkey, pg: 76)

Conclusions

Visa liberalization dialogues between Turkey and the EU is an important step for the free movement of persons. Even if current migration politics allow Europeans to enter Turkey and to be settled with easy administrative processes, the right to free movement will simplify this process even more.

The free movement of persons will not only increase the movement of Turks into Europe, it will also provide more opportunities for Europeans to settle in Turkey.

To reduce negative effects of foreigners' settlement in the country, Turkey has to measure the current situation of settled foreigners and their expectations should be taken into account in the political agenda. It is also important that all countries have their own development in their history. So, new rules and new transformations should be internalized according to national values and benefits. In Turkey's case, Turkey has a different migration story in world history. It was the country from where, before 2000s, Turkish people were migrating to Europe for better life conditions and higher standards. But currently, Turkey is one of the countries which receive immigrants not only from periphery countries, but also from Europe. This changing category of immigration should be analyzed well and new arguments on how to adapt to EU norms should be internalized according to Turkey's own national values.

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Democratic Deficit – the Community Model vs. the Open Method of Cooperation

MIHAI ALEXANDRESCU*

Abstract

Democracy is a concept whose definition has evolved somewhat constantly with the concept of *sovereignty*. The democratic deficit concept was invented by David Marquand in 1979 in a context in which the European Parliament was formed after a direct and universal suffrage. The European Union and the European Community were created by a permanent transfer of competences from the national to the community level. Politically, this is a sensitive issue because it is closely linked to the the sovereignty of Member States. In March 2000 the European Council set out a series of principles that are considered necessary for the effectiveness of the community law. Open Method of Coordination was created to enhance the efficiency of European decision making process. When this method was created it was intended to reduce the democratic deficit by including as many players in European governance as possible. The transfer of authority and sovereignty does not involve necessarily the transfer of classical democracy mechanisms.

Keywords: democracy, sovereignty, competencies, subsidiarity, proportionality, Open Method of Coordination

THE DEMOCRATIC DEFICIT is one of the main topics brought into discussion when it comes to debating the European construction. Invoked whenever comes the need to reform the European project, this subject has become almost axiomatic in European scientific and public debate.

I consider that the discussion concerning the democratic deficit is a false one in the current European discourse. In this paper I will try to demonstrate some relevant assumptions that I believe will show that the democratic deficit cannot be considered a feature of the European construction. My demonstration will be based on some principles and competences stated in the Treaties.

The first hypothesis states that specificities of national democracies cannot be applied to an intergovernmental and regional organization.

The second hypothesis states that the European Union is built on a transfer of powers from the national to the community level, which does not necessarily include an extension of democratic principles.

A third hypothesis argues that the open method of coordination can be interpreted as an extension of the principle of subsidiarity, giving Member States the guarantee of their sovereignty, and facilitating the European integration process and its dynamics.

Democratic deficit vs. communitarian democracy?

In a study from 2010, I conclude that the dilemma of defining the European Union and the role of its Member States remains (Alexandrescu, 2010: 48-49). If we were to assume the definition given by P. Kirchhof, then the EU is an association of states (Kirchhof, 1999: 230). Or, according to Donald Puchala the European Union is a quasi-state, a *nascent* state organization, an emerging state organization (Puchala, 1999: 319-320). Under these conditions, the natural question is what *democratic deficit* are we talking about?

If we look from an intergovernmentalist perspective, the European Union cannot be defined as a supra-state, but as a loose confederation. Given this situation, the European Community cannot be characterized by a parliamentary system but by a division of power system, and, in this sense, the governance can only be *diffuse*. Secondly, the EU system would have a double legitimacy: (a) by means of direct European elections for the European Parliament, and (b) indirectly, by means of the election of national officials. Thirdly, the EU is a technocratic

system where the political emotions are not in a favorable place for manifestation. In this sense, a direct participation of the population in EU decision-making would not be lower than in the Member States (Moravcsik, 2002: 604-605).

In this context, a specific question is to what extent does the democratic deficit complicate the European governance or does the latter simply determine the former?

According to Mathias Albert, democracy is not, in fact, the only form of legitimacy, for there is also the *sovereignty*, for example (Albert, 2002: 293-310). Ultimately, legitimacy is a matter of perception and acceptance of a situation. Or, as Kohler-Koch said, what matters the most is the efficiency of the system (Kohler-Koch, 1998: 45-58).

Beyond these arguments, we believe that the functionality of the system is given by the members' degree of acceptance. Or, the EU Members are not only the states, but their citizens as well, who have European citizenship. Loyalty is characterized by the sense of belonging, not only by the transfer of authority, even though the two concepts are necessarily co-dependent. In this context, the discussion about the *democratic deficit* is not in vain because it goes beyond, to the issue regarding the continuation of the integration of the elites and the involvement of the people. Next, we will try to explore to what extent the Lisbon Treaty managed to provide a solution to these issues, along with the efficiency and the functionality of the system.

Maybe too broad to find a conclusive definition, *democracy* is a concept whose definition has evolved somewhat constantly with the concept of *sovereignty*. More often the *democracy* is confused with *liberty* (Stromberg, 1996: 8). Or, equally well, democracy may be synonymous with *human rights*. Therefore, it is not surprising that Professor Frank Schimmelfennig, talking about liberal democracy, which has characterized this century, marks three institutions as essential: (a) *representative assembly* - and here the powers granted to the Parliament are important, (b) *human rights regime* - which defines the degree of compliance with the positive and negative freedoms of people, (c) the membership regulations - which determine who can, or cannot join the policies (Schimmelfennig, 2009: 3-4).

The democratic deficit concept was invented by David Marquand in 1979, in a paper called "Parliament for Europe" (Devuyst, 2008), in a context in which the European Parliament was formed after a direct and universal suffrage.

Keeping this institutions-citizen ratio, then democracy is claiming for greater transparency in decision-making. Even in this interpretation we believe that democracy is only valid for the European Parliament directly. To overcome this interpretation by including specific elements of a governed-governor relation

is still premature because the European Union continues to be an international organization, mainly intergovernmental.

We believe that under the influence of the Lisbon Treaty the EU democracy can be characterized by transparency and efficiency. Other items relating to freedom of movement, human rights, even European citizenship are either the features of the Internal Market or implications of international law, or innovative elements within an international organization. In order to claim governor-governed democracy the European Union would have to undergo new stages and to assume the characteristics of a federal state.

Principles and competences defined by the Treaties

The European Union and the European Community were created by a permanent transfer of competences from the national to the community level. Step by step, its constitutive treaties have indicated more extensive responsibilities for everyone. Along with the competences, the treaties have defined the principles on which this international organization operates. These principles are designed to manage the relations between the Member States and the community institutions, relationships between various institutional entities of the Union and the relationship between the European citizens and EU institutions. In this respect, Adam Cygan said: “Competence is the term used to define the responsibility for decision-making in a particular policy field.” (Cygan, 2011: 521).

Regarding differentiation between Community competences, the distribution of competences between the Union and the Member States is essential. Politically, this is a sensitive issue because it is closely linked to the the sovereignty of Member States. Article 5 of the Lisbon Treaty (TEU) explicitly defines three of the underlying principles of European governance: (a) principle of conferral, (b) subsidiarity, and (c) proportionality:

- (1) *The limits of Union competences are governed by the principle of conferral. The use of Union competences is governed by the principles of subsidiarity and proportionality.*
- (2) *Under the principle of conferral, the Union shall act only within the limits of the competences conferred upon it by the Member States in the Treaties to attain the objectives set out therein. Competences not conferred upon the Union in the Treaties remain with the Member States.*

Next, I will insist on each of the principles laid down by the Lisbon Treaty and how they contribute to the functioning of the European mechanism, in order to see to what extent their application is or is not a default extension of democratic principles from Member States to the Community sphere. Our analysis is based on the text of the Lisbon Treaty and the Treaty on the Functioning of the European Union.

The principle of conferral

The first principle stated in the Treaties is the principle of conferral. By virtue of it, the European Union acts within the limits of the competences conferred by the Member States through the constitutive treaties:

Defining the competences conferred to the European Union has been a widely debated topic in the literature (Dashwood, 1996; Di Fabio, 2002; von Bogdandy and Bast, 2002; Craig, 2004; Mayer, 2005; Schütze, 2009). Currently, the Treaty on the Functioning of the European Union (TFEU) defines the following competences:

- ✓ *exclusive competences*
- ✓ *shared competence*
- ✓ *competence to carry out actions to support, coordinate or supplement the actions of the Member States.*

Art. 2 TFEU

1. *When the Treaties confer on the Union exclusive competence in a specific area, only the Union may legislate and adopt legally binding acts, the Member States being able to do so themselves only if so empowered by the Union or for the implementation of Union acts.*
2. *When the Treaties confer on the Union a competence shared with the Member States in a specific area, the Union and the Member States may legislate and adopt legally binding acts in that area. The Member States shall exercise their competence to the extent that the Union has not exercised its competence. The Member States shall again exercise their competence to the extent that the Union has decided to cease exercising its competence.*
3. *The Member States shall coordinate their economic and employment policies within arrangements as determined by this Treaty, which the Union shall have competence to provide.*
4. *The Union shall have competence, in accordance with the provisions of the Treaty on European Union, to define and implement a common foreign and security policy, including the progressive framing of a common defence policy.*

5. In certain areas and under the conditions laid down in the Treaties, the Union shall have competence to carry out actions to support, coordinate or supplement the actions of the Member States, without thereby superseding their competence in these areas.

Legally binding acts of the Union adopted on the basis of the provisions of the Treaties relating to these areas shall not entail harmonisation of Member States' laws or regulations.

6. The scope of and arrangements for exercising the Union's competences shall be determined by the provisions of the Treaties relating to each area.

The first category taken into consideration is the competences conferred as specific responsibilities to the community institutions. The subsidiary competences refer to contingencies in the text of the Treaties, which cannot be solved at the national level. Exclusive competences of the European Union are those listed in Article 3(TFEU):

- a) customs union;
- b) the establishing of the competition rules necessary for the functioning of the internal market;
- c) monetary policy for the Member States whose currency is the euro;
- d) the conservation of marine biological resources under the common fisheries policy;
- e) common commercial policy.

The European Union shall have exclusive competence regarding the signing of an international agreement when its conclusion is provided by a legislative act of the European Union or is necessary to enable the Union to exercise its internal competence, or insofar as it might affect common rules or alter their scope.

A second category of competences (the shared competences) is defined at Articles 4 and 5 of the TFEU. Under the principle of conferral, all powers that were not conferred to the European Union remain reserved to the Member States. Reciprocally, Community competence begins where the competences of Member States end." (Gyula, 2004: 65).

Community law, besides the exclusive powers conferred to the Union, talks about competing powers, which can mean: (a) shared competences and (b) parallel competences.

More explicitly, Article 4 (2) of the TFEU lists the 11 areas of application of shared competences:

- (1) internal market;
- (2) social policy, for the aspects defined in this Treaty;

- (3) economic, social and territorial cohesion;
- (4) agriculture and fisheries, excluding the conservation of marine biological resources;
- (5) environment;
- (6) consumer protection;
- (7) transport;
- (8) trans-European networks;
- (9) energy;
- (10) area of freedom, security and justice;
- (11) common safety concerns in public health matters, for the aspects defined in Treaty.

Furthermore, the same article brings new clarifications in two more areas:

- research, technological development and space, where the Union shall have competence to carry out activities, in particular to define and implement programs; the exercise of this competence shall not prevent the Member States to exercise their jurisdiction.
- development cooperation and humanitarian aid, where the Union shall have competence to carry out activities and conduct a common policy; the exercise of this competence shall not deprive the Member States of the opportunity to exercise their jurisdiction.

Article 5 TFEU brings further clarification on other areas where competences are shared between the Union and the Member States. In the first paragraph it stipulates:

(1) The Member States shall coordinate their economic policies within the Union. To this end, the Council shall adopt measures, in particular broad guidelines for these policies.

It becomes obvious that the term “coordination within the Union” leaves ground for manifestation of the intergovernmental dimension of the European Union, because the Council is the one to “adopt measures” and give “broad guidelines”.

Only in the second paragraph we see collaboration between the intergovernmental and supranational levels. It’s about the right of the Union to take “measures to ensure coordination of the employment policies of the Member States, in particular by defining guidelines for these policies”. Therefore, specifying the policy guidelines is the task of the Council, while the Commission’s task is coordination and definition. Article 5 (3) TFEU assigns the European Commission is assigned with the right to “take initiatives to ensure coordination of Member States’ social policies”.

Regarding the parallel competences we admit that both the EU and the Member States have to take actions. For example, Article 191 (TFEU) speaks about the European Union environment policy. Paragraph (4) includes two explanatory paragraphs:

4. Within their respective spheres of competence, the Union and the Member States shall cooperate with third countries and with the competent international organisations. The arrangements for Union cooperation may be the subject of agreements between the Union and the third parties concerned.

The previous subparagraph shall be without prejudice to Member States' competence to negotiate in international bodies and to conclude international agreements.

Same is the case with the Common Commercial Policy defined in the TFEU at Article 207 with completions at Article 218. It is the Union's competence to negotiate and sign international agreements, where the decision belongs to the Council which decides by qualified majority. Article 207 (6) TFEU makes the following statement:

6. The exercise of the competences conferred by this Article in the field of the common commercial policy shall not affect the delimitation of competences between the Union and the Member States, and shall not lead to harmonisation of legislative or regulatory provisions of the Member States in so far as the Treaties exclude such harmonisation.

Competence to support, coordinate or supplement the actions of Member States refers to the following seven areas:

1. protection and improvement of human health;
2. industry;
3. culture;
4. tourism;
5. education, vocational training, youth and sport;
6. civil protection;
7. administrative cooperation.

These remain areas in which states have the right to legislate, the European Union intervening only towards supporting the development of infrastructure, the harmonization of national legislation in principle or the mutual recognition of results (diploma, certificates etc.). For example, Article 147 TFEU states:

1. The Union shall contribute to a high level of employment by encouraging

cooperation between Member States and by supporting and, if necessary, complementing their action. In doing so, the competences of the Member States shall be respected.

2. The objective of a high level of employment shall be taken into consideration in the formulation and implementation of Union policies and activities.

J.P. Jacqu  points out that “the existence of an exclusive competence does not mean that the intervention of the Member State is not possible in the exercise of this competence.” (Jacqu , 2001: 116).

However, concerning the exclusive competence, it is customary that when Community intervenes, the action made by the Member States is limited in that area. In the case of the exclusive competences by nature, Member States may recover them only by reviewing the Treaties.

Subsidiarity and proportionality

The founding treaties of the EU define two principles designed to limit the exercise of some community competences. The first mention of the subsidiarity principle is reflected in the preamble of the Maastricht Treaty on European Union (1992):

“RESOLVED to continue the process of creating an ever closer union among the peoples of Europe, in which decisions are taken as closely as possible to the citizen in accordance with the principle of subsidiarity.”

After stating the objectives of the European Union, the Maastricht Treaty states in the last paragraph of Article 2 (former Article B) that these targets are achievable “in accordance with the subsidiarity principle” that applies on three pillars: Communities, the CFSP and JHA. The definition of this principle is found today in Article 5 (3) of the Treaty on European Union:

(3) Under the principle of subsidiarity, in areas which do not fall within its exclusive competence, the Union shall act only if and insofar as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level.

The institutions of the Union shall apply the principle of subsidiarity as laid down in the Protocol on the application of the principles of

subsidiarity and proportionality. National Parliaments ensure compliance with the principle of subsidiarity in accordance with the procedure set out in that Protocol.

We may see that this principle is defined by a limitation: “the Union shall act only if and insofar as...”. In other words, subsidiarity is applicable in areas where the Union does not have exclusive competence, in areas of concurrent or shared competences. In this case, the Union intervenes only when it considers that the Member State is unable to effectively solve a problem or when the problem size exceeds that state’s ability to act effectively.

One must note that the subsidiarity principle does not create complementary skills. Since the scope of this principle is not sufficiently and clearly defined in the Treaties, ECJ case law and institutional arrangements provide more detail.

Proportionality principle

(4) Under the principle of proportionality, the content and form of Union action shall not exceed what is necessary to achieve the objectives of the Treaties.

The institutions of the Union shall apply the principle of proportionality as laid down in the Protocol on the application of the principles of subsidiarity and proportionality.

If the principle of subsidiarity determines the Community competence to act, the proportionality principle regulates the extent of community law enforcement. The purpose of this rule is to avoid the excesses of Community legislation. In this regard, the Amsterdam Protocol notes at Article 6 that directives are more preferable than regulations and framework directives are more preferable than detailed measures. Reference is made to Article 288 of the TFEU which defines community acts.

The proportionality principle recommends the directive as a Community legal act because it is required to achieve the result, leaving Member States free to choose the form and means of implementation. Beyond the procedural aspects, the Amsterdam Protocol strengthens the recommendation for implementing directives because the Community measures should provide a wider space for national decision, and this should be compatible with the purpose and requirements of the Treaty.

In essence, the principle of proportionality demands respect for Member

States' legal systems and practices. EU regulations are meant to bring harmonization of national policies at Community level without interfering with the national legal systems. As a rule, the proportionality principle follows the subsidiarity principle:

The Lisbon Treaty has included Protocol 2 “on the application of the principles of subsidiarity and proportionality”. This Protocol sums up the new articles and the manner in which they will be applied. Article 4 of the Protocol mandates the Commission, the European Parliament and the Council to submit to the national parliaments every legislation draft or draft amendments. After adoption, legislative resolutions of the European Parliament and the Council positions will be sent again to national parliaments.

Article 5 stipulates that any proposed legislation “should contain a detailed statement making it possible to appraise compliance with the principles of subsidiarity and proportionality.” This sheet should include elements that allow to: assess the financial impact of the project in question and, in the case of a directive, assess the implications of the regulations that will be implemented by the Member States, including regional legislation.

The reasons for concluding that a Union objective can be better achieved at Union level are based on qualitative indicators and, wherever possible, quantitative indicators. Draft legislative acts shall take in consideration the need that any burden, whether financial or administrative, falling upon the Union, the national governments, the regional or local authorities, the economic operators and citizens is minimized and proportional to the objective pursued.

Within 8 weeks from the sending date of a draft legislative act (in the national language), any national parliament may ask the President of the European Parliament, the Council or the Commission a reasoned opinion explaining why it considers that the project does not comply with the principle of subsidiarity.

Each national Parliament (whether mono or bi-cameral) shall have two votes. Where reasoned opinions represent at least one third of all the votes allocated to national parliaments, the project in question must be reviewed. After review, the initiator of the legislation can decide (by stating its reasons):

- to keep,
- to modify or
- to withdraw it.

However, if it chooses to maintain the proposal, the Commission will have to justify, by a reasoned opinion why it considers that the proposal

complies with the subsidiarity principle. This reasoned opinion, as well as the reasoned opinions of the national parliaments, will be submitted to the Union legislator to be taken into consideration in the procedure:

- (a) before concluding the first reading, the legislator (the European Parliament and the Council) examines if the legislative proposal is compatible with the principle of subsidiarity, taking particular account of the reasons expressed and shared by the majority of national parliaments and the Commission's reasoned opinion;
- (b) if, by a majority of 55% of the members of the Council or by a majority of the votes cast in the European Parliament, the legislator considers that the proposal is not compatible with the principle of subsidiarity, the proposal will not be considered.

The principle of enhanced cooperation

J.P. Jacqu  argues that the enhanced cooperation procedure represents a compromise between the partisans of unanimity and the qualified majority partisans (Jacqu , 2001: 136-137). To prevent the recurrence of the empty chair crisis of 1965, those who are opposed to the qualified majority method in the decision making process will have to justify their reasons not only to the European Council, but also to the public opinion.

The Treaty of Nice brings refinements and states that enhanced cooperation should be approached as a last resort.

Enhanced cooperation shall aim to further the objectives of the Union, protect its interests and reinforce its integration process. These are open at any time to all Member States. The decision authorizing enhanced cooperation shall be adopted by the Council as a last resort, when it establishes that the objectives of such cooperation cannot be attained within a reasonable period by the Union, and provided that at least nine Member States participate in it.

All members of the Council may participate to deliberations, but only members of the Council representing the Member States participating in enhanced cooperation will have the right to vote.

Acts adopted in the framework of enhanced cooperation are mandatory only for the Member States that participate. These acts will not be regarded as part of the *acquis*, which must be accepted by candidate States for accession to the Union. Application of this principle is foreseen in the following fields:

- Judicial Cooperation in criminal matters (Art. 82-86)
- Police Cooperation (Art. 87)

At the same time, enhanced cooperation is excluded from the following areas:

- Internal Market
- Social and Territorial Cohesion

A basic rule is that enhanced cooperation cannot become a barrier, or distort competition in trade between Member States. On the other hand, enhanced cooperation shall respect the competences, rights and obligations of the other Member States that are not participating. At the same time, the latter will not prevent the implementation of enhanced cooperation by participating States.

States that want to create a formula of enhanced cooperation have two options:

1) when their scope is not a matter for the CFSP and the exclusive competence areas, they make a request to the Commission, where they state their objectives. Commission may address the Council a proposal to this effect, or may refrain at this stage (blocking the request). In this case it would have to justify its decision.

- a. The Council and the EP will agree on a proposal coming from the Commission.

2) When their scope envisages the enhanced cooperation formula in the CFSP, Member States will address to the Council that shall decide by unanimity.

- a. Council sends a request to:
 - i. the CFSP High Representative to give its opinion on whether the enhanced cooperation can be used in the context of the Common Foreign and Security Policy of the European Union;
 - ii. the Commission, which shall give its opinion in particular on whether the enhanced cooperation proposed is coherent with other EU policies;
 - iii. the application shall also be submitted to the European Parliament for information.

Open Method of Coordination

In this complex framework of principles and competences that define the relationship between the EU and Member States, in March 2000 the European Council set out a series of principles that are considered necessary for the

effectiveness of the community law. Open Method of Coordination (OMC) is seen as a coordination tool available to the Commission to facilitate the exchange of best practices in various areas where Member States have kept decision competences.

In paragraph 37 of the Lisbon Strategy, the OMC is described as targeting the following key activities:

- “fixing guidelines for the Union combined with specific timetables for achieving the goals which they set in the short, medium and long term;
- establishing, where appropriate, quantitative and qualitative indicators and benchmarks against the best in the world and tailored to the needs of different Member States and sectors as a means of comparing best practices;
- translating these European guidelines into national and regional policies by setting specific targets and adopting measures, taking into account national and regional differences;
- periodic monitoring, evaluation and peer review organised as mutual learning processes.” (European Council 2000, point 37).

Open Method of Coordination was created to enhance the efficiency of European decision “to help Member States to progressively develop their own policies” (European Council 2000, point 37). As such, the issue of democratic quality of this process has been ignored in favor of a more dynamic integration. However, the issue has not ignored the legitimacy of the new mechanism. In this sense, the involvement of national parliaments was taken into consideration.

As we can see the OMC is not a simple form of intergovernmental cooperation because the catalyst role is played by the European Commission in all its stages. This instrument of cooperation envisages four main themes: strategy for economic growth and competitiveness; the transformation of the economic governance; the unfolding of the institutional framework and competence catalogue of the new Treaty, and the growth of so-called new modes of governance, particularly of a non-legislative nature (Borrás and Radaelli, 2010: 10-14).

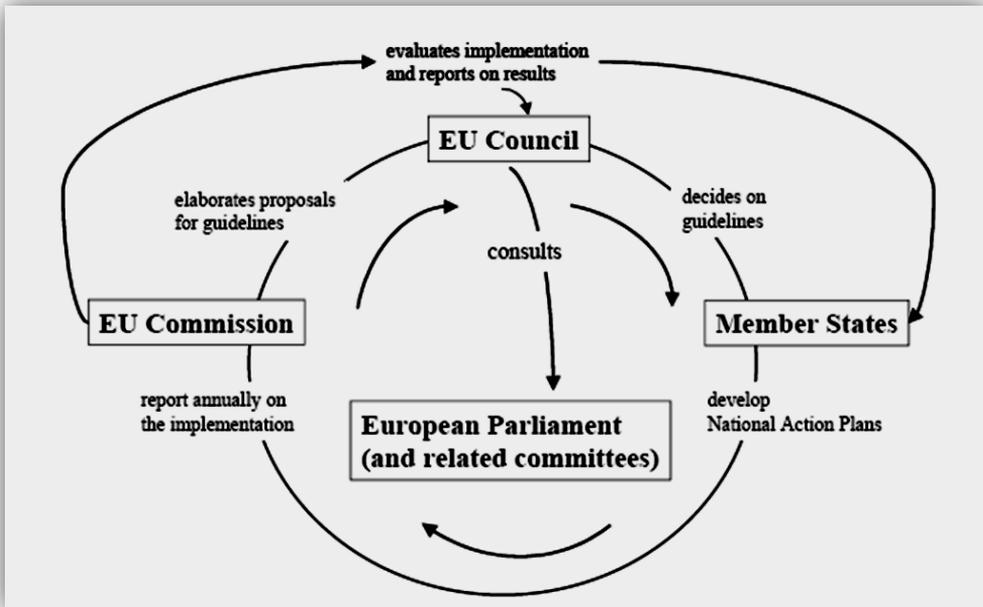
The Lisbon Treaty (TFEU) implicitly defines areas where the OMC is used to coordinate the Member States’ actions:

- ✓ economic governance: (Art. 121 – for broad economic policy coordination; Art. 126 – on budgetary discipline and the Stability and Growth Pact; Art. 136 – for Euro-zone budgetary discipline);
- ✓ employment policy (Art. 148)

- ✓ social policy (Art. 156)
- ✓ research policy (Art. 181).

Interpretations of OMC (Rhodes and Visser, 2010; Sabel & Zeitlin, 2008; De la Porte, 2011; Héritier, 2002; Büchs, 2008; Lodge, 2007) made me believe that the principal-agent approach is the most appropriate to explain the logic of this mechanism. Interaction between Member States (principal) and the Commission (agent) defines the game of influence between them. In the first stage, the Commission’s influence is increased, while the Member States can reconfigure the decision in the stages of development and application. This game of influence could result in institutional harmonization between national decision-making models. Such coordination procedure calls for reducing the ambiguity and increasing the institutional capacity.

As a functioning mechanism, this approach includes four main actors: the Council (which offers guidelines), the Member States (which draw up national development plans), the Commission (which draws the outline proposals and monitors implementation) and the European Parliament (which has a consultative role). The figure below comes to present an overview of the process (Kohl and Vahlpahl, 2005: 5):



When this method was created it was intended to reduce the democratic deficit by including as many players in European governance as possible. As a result, the interpretation of democracy was more in terms of “participation”

and “deliberation” and less in terms of “representation” and “responsibility”. More than a decade after the enunciation of this mechanism, we can look at the evolution of the OMC processes as one for the “elites” in which the actors are not national parliaments, social partners, and NGOs. After all, who holds accountable the “experts” who decide the policy alternatives, as long as an apparent flaw of this process is precisely the lack of transparency? Continuing the conclusion made by Sandra Kröger (2009) at Bremen University, it remains an illusion that the Community method is superior to the OMC.

Concluding remarks

In my opinion, the European Union remains an organizational structure still caught in a process of definition between a classical international organization and the federal state. Supranational elements coexist with federal intergovernmental elements, resulting in the difficulty of finding a proper definition. In this framework, to talk about democratic deficit is a confusion that starts from defining *community democracy* in terms of a governed-government relation. The transfer of authority and sovereignty does not involve necessarily the transfer of classical democracy mechanisms. Trying to identify the valences of “participation” and “deliberation” in the EU decision-making mechanisms diminishes the importance that should be given more to “representation” and “responsibility”.

If the EU Member States will fully assume the community project, they should accept a European federal state in which the intergovernmentalism leaves the place for a hierarchically structured decision-making mechanism. European citizenship, the single currency, the domestic market may be pillars around which the European Union can form a federal state. Otherwise, an extension of subsidiarity, the Open Method of Coordination is still a form in which the European Union tries to influence the Member States’ behavior while Member States will always try to alter the form or substance of the proposals, and the resulted decisions will always be a compromise between intergovernmentalism and supranationalism. OMC may be an effective solution to European governance, but the structural problems of the European Union will remain the same.

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Social innovations of NGOs and Foundations on development economics – using the market force for greater impact

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Abstract:

New approaches in reaching their goals from Foundations and Development NGOs underline the existing consciousness on the need to counterpart grant giving with market based solutions.

In 2014 OECD published a study called: “Venture Philanthropy in Development – Dynamics, challenges, and lessons in the search for greater impact” where the organisation captured an important systemic change in the social work of Foundations and NGOs. The study underlined a new direction in their interventions that have the goal to solve social issues. This direction can be defined “as an entrepreneurial approach to philanthropy that combines a variety of financial and non-financial resources to identify, analyse, co-ordinate and support self-sustaining, systemic and scalable solutions to development challenges aimed at achieving the greatest impact.” (OECD, 2014). This shift in the roles and functions of these non-state and non-private actors are now posing fundamental questions on the present and future landscape of the “third sector” at the local, national but also international level. Nongovernmental organisations have gained important influence within

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broader society and especially in government and business. Complementarity has become the first term that defines those relations, and advocacy the second.

Service NGOs orientated to providing services and goods to clients with unmet needs are stepping forward where public institutions are unable or unwilling to provide for societal needs and where companies do not see an income generating activity. Worldwide, well-known examples are the relief efforts provided by the Red Cross, the medical drugs distribution by Doctors Without Borders and the efforts of WWF to monitor the natural resources.

As a case study, in Romania, this shift can be perceived in hybrid NGOs and Foundations that are combining advocacy with service for a greater impact on their target group. EU subsidies and new, stronger sustainability expectations from private donors contributed to a more entrepreneurial, professionalized, executive focused entity.

The focus on this shift can bring the debaters on the “wrong and good” scale. Whether this shift on identity also contributed to a moral decline and ignorance of the first rationale that gave them drive in the first place (solving social issues, protecting the environment, etc.) is not the subject of the present article, and it will be difficult to be the subject of any objective article. Change is the *leitmotif* of nowadays society and NGOs operate under multiple, inexplicit, incomplete, and continually re-negotiated and sometimes conflicting social contracts and institutions.

Keywords: NGOs, social economy, social innovation, development economics, market failures, third sector.

Introducing the protagonist

Although there is a clear delimitation in identity between NGOs and Foundations, the first being in most cases grant receivers while the second grant givers, the current paper will include both actors in the broader definition of the NGOs. While the goal of the article will not be altered in doing so, the understanding of the scope of the phenomenon debated will be richer.

The term NGO, while still new, defines what existed for centuries or even from the beginning of ancient societies: likeminded people coming together around common ideas, needs or causes to promote collective gain. When this phenomenon exists in an organised manner, the entities emerging are known as nongovernmental organisations or NGOs.

In 1950, the United Nations (UN) coined the expression, in its first attempts to consult other than governments on specific economic development related issues. Today the UN has the following definition on NGOs: “any non-profit, voluntary citizens’ group which is organized on a local, national or international level. Task-orientated and driven by people with a common interest, NGOs perform a variety of services and humanitarian functions, bring citizens’ concerns to Governments, monitor policies and encourage political participation at the community level. They provide analysis and expertise, serve as early warning mechanisms and help monitor and implement international agreements. Some are organized around specific issues, such as human rights, the environment or health.”(United Nations, 1998: para.1).

Depending on who is benefiting from the NGO’s activities, NGOs can be found in two main typologies (Yaziji and Doh, 2009). The first typology is represented by *self-benefiting* NGOs, which are designed to primarily or even exclusively serve the interest of their own members (unions, business associations, church groups, amateur sports clubs etc.). The second typology is represented by *other-benefiting* NGOs that are organisations working for a specific target group other than their own group. Labour and capital is invested for different pressing causes that need support in order to reach some basic standards of existence.

From a second perspective, NGOs can be defined either as *advocacy* NGOs or *service* NGOs. The first category are NGOs working to shape the social, economic or political system and to promote a given ideology or set of interests. They are participating in public debates, organise public protests, conduct research, hold events that gather multiple stakeholders and disseminate information to their own audiences. They are the most visible NGOs, as being visible and reaching a broad audience are their means to achieve the goals they are following. Inside this category there are two other types of NGOs: *watchdog* NGOs and social movement NGOs. Watchdog NGOs are usually satisfied with the status quo (economic, legal, social) and are working to make sure the rules of the game are kept by all players (state, companies). They are more technical in approaches as their staffs are usually professionals in law, economics or public administration. Furthermore their public positions are well substantiated, and their focus is on policies rather than politics. On the other hand, the second type of advocacy NGO, social movement NGOs is, by contrast, more radical being unsatisfied with the status-quo. They fight against existing social norms and trends (capitalism, globalisation, free market) advocating for a radical change.

Advocacy NGOs, while more visible, are losing ground in favour of service orientated NGOs, the current article’s main focus.

Service NGOs are executive entities that are taking the problem in their own

hands. They identify specific target groups' problems, find solution and not only do they promote it as a panacea (to be introduced in public policies) but they also implement the solution with their own experts. Service NGOs are "safety nets" where weak public institutions are unable to provide basic services or develop viable legal and regulatory frameworks and where private companies are unwilling to invest due to high risk on capital or lack of a strong reliable market.

The sector has become larger since the public sector contracted, favouring the private and non-governmental to take over its functions. Eroding trust in government, cutbacks in public resources, privatization and declining state capacity left room to the expansion of both private and NGO sector.

The magnitude of the sector can be reflected in numbers. The global non-governmental sector had more than 1 trillion turnovers in 2003, ranking as the world's eighth largest economy.

Service NGOs and the concept of social economy

The emergence of NGOs (both advocacy and service) has three main preconditions. First there is the disappointment with a specific aspect of society. Secondly, there must be a basic understanding of the existing institutions and policies related to that issue. Finally, the emerging NGO must have a different strategy on that issue that can change for the better the entire relevant context. This basic steps are the social conditions that can influence the appearance of an organized group that can finally be formally organized in an NGO. The problems can be from different fields: social problems, environmental problems and health related problems, each of the fields having hundreds of sub-components. Service NGOs in the attempt to address market and regulatory failures are usually taking the action by providing the services directly to their beneficiaries.

Service provision gives NGOs two options. First is to implement the service at a local level, even if the scope of the problem needs a broader approach. Time, financial resources, staff involved are usually the main obstacles in scaling the solution. Usually this kind of approach has a normative mission. Developing small scale pilots, validating the intervention and proposing it as a policy approach are predictable steps for the actions of an NGO. The second option is to build self-sustainable solutions for the problems under discussion. With this second option, service providing NGOs are making a new step toward solving issues of all kind.

However these new directions imposed innovation in the approaches and the structures of all actors involved. These innovations can be seen in three main

structural components of the entity:

- Skills needed
- Resources invested
- Level of involvement.

From the **skills** needed perspective, providing services brings innovation in the mix of competences of the staff involved. Business skills (management, marketing, financial management, human resources management) become “a must have”. Furthermore, understanding the business rationale (in each particular case) and having the capacity to analyse its development become also a new requirement for staff. More than that, importing specific technical skills for specific projects is also something new. Particular projects in different fields require a specific expertise that NGOs must import if they take the service providing approach.

The innovation in service providing also brings new approaches in transferring the financial **resources** towards the activity. From a focus on inputs and outputs to a focus on outcomes, impact and long-term effect, the traditional grant giving is now reshaped following the rationale: less funds, broader impact. Investment in revenue generating activities that can eventually become self-sustainable could represent the new answer to traditional approaches. Impact capital owned and used by service providing NGOs can have a long-term impact on addressing the market failures and also societal issues.

In this direction, revenue generating social enterprises (developed and supported by NGOs) are replacing the traditional “Give a man a fish” into “Assess the fish market and provide technical assistance for fishing net business plan and start-up funds that will be recovered from the profit of the newly born business” (OECD, 2014).

In terms of level of involvement organisation working as a catalyst of development using the rules of social economy are more and more involved in the development of their projects. Just offering grants and expecting the reports is replaced by a strong involvement in the development of the new structures, even participating in strategic decisions and being part of the executive board. This change also suggests the consciousness on the limits of old approaches and on the need to do more for achieving societal challenges that society faces nowadays. Involvement by service NGOs is placing the sector in front of numerous quandaries: Do we partner or put pressure on the public and private sector, or both? Do we set up pilot projects and send specific policy recommendations and then wait for the public actors to take the responsibility? Do we fill the vacuum in public and private sector by providing services? As more and more NGOs are

moving from advocacy to service providing it seems that the answers have been given: It is time for social innovation.

Why the need? – Market failures

Social innovation involves a new way of thinking and doing. Service NGOs are the main promoters of social innovation as their main goal is to have a social impact where needed. Where the market or the regulators are failing to build a viable social framework, an area that can be called a societal void is created. While the regulators' imperfections are approached more by advocacy NGOs as the implication of public actors is a basic precondition, in case of market failures, the collaborative scenario can be complemented by parallel interventions (developing market solution with its own resources).

There are three main types of market failures (Yaziji and Doh, 2009) that are usually talked by NGOs, each of them being approached either by advocacy NGOs, service providing NGOs or both:

1. Market inability to provide goods and services that are socially desirable. Either the market is not labeling them profitable to produce, either the price of production is exceeding the capacity of the general population.

2. Cost underestimation. Usually these market failures concern environmental issues as CO2 emissions or collapsing fish stocks but they can also be found in social issue as real-estate developing in green urban areas. The goods and services are not estimated for their real price in terms of production but also environmental or / and social impact. The debate is about the full costs of doing that specific activity and the long-term impact of their undertaking. Another example is indirect costs or specific industries such as arms manufacturers, abortion providers, alcohol providers, producers and marketers of pornography.

3. The imperfect competition. Monopolies are one of the biggest market failures of our times. Monopolies bring with them unfair wages, high prices, and asymmetric influential power. There are few cases of monopolies that resulted otherwise.

Besides the situations listed, the free market has exhibited many other different test cases in which the current quasi-world-wide politico-economical system fails to support all the social classes in the society.

The role of service NGOs – the scholar perspective

Developing a strong scientific opinion on the role of executive-oriented NGOs, known as "development NGOs", remains a difficult undertaking in the context of unclear boundaries regarding the functions of these actors and the lack of clear measures. Their role in supporting the wellbeing in underdeveloped regions remains to be defined and redefined taking into account their changing functions.

In their central work, "Economic Development", Michael P. Todaro and Stephen C. Smith recognize the important role played by NGOs (non-profit) in the process of economic development. Building robust economic environment on public and private sectors can overlap, in their vision, trying to build a two-legged stool: "Nonprofit organizations have been involved in many cases, providing financial and technical assistance to developing countries." (Todaro, Smith, 2012). The authors underline one of the reasons they have such an important role in economy: "because their existence (NGO) is built on trust as opposed to coercion (public actors) or individual interest (private actors) they are able to reach effective and socially acceptable allocation of goods and common services at relatively low transaction costs." According to the same authors, these actors can directly contribute to poverty reduction and build a fair social and economic system in the following aspects:

- 1) Innovation (in developing and implementing effective pilot programs and pilot projects).
- 2) Flexibility (programs implemented by NGOs are more sensitive to the external environment by contrast to those implemented by public actors. These programs are responsive to local needs).
- 3) Possession of specialized technical knowledge, constantly updated.
- 4) Provision of public, locally relevant goods. (In many cases goods and services such as adult education, access to information technology or legal advice are the kind of services that are not economically attractive – so, they are avoided by private actors and also are rarely a priority for public actors. Yet, these goods and services meet real needs of socio-economic marginalized population.
- 5) Contribution (in design and implementation) to the management of local resources. (NGOs play a major role in developing and implementing programs to protect local assets natural habitats, lakes, forests etc.)
- 6) Developing a positive image based on trust and credibility. In most cases

NGOs enjoy greater confidence of citizens in comparison with the public actors.

7) Representation and advocacy. One of the most important role NOGs play is in representing the message of their supporting group.

The authors agree that in exceptional circumstances of market failure a vacuum is created in which NGOs can and must make "a temporary step" to fill in the void, a phenomenon called "expansion of the sector." Based on this opinion it is honest to build the first part of the plea supporting NGOs by stating that they are, on the one side, social innovators and also free market innovators and, on the other side, social correctors and market correctors of the status quo. Their institutional structure and functions and their ability to rapidly cope with change are offering them the characteristics.

Another leading work supporting the existence of this new conceptual space, a hybrid consisting of economics, international development, business, social impact finance, philanthropy and technology is Muhamad Yunus, a finance practitioner, professor and winner of the Nobel Peace Prize in in 2006. In his work: *"Building Social Business: The New Kind of Capitalism that Serves Humanity's Most Pressing Needs"* Yunus perceives social business as a new form of capitalism, designed to meet the most pressing needs of humanity. The author perceives poverty as the outcome of institutions' deficiencies developed so far. NGOs (as a catalyst of social businesses) can play an important role in eradicating poverty in a sustainable way by initiating such "social business" which have the following operating principles:

- 1) The main business objective is to eradicate poverty or solve one or more problems in areas such as education, health, technology and environment and not to maximize profit.
- 2) The company must be financially sustainable.
- 3) Investors get back only what they invested. No dividend is given beyond the amount originally invested.
- 4) Once the investment is recovered entrepreneurial profit is reinvested for expansion and improvement.
- 5) The company acts consciously and responsibly to environmental issues.
- 6) The employees receive fair wages, with better working conditions than standard.
- 7) Do it with joy!

Building on the same foundation, Michael Edwards captures the conceptual niche represented by the role of NGOs in development economics. In his work:

"Have NGOs Made a Difference? From Manchester to Birmingham with an Elephant in the Room." Edwards and Hulme concluded that there are four distinct approaches that NGOs can take in development economics:

- 1) Work with public actors (capacity building and policy impact augmentation)
- 2) Operational (developing branch structures in other regions)
- 3) Representation and advocacy
- 4) Support the development of networks and replicating interventions validated by practice.

The impact of development NGOs, their ability to attract support for their legitimacy as actors of economic development remain dependent on their ability to demonstrate that they can work efficiently and can be assessed objectively for their actions. The authors put a fundamental question, relevant in the debate between supporters and critics of the above mentioned theory: "Despite the increasing size and sophistication of the development NGO sector, have NGOs really 'made a difference' in the ways the first Manchester Conference intended, or have the reforms that animated the NGO community during the 1990s now run out of steam?" Intervention priorities are changing with the emergence of the "complex political emergencies" and the binomial donor - NGO is placed in an international context where interdependencies are the leitmotif of daily activities. The challenges of this new context are related to the ability of these actors to detach from the "ivory tower" and go to the grass-root level, to the people who need support and, furthermore, show openness to technical and financial transparency.

Edwards recommends a new perspective to analyse the role of economic development orientated NGOs. Strengthening these lines, Kenneth L. Leonard, part of the Department of Economics at Columbia University, offers a relevant case study in his article published in the *International Review*: "*When both states and markets fail: asymmetric information and the role of NGOs in African Health Care.*" The author presents an example of market failure joined by the immobility of public actors. Leonard states that "the free market miracle" has not acted in the case of the health system in Africa due to the asymmetric information existing about it. Although there is a demand for pharmaceutical products on the market, the suppliers did not answer with their presence as in any other parts of the world where the invisible hand was doing the magic. This vacuum was partly covered by NGOs who took over to fix a market failure with devastating socio-economic effects. NGOs developed small, local drugstores as well as mobile pharmacies, selling at a fair price drugs for those in needs.

The debate over the role of NGOs in repairing market failures is animated by opinions that call into question the effectiveness of these structures in fulfilling development goals that they take over or are ceded to them. The issue of accountability on this non-public and non-private entity is one of the main pillars of this debate. The lack of external evaluation and monitoring of the activities and of the results is the primary source of scepticism of the real impact service that providing NGOs can have.

Lucio Baccaro, in his "Civil Society, NGOs, and Decent work Policies: Sorting out the issues (2001)", states that there is less evidence that would support the cost-efficiency, innovation and impact of these structures compared to government organizations, but more evidence that would support the opposite. The author supports his opinion by emphasizing that in most successful cases it was rather "internal working philosophy" and the internal capacity developed by the management style, the author being unable to grasp the universal matrix that can be multiplied. The human factor (behavioural factor), more important than the institution itself determines the pros and cons (if any) in the recognition of the role of NGOs in economic spectrum between private and public space. However, Baccaro, an expert in social and economic forces interactions by the rules of modern capitalism, recognizes the role that NGOs can play in providing services in poor countries, where underdeveloped infrastructure and market have strong negative effects on society. Clayton, Oakley and Taylor in the article: "Civil Society Organisations and Service Provision" make a concrete analysis of the lessons that NGOs have given in providing services using a number of evaluation criteria such as the impact on poor communities, quality of service, efficiency and sustainability. A key aspect of their analysis is the NGO - state relationship. They stress the importance of eliminating the phenomenon of state dependence and that is transforming the NGOs in simply service providing companies without any special element in terms of innovation and impact specific to the non-governmental space. However, the authors list the challenges and processes that must be passed by NGOs to actually fix market failures: 1) Performance and capacity to improve access, coverage, quality and efficiency of the services provided. 2) Responsibility - in terms of transparency of reporting to donors and the group supported by these services. 3) The correct approach to influence state decentralization and create awareness of the civil advantages; 4) the potential to develop the range of services that can lead to self-determination of the groups supported (self-sustainability).

This debate grew in the context of radically rethinking the pro-development interventions in developing states. In terms of economy development, the perpetual question: "Why do some countries have experienced economic development while others still struggle in the threshold of underdevelopment?"

brought to the forefront the policies that were successful and those that failed and underlined where small intervention had greater impact than vast programs. Abhijit Banerjee, professor of economics at MIT along with Esther Duflo in the book "Poor Economics - A radical Rethinking of the Way to Fight the world poverty", detect failures of government policies and unsuccessful efforts of NGOs. The authors consider that both sides have developed interventions based on false and invalidated assumptions and lack of real fundamentals. Their conclusions based on the experiences of "Poverty Action Lab" reveals certain actions that gave results each time: microfinance and education. The question that emerges from their suggestions becomes: who will implement these programs and who will bear the cost? This perpetual postponement and orphaned programs with potential to transform the poorest regions in prosperous ones are left in a space where there is no institution that can take responsibility of the implementation (motivated by certain interests), emphasizing the importance of the institutional framework in the development process. The importance of political and economic institutions in shaping individual constraints and opportunities is crucial in assuring chances for all those interested. This direction of the debate brings up a new question: How can small-scale interventions of NGOs contribute to the economic development of countries or regions? Conceivably the fundamental debate on the economy development lies only in the works of Walt Whitman Rostow, Raul Prebisch and other representatives of classical theories on development. William Easterly in his book "What Works in Development?: Thinking Big and Thinking Small" raises the intensity of this debate. The author questions: "What should be emphasized? - the approach of macro politics with a focus on the role of institutions, macroeconomic policies, growth strategies and other factors at the state level, or the approach from the bottom up, with a focus on micro-economic interventions such as microfinance with provision of specific services for the marginalized socio-economic?"

The experience of the recent past demonstrates that a synergy between the two approaches would be the answer to increase the impact of both. In his book "The End of Poverty, Economic Possibilities of Our Time (2006)" the notorious contemporary economist Jeffrey Sachs endorses the synergistic co-existence of macro-economic and micro-economic policies. Sachs stresses the important role that can be played by international institutions like the United Nations, World Bank, International Monetary Fund, but draws attention to the groundwork in setting the local contexts for successful macro-policies. Two years later, Sachs published the book, "Common Wealth: Economics for a Crowded Planet" where, besides strengthening previous conclusions, he presented a clear correlation between economic globalization and small context-driven grassroots intervention in different countries. The author highlights issues such as subsistence agriculture in Africa showing how small NGO-driven water management interventions not

very large scale could make the difference between life and death and create a critical mass for public policies emergence.

Following Sachs's ideas on an integrated approach to economic development interventions Amartya Sen, a Nobel prize winner for economics in 1998, marks in his book "Development as Freedom", the correlation between wealth and welfare (in broader terms), a heated debate since Adam Smith. Relevant to the topic of this presentation is Sen's inclination toward a contextual approach to socio-economic issues, focusing on the individual rather than the group. Sen underlines the importance of an integrated approach in development as well as the rethinking of the institutional framework in the context of the general changing needs of people. He points out that decentralisation and subcontracting could work better than macro-institutions and implementing politics validated in a totally different context.

In addition to direct or tangential contributions, studies developed by the World Bank emphasize the importance of combining types of intervention to achieve economic development and thus acknowledging the role of NGOs in development efforts at the first level of communities (grassroots level).

Conclusions

NGOs are more and more present in the public sphere and their new approaches in solving societal issues bring a new light on their existence. The broad directions in constraining government expenditures, privatisation of public services, pressures from corporations and globalization, pending societal problems that are not addressed effectively by public policies or the free market are strengthening the perspective of the hybrid service NGOs development. Another phenomenon that will fuel this development is the rapid growth of new practices in NGOs work that are combining the innovative capability of the private sector with the service delivery of non-profits for new ways to tackle poverty, health and environmental protection.

More than that, social innovation and social entrepreneurship which are underlining the integration of economic and social goals and returns have gained traction in the world of philanthropy and economic development.

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Theoretical approaches on international projects / programs

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Abstract:

The modern world of the beginning of the twenty-first century finds itself in a complex system of interdependences in which the economic factor has a definitive role to play. These realities produced by “the third wave” surprised both Europe and the rest of the world at the end of the sixth decade of the last century, trapped in an archaic depiction, but have resulted in a very different world. Project management has emerged in this process as a natural consequence of globalization processes manifested in all areas of economic, social, political, military, cultural, and legal. Whether it was the strategy of multinational companies or the visions of socio-political development of world states, the project in its essence as a possible solution to a problem has become a universally accepted way of getting things done, internationally. Conceiving performance projects that utilize resources effectively and respond timely to the needs of society has become the concern of specialists who founded and developed the science named management of international projects.

Keywords: globalization, programs, projects, project management, community programs, project cycle management

INCREASED COMPETITION BETWEEN states / associations of states for access to re-sources, to new markets, in the context of global population growth and living standards, the background being the emergence of

multinational companies, has led to a new approach and solving of various problems arising - in the form of projects. Initially the preserve of the industrial and electronics domains, this new form of synthesizing a scientific way of solving the various challenges in the act of leadership (management) was generalized, so today is the most commonly used formula in an integrated approach to problems in various sectors.

The appearance of international programs and projects

Globalization, in its complexity as a phenomenon that encompasses all spheres of society and being enhanced by the progress of humanity, ought to bring advantages to all individuals / states. (Stiglitz, 2006: 231) After a history of nearly five decades, the concept and phenomenon of globalization is extremely controversial, often blamed; complaints about the disadvantages come from poor countries or from those developing countries that were always skeptical, but at the same time come also from the rich countries. The common denominator of the detractors of globalization are multinational corporations accused of having seized the process, using it in their interest, except that those who pay the costs are equally the rich and the poor countries.

The term globalization emerged in the early '80s in American business management schools (Harvard, Columbia, and Stanford). It was later popularized by scientific works dedicated to economic issues. According to some views expressed in the literature it is considered to have been first used by Theodore Levitt in his "The Globalisation of Market" to characterize the great changes of the international economy in the context of capital mobility, technology transfer, trade liberalization and investment (Postelnicu and Postelnicu, 2000: 324).

Initially, it was used in the economic sense; then acquired other meanings such as political, military, environmental, social, cultural, etc.

In essence, globalization has added new dimensions over time, so that at present it covers virtually the entire spectrum of human concerns. Industrialization brought the first common practices in different societies both in terms of culture and geographical location. Modern technologies have revolutionized the labor productivity and went across all barriers of culture, language, traditions, efficiency, becoming the word that has guided mankind in those years of primitive accumulation of capital (Turner, 1990: 345-358).

Understanding the present meaning of the concept requires consideration of all aspects that it concerns (social, economic, political, etc.), starting with understanding its genesis to the effects it produces. One must also distinguish between globalization and internationalization, two concepts that are not synonymous, but independent.

Globalization can mean “different things in different contexts” (Postelnicu and Postelnicu, 2000: 28). From this point of view, it is not a new phenomenon, which is exclusive to the twentieth century. Nations / states, economic communities have always been connected to each other through economic relations, political alliances, etc. Thus, we can discuss the manifestations throughout history that have been emphasized and developed by the evolution of society, especially in the second half of the twentieth century (the scientific and technological discoveries, evolution of industry, communications etc.). On the one hand we find in the process of globalization the specific problems of local communities, and on the other hand we have the global society (a virtual one), towards which modern society seems to be moving inexorably. It is almost inconceivable for individuals today to put aside all the advantages of modern progress that were made available to all through an efficient mechanism of globalization.

Anthony Giddens says that “no political speech is complete without the presence of globalization in its content” (Giddens, 1999).

Globalization has contributed over time to rethink the existing political and economic arrangements.

According to M. Wolf “indebted countries are victims of their refusal to globalize”, stressing that the economies of the inward oriented countries are condemning them to “poverty and global inequality” (Wolf, 2000).

Valences of globalization, seen as a complex phenomenon (economic, social, political, legal, military) in the context of the end of the twentieth century and early twenty-first century, led to a series of views and theories on this phenomenon. Numerous approaches and controversial international scientific literature shows that globalization is perceived as a plurality of processes, current transformations of society and phenomena of the world in general, which basically reached all spheres and fields.

Throughout history, various economies, city-state (or other political organizations) were actually part of what could be called the international economy and that through the movement of goods, ideas and discoveries of science and technology, and not least through the persons who have traveled /

moved from one place to another according to economic interests or political situation in a given area. Therefore, some authors consider that state sovereignty has never been absolute; there is interdependence among nations to a greater or lesser extent (Drache, 1999: 4).

At the beginning of the century mankind deals with a new wave of globalization, but we cannot yet speak of total globalization. Developments on the international political and economic scene that have been produced partially due to globalization in the last three decades - the development of China, India, Brazil, Russia, South Africa (BRICS group) and other emerging economies, the issue of international terrorism after September 11, 2011 (the attacks on the WTC towers in New York and the Pentagon), the trend of depletion of fossil resources and the uncertainty of the future in this area, are just some of the variables that make the humans face global issues and whose solutions must be found and implemented only through a holistic, integrated approach, one which should take into account economic factors, but also social, environmental and political ones.

Programs and projects

In practice the two concepts use equivalent meanings, but there are still differences between them. In terms of project management, the program includes several projects, being the strategic framework in which a series of interrelated projects are developed, projects whose objectives can contribute to the achievement of a relevant common goal.

Within the programs are set directions, fields and methods of assessment, while the projects are operational fund-raising tools, guiding the activities and achieving results.

Definitions of programs

1. «The program represents an effort to achieve a major strategic objective, in the long-range» (Portney, 2001: 20).
2. “Complex interventions, which consist of implementing a number of projects” (European Institute in Romania, 2003: 46).

Comparative Approach: Programme - project

Characteristics	Program	Project
1. Scale	National or regional policy components	Local Initiatives or sub-programs
2. Duration	From a few years to indefinite	Months (most often) or years (2-3 years)
3. Budget	Budget allocated globally and modifiable	Fixed, targeted budget
4. Team play	Management (planning, coordination, control)	Execution, implementation, monitoring
5. Evaluation	Impact and performance	Outcome and performance

Source - adapted from C. Scarlat, H. Galoiu, 2002: 9

Organizations undertake projects to achieve development goals. Projects can be made to their own benefit or for client organizations. Most projects are carried out as part of a portfolio of multiple projects. Program management is how to coordinate several projects in a portfolio and determining the order of priority in which resources are allocated between projects, to achieve a higher benefit. Running them involves a considerable degree of risk and uncertainty.

To obtain good results organizations must comply with standard procedures and guidelines, based on international standards and at the same time on their previous experience and must also prepare their own manuals of procedure for the projects they run. For the implementation of procedures and the management of projects (programs) portfolio, the organization needs a system for monitoring and reporting the progress of evolution, so that it can take corrective action where necessary.

Community programs are a set of programs adopted by the EU for an entire financial cycle in order to promote cooperation between Member States in different specific areas in connection with the Union. Intended initially only for Member States, they were opened for participation of candidate countries in order to support their preparation for EU accession. Each country must contribute with its own resources to the budget of each program attended. Proposals submitted in competition with other applicants from all countries

are accepted as eligible. Grant schemes (grants) from the EU budget are intended for public entities (local governments, public institutions) and private ones (SMEs, individuals) depending on the specifics of each program. To obtain such funding, the EU has established a standard procedure according to each funding line, which includes several steps that must be followed:

Proposals

They must meet the format specified by the EC within the call for proposals. The applicant must bring all necessary documents that prove it is among the eligible applicants for funding from that line; it must prove that it has the operational and financial capacity to implement the project, this is why it must attach documents supporting accounting - balance, etc., and any other documents specified in the call for proposals.

The project budget must indicate the sources of funding, outlining expenditure eligible for financing from the EC budget.

Proof of eligibility of applicants

Applicants shall declare on their honor that they are not in one of the situations of incompatibility laid down in the Financial Regulation of the EC to qualify for grants.

The selection criteria

These are published in the call for proposals; according to them, the applicant must have stable and sufficient sources of funding for the activities during the period of the project and shall have the necessary professional skills of its implementation.

Criteria for award

Are specified in the call for proposals and are listed so as to lead to the allocation of grants to actions which maximize the overall effectiveness of the Community program.

Evaluation of project proposals

An evaluation committee is set, composed of at least three people from at least two organizational entities of the EC without a hierarchical link between them; the committee may request additional documentation or clarification from the applicants for the documents already submitted. Upon completion of the evaluation interval, the Committee shall prepare a report stating the proposals to be funded under a score obtained from the evaluation of the submitted applications.

Informing the applicants

Information of the successful candidates comes usually within 15 calendar days from the decision of the evaluation committee.

Payments and Control

For the projects in which the payments are made in installments, each installment is conditioned by the spending of at least 70% of the previous installment. For some grants the EC requests a security lock in a bank account in order to minimize the risks of the first installment. This guarantee shall be released as the applicant fulfills its obligations (Iliescu and Gherghinescu, 2005: 155).

There are times when suspension or blocking of payment may be asked if the beneficiaries did not meet the conditions assumed by contract funding.

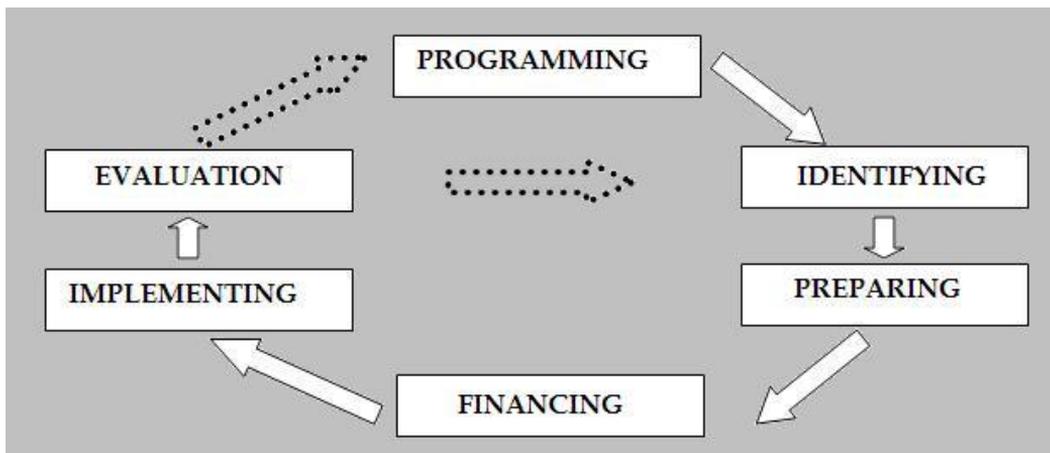
Consumer Categories

The funding guide developed for each call for proposal explains the types of expenses that are eligible or non-eligible in a project and, therefore, must be covered by the beneficiary. The latter will not be included in the budget as a grant, nor as co-financing. The percentage of these types of costs and their type depends on the funding line.

Initially, the funding from the EC, especially for the candidate countries, covered all costs / expenses for the implementation of a project. Now the principle of co-financing is in place, according to which the applicant must

contribute financially to the project at a rate set differently depending on the type of financing line (pre-accession funds if the minimum percentage ranges from 10% to 50%) of the eligible project and structural funds projects if this percentage is between 15% and 50%.

Project management for European funded projects



Source: Iliescu and Gherghinescu, 2005: 239

Running a program with grant adds organizational development and helps provide opportunities to beneficiaries. In this sense, this type of programs offered by the EU through various financial instruments available to Member States and thus across public and private actors should be exploited to the maximum by them, for in this manner, the Union aims to achieve development objectives on specific areas.

«Project» comes from the Latin “projectum” which means a planned intention or something already started. In the literature were given several definitions project. We enlist below some of these definitions which will allow us to analyze their components.

Definitions of project

1. *"projects are the way organizations adapt to changing contexts. They are points of stability, and organizations become fluid and revolve around them"* (Mowshowitz, 2000: 12) .

2. *"project is a unique company that has a clear beginning and end, undertaken to meet certain goals well established, subject to certain parameters related to cost, schedule and quality"* (Buchanan and Boddy, 1992: 8).

3. *"A project is made up of a group of people and other resources temporarily grouped together to achieve a particular objective, typically within a period of time and with the use of a fixed budget. Projects are generally associated with products and processes that are performed for the first time, or with known but changed procedures"* (Graham, 1985: 1-2).

4. *"a project is a temporary endeavor to create a unique product or service with limited resources"* (Project Management Institute, 2000: 4)

5. *"The set of activities performed and directed towards achieving specific goals clearly defined in a set period of time and on a budget size"* (European Commission, 2004).

6. *"A notice which is marked by unique conditions in their entirety, such as the existence of the objective temporal boundaries, financial, personal or otherwise, boundaries in relation to other intentions, the specific organization of the project"* (Deutsches Institut für Normung Normenausschuß Qualitätsmanagement, Statistik und Zertifizierungsgrundlagen 2009).

7. *"project is a scheduled search of a solution to a problem"* (Juran, 1995: 23).

Projects have applicability in all spheres of economic, social, political, cultural aspects, so we can then make their classification. Between existing classifications we will list some of them, without considering that we have depleted the subject.

So, from an analysis of these classifications we observe that there are some variables that are found in almost every one of them (duration, source of funding, subject / content of the project) – the elements that define the project itself.

Highlights of the project include: concept, definition, planning, execution and control and ending of the project (Chirileşan, 2008: 21). In the box below we illustrate each of these sub-phases of the project.

Concept	Marketing contribution	Competence study	
Definition	Problem definition	Vision development	Mission statement
Planning	Strategy development	Planning implementation	Risk control
Implementation	Control of the entire company	Making necessary corrections	
Ending	Final reports	Lessons learned	

Source: Dan Chirileșan, 2008: 21 (adaptation)

Implementation of the project involves the following steps (Iliescu and Gherghinescu, 2005: 16):

- 1) Definition and planning - This phase involves defining the scope, identifying objectives, impact studies, feasibility studies, project planning (financial, human resources, time).
- 2) Implementation and monitoring, including the following: the establishment of the project team, executing activities, make the necessary acquisitions required by the project.
- 3) Assessment aimed at estimating internal and external project results, dissemination, internal and external financial control.
- 4) Applying corrections / corrective actions if the situation actually requires such.

Project Management-advantages and disadvantages

Definitions of project management

1. "Project management is a process clearly identifiable, whose phases are: planning, organization, implementation and control and, through people, leads to formulating and achieving goals" (Lessel, 2010: 15)

2. "Project management means getting tasks done, tasks deriving from system objectives" (Lessel, 2010: 15)

3. "The use of knowledge, skills, tools and techniques in order to achieve project activities, provided that it meets the needs and expectations of various stakeholders involved in the project" (Project Management Institute, 2004: 8)

Here it is necessary to distinguish between project management and management through projects (Lock, 2010: 465-474).

Project management is a discipline whose object of study is a unique project that involves management methods and techniques specific to leading a project. Project management is an integrated management system with a limited duration of action, designed to solve complex problems, precisely defined, with an innovative character, by specialists with heterogeneous resumes and that are integrated temporarily into a parallel network to the backbone that allows the firm to become more efficient and dynamic.

Key features of project management are:

- innovation by putting into practice new ideas and solve problems;
- flexibility through rapid adaptation to change;
- planning activities, resources and deadlines;
- monitoring and control of project progress;
- project team leadership;
- generating documents that ensure strict control of the use of resources.

Project management is a management method that allows problems solving at the micro, sectoral, regional or macroeconomic level via control of the allocation and use of resources. As a management tool it was established along with NASA space projects, the aim being to find a way to increase the efficiency of the organization, the level of innovation, the degree of flexibility and value to the maximum human potential.

Management thorough projects is considering project-based organizational management; this implies the existence of a portfolio of projects, prioritization, organizational structures and rules. Thus, within an organization one can identify several projects that are developed in order to achieve leadership objectives. This type of management by projects is aimed for organizations facing strategic issues while pursuing solid solutions to their problems.

For an efficient allocation of resources of the organization and in order to create a portfolio of projects that will enable a sustainable and lasting development it is necessary to define the priority criteria and analyse periodically the project performance.

Advantages and disadvantages of management through projects

Advantages of managing projects through modern management are many and bring added value to the organization.

- It generates organizational change by solving complex problems with a strong innovation;

- It enables a specific organizational culture conducive to training professional managers;
- It increases the flexibility of the organization by promoting a matrixed organizational structures;
- It facilitates access to cheap financial resources;
- It enables a strict control of available resources;
- It contributes to better relations with customers and beneficiaries of project outcomes;
- It increases the quality processes and organizational efficiency due to oriented results.

Disadvantages of **management through projects** are generated by continuous challenge that involves project work, namely inertia of the traditional type organizations to new realities. This point as follows:

- Increasing the complexity of the organization by creating specific structures to manage a portfolio of projects;
- Deviation from the rules set by the organization's internal policies base due to the high degree of autonomy of the personnel forming the project team;
- Emergence of sync mismatch between the formal component of the organization and the specific project management;
- Difficulty in recruitment and training of professional project managers;
- Increasing conflict situations because of dual subordination to staff project leader and the formal authority of the organization (director, president, etc.).

Conclusions

Globalization leads to a permanent transformation of the use of efforts, skills and resources in management so that managers, officials and researchers can deal with new realities. Globalization has put us in front of an

interdependent world in which the interests of states, companies, and citizens meet on the common market. How will they be managed? We notice that the borders have ceased to be an obstacle to economic flows. Markets are continuously expanding and integration becomes a necessary process to harmonize interests. Globalization through fragmentation and then integration means a process in which actors must adapt to new rules for survival.

In the context of globalization and world affairs at the beginning of the 21st century (depletion of natural resources, financial crises, environmental issues, etc.), project management has become a necessity caused by the progress of mankind in an imperative of our time, proving its appropriateness, efficiency and meeting current challenges in a way that makes it indispensable in organizations with access to global interactions.

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