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PATRIR:

# Building Self-financing Into Core Activities

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This case study was developed in cooperation with PATRIR.

**PATRIR**

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- 1 The concept of conflict transformation is based on an understanding of conflict as a ongoing and constantly changing process that cannot be controlled or resolved. Developed by theorists such as John Paul Lederach, professor of international peacebuilding at the University of Notre Dame in the United States, conflict transformation is said to occur by bringing about change in human perceptions and systemic characteristics underlying conflict.
- 2 NESST uses the term “self-financing” to refer to diverse strategies used by civil society organizations to generate their own revenues (sale of products, service fees, use of hard or soft assets, and dividends or investment income). NESST uses the term “social enterprise” to refer to self-financing activities that are designed by a CSO to significantly strengthen the financial sustainability and mission impact of the CSO.
- 3 CSOs are non-governmental organizations (NGOs), nonprofit organizations (NPOs), community groups, volunteer associations, and other legal entities distinct from both the governmental and business sectors that advance a collective or public good. Included in the category of CSOs are any of the formally registered nonprofit, non-state organizations or community-based associations and groups that fall outside the sphere of the government and business sectors. NESST uses the term in this assessment interchangeably with that of NGOs.

## Executive Summary

Peace Action, Training and Research Institute of Romania (PATRIR) was established as the first peace institute in Romania, with the mission to promote peacebuilding and constructive conflict transformation<sup>1</sup> to prevent violence nationally and internationally. PATRIR organizes its activities around four fields of intervention: 1) activities for peacebuilding and conflict transformation; 2) training for peacebuilding and conflict transformation; 3) peace education; and 4) gender equality to enhance the role of women. Since its founding in 2001, PATRIR has gained recognition by organizing campaigns, participating in peace support operations, and forging alliances with academic and non-academic institutions.

Self-financing<sup>2</sup> has been among PATRIR’s core initiatives from its beginning, as the organization was originally set up as a training institute. The self-financing activities were facilitated by staff members who had previous experience in income generation in their fields of expertise. PATRIR’s leadership also believed that an organization independent from donor funding would be more likely to become sustainable over the long term. The most significant self-financing activity PATRIR engages in is the renting out of meeting space and equipment for conferences and trainings to private sector firms and civil society organizations (CSOs<sup>3</sup>). The income generated from this activity represents about 11% of the organization’s total annual income. PATRIR also derives fees from three types of services: 1) training programs, which include seminars and workshops that help participants develop and improve their knowledge and skills in peace work, constructive conflict transformation and conflict management; 2) university-level online courses, which enable students to obtain formal qualifications in the field of peacebuilding; and 3) international consultancies in peace processes, carried out in areas of conflict all over the world. Combined, the income from these services represents 18% of the organization’s total income.

PATRIR is now focusing on strengthening and expanding its self-financing activities. The organization faces the challenge of covering its growing operational costs, which are more easily paid for through untied revenues generated from self-financing. For this, the organization needs to ensure that staff is appropriately trained in marketing, promotion, and project implementation so that financial targets are met in a timely fashion. PATRIR will also need to consolidate its management performance systems to track the progress of its self-financing activities and make informed decisions about how to manage and expand them.

## Section A: Organization Background

### A.1. Mission and History

In March 2001, PATRIR was registered in accordance with Government Ordinance number 26/30 January 2000 as a nonprofit organization in Cluj Napoca, one of the largest cities in Transylvania.



PATRIR is an independent organization active in Romania and internationally and is both an institute and an organization that conducts research and peace activism. It was the first peace institute in Romania and has been involved in the development of resources for conflict transformation by peaceful means in Romania and by invitation, through the peacebuilding processes in which it participates, in Europe, Latin America and Asia.

PATRIR's mission is to promote peacebuilding and constructive conflict transformation, and at the same time to work toward the prevention of all forms of violence – direct, structural and cultural – in Romania and internationally. PATRIR provides assistance to institutions and organizations in strengthening their institutional and human resource capacity for peacebuilding and conflict transformation, assistance to on-the-ground peace processes, and enhancement of the capacity of communities, organizations and individuals to respond to conflict effectively.

The activities of PATRIR are focused on four major fields of intervention:

- Activities for peacebuilding and conflict transformation;
- Training for peacebuilding and conflict transformation;
- Peace education;
- Gender equality to enhance the role of women, who are often more committed to peaceful conflict resolution, in peacebuilding.

The organization is committed to creative and constructive research and analysis, the empowerment of civil society against discriminatory practices and structures and promotion of active democracy, self-determination, sustainable development and peaceful conflict transformation. The methods of PATRIR are democratic and participatory and are based on four main pillars:

- Action: direct participation in peacebuilding and conflict transformation initiatives;
- Training and education: university and high school courses;
- Research into the background and causes of conflicts and methodologies for their resolution; and
- Dissemination programs.

PATRIR is a leading international center for adult training in the field of peacebuilding and conflict transformation, post-war rebuilding, reconciliation and resolution, and works with a network of partners and institutions throughout Romania and internationally. Since 2001, PATRIR has cooperated with TRANSCEND, an international network for peace and transformation by peaceful means, as the TRANSCEND Center for South-Eastern Europe.



PATRIR provides assistance to organizations in strengthening their institutional and human resource capacity for peacebuilding.



PATRIR started its activities in Romania following a numbers of dialogues with representatives of different social sectors and as a response to the need for change identified within local communities. PATRIR aims to support development and empowerment of these communities and to transform the challenges that confront them.

Among the main reasons for founding PATRIR were:

- Romania offered a positive environment in regard to infrastructure and strategic location. Romania is the second largest country in Eastern Europe belonging to the European Union (EU), which it joined in January 2007. Close to the Balkans and bordering countries of the former Soviet Union, Romania is an important trans-European communication hub and a gateway to the Transcaucasian area. With the perspective of EU integration, over the past few years, Romania has been committed to enacting radical economic, political, social and international policy changes.
- In Romania, PATRIR identified the opportunity to contribute to the creation of the local and national peace infrastructure in an environment where it was lacking. The activity of PATRIR is in many ways unique in Romania. The organization is committed to institution-building and developing the means to support peace activities, such as introducing peace education programs in schools. PATRIR aims to contribute to institutional capacity-building at the national level by promoting the concept of a national Ministry for Peace or a Department for Peace.
- One of the main reasons for the choice of Cluj-Napoca for the organization's headquarters was that that city and the Transylvania region offer an extraordinarily rich cultural and historic diversity, and as a result of that diversity, much need and opportunity for conflict transformation activities.

Both the founders and staff have strong experience and reputations in the area of peacebuilding. The executive director, Kai Frithjof Brand-Jacobsen, a Norwegian, is a global consultant and expert advisor and practitioner of peacebuilding and conflict transformation, war-to-peace transitions and post-war reconciliation and healing, with extensive experience on five continents, and a well-known author of a number of books in the field. The four other associates, who are Romanians, include consultants and peace work trainers.

Since its inception. PATRIR has advanced its mission through its programs and activities including the organization of international events. For the past six years, PATRIR has organized the worldwide "16-Day Campaign Against Violence against Women" in Cluj-Napoca, and for the past two years, the "34-Day Peace Campaign". PATRIR also organizes activities for the UN International Day of Peace, held each year on September 21 and which was first celebrated in Cluj-Napoca in 2006.

PATRIR's activities have also been marked by participation and engagement in



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conflict transformation and peace-support operations in Southern Thailand, Burma, Nepal, Somalia, Mexico and Moldova-Transdnistria. At the request of the European Commission, UN and NOVIB (the Dutch affiliate of Oxfam), PATRIR implemented a six-week Rapid Assistance Program on Reconciliation and Peacebuilding for the Somali Peace Process in 2005.

PATRIR also founded the Gandhi Peace Library, which houses peace studies publications and materials and is free and open to the public, and is the only one of its kind in Romania. The library is one of most important information resources for peace studies professionals and the community.

The year 2003 marked an important transition in the life of PATRIR. While continuing the campaigns and programs started in its initial years, PATRIR developed new lines of activity in order to consolidate and make better use of the experience it had acquired. At this time, TRANSCEND Peace University (TPU) began offering online courses. This university is the first online global university specifically created for all those wishing to study peace and conflict transformation and at the same time address global and community development issues. It is used by both government civil servants and peace activists from the non-governmental sector, as well as by students and academics. PATRIR functions as the administrative center and secretariat of TPU, providing communication and acting as a liaison center between students, trainers and professors. The PATRIR translation program also started in the first months of 2003 and included translation of many articles from English, French and Spanish into Romanian, which were initially published on the PATRIR website and later in the organization's publication, *Journal for Peace*, which disseminates peace studies information not available through other media channels. Another major achievement in 2003 was the translation into Romanian of the *TRANSCEND Manual* developed by Johan Galtung, the founder of peace studies as an academic discipline, on which PATRIR training is based. That was the beginning of a long series of translations into Romanian of reference works in peace and conflict transformation studies.

Since 2005, PATRIR's institutional development and capacity-building efforts have been supplemented by efforts to strengthen its position among international networks. This has meant a stronger focus on developing its institutional identity as an organization working in the field of non-violence at national and international levels. In 2005, PATRIR hosted two annual meetings of organizations in the TRANSCEND network, "Nonviolent Peaceforce" and "European Network of Civil Peace Services," events that marked a more active involvement of the organization in international partnerships in the field of peace studies and conflict transformation by peaceful means.

## **A.2. Programs and Activities**

PATRIR furthers its mission through a diverse range of national and international programs and activities that combine research and conflict mitigation work with consultation and training. Through its training programs, PATRIR aims to provide substantial support to enhancing individual and organizational



professional skills, knowledge and capacities for peacebuilding and conflict transformation. It also contributes to improving the capacity of individuals to work with conflict, and their ability to provide a positive impact for social change in their communities.

#### Peace Support Unit

This primary activity focuses on peacebuilding, conflict transformation through non-violent means, human rights, and support for the local community. The main beneficiaries are communities and countries affected by conflict, national and international organizations working in peacebuilding and conflict transformation practitioners. Through the programs and activities carried out under this unit, PATRIR contributes to in-country peacebuilding processes, violence prevention, and post-war recovery. The organization also provides extensive support for strengthening local, national and international peacebuilding capacities.

#### Transcend Peace University (TPU)

The University started to offer online courses in 2003. PATRIR functions as the administrative centre of TPU. The university program has two semesters. In the spring semester TPU offers 13 courses for approximately 80 students, and further courses are available in the fall semester. The courses are targeted to different organizations, UN staff, government officials, those working in mediation and peacebuilding on the ground, policy makers, and students wishing to study with some of the world's leading scholars and practitioners. The courses cover a wide array of topics that provide a better understanding of nonviolent conflict transformation and various aspects of peace, including: peace through culture; peace journalism; peace and business; and democratization and development. TPU courses contribute to enhancing the professional skills and practical performance of practitioners in the fields of peacebuilding and conflict transformation, providing tools to enable them to work effectively.



Activism is a key element of PATRIR's activities.

#### International and National Peace and Development Training Center

This constitutes a core activity, as PATRIR was primarily set up as training institute. During its more than six years of existence and experience, PATRIR has developed a number of training programs and courses at different levels addressing a large national and international audience concerned with peacebuilding activities and related topics. The diversification of topics and improvement of the quality standards of the training programs delivered by PATRIR have been a constant preoccupation for the organization, which reviews and adjusts the programs according to beneficiaries' requirements and stated needs.

The training programs organized in Romania for 2006/2007 included a number of courses with substantial international participation. These were:

- Gender and Peacebuilding: 15 participants from nine countries;
- Peacebuilding and Development: nine participants from six countries;



- Peacebuilding, Conflict Transformation and Post-War Rebuilding; Reconciliation and Resolution (PCTR): 14 participants from eight countries; and
- Designing Peace Building and Conflict Transformation Programs: 31 participants from 18 countries.

PATRIR has also provided five national trainings courses (three in November and one in December, of 2006 and one in May 2007). In addition, PATRIR participated in training projects and programs in Moldova-Transdnistria (see below), the United Kingdom, Jordan, Canada, the United States, Colombia, Mexico, Burma, Southern Thailand and Austria.

#### Cooperative Peace Project in Moldova/Transdnistria

The project started in 2005 and its *civil society stream* component is currently set to continue until 2009. The project is focused on civil society in Moldova and Transdnistria (NGOs, foundations and representative individuals within communities), as well as the business community and government officials, journalists and donors present in the area. It provides support for developing civil society project proposals for peacebuilding in the region, a project website, and for attracting the involvement of all actors from both banks of the River Dniestria on common issues. The project aims to improve dialogue, cooperation and understanding between parties to the Moldova-Transdnistria conflict; enhance civil society's capacity to deal with conflict issues; and increase transparency and understanding. It also aims to raise awareness of conflict drivers and sources, and the available means for conflict transformation.



#### Global Alliance for Ministries and Departments of Peace Secretariat (GA)

This project, comprised of an international group of individuals and organizations, promotes and supports national-level campaigns to establish national ministries or departments of peace. As a member of GA, PATRIR supports the promotion of this initiative in Romania among civil society representatives, and initiated discussions on how this could be relevant for the country. The aim is to strengthen national campaigns, increase international cooperation and support policy development and clarification of issues and concepts, as well to promote the development of an infrastructure for peace and training for capacity-building for members of the Global Alliance

PATRIR's international training courses bring together participants from throughout the world, including Latin America, Europe, Asia and the Middle East.

#### The Gandhi Peace Library

The library, located at PATRIR's offices in Cluj-Napoca, is one of the organization's most important information resources. The library is one of the biggest collections in southeastern Europe in the fields of peacebuilding, conflict transformation, globalization and development studies. It is free to the public and represents an important resource for the community (including scholars, researchers, students, NGOs and journalists). It provides resource materials,



otherwise unavailable, for teachers and students, particularly in the fields of human rights, peacebuilding and gender equality, as well as for PATRIR staff, interns and volunteers, and partner organization members and staff. The library provides the latest resources for students and professionals taking courses in fields such as Political Theory, Social Movements, Political Sociology, International Relations and Security Studies.

### A.3. Staff and Financial Information



A number of PATRIR staff members have been trained to provide consultancy services in support of peace processes to governments, the UN and other intergovernmental organizations.

With the increase in the volume of its activities and the diversification of its training programs, PATRIR has had to grow its staff and develop their capacities. In 2003, PATRIR hired four people, increasing its full-time staff to five. At the same time, it provided the resources, administrative support and physical infrastructure necessary to organize the work of the other 25 members and volunteers who participate in the development and implementation of programs. From 2004 to 2006, the number of permanent staff members tripled (see Table 1). The number of part-time staff remained constant over this period, whereas the number of non-paid volunteers increased by 150%

to a total of 50. According to its legal status, under the law governing associations and foundations, PATRIR must have at least three members. In fact, it has five, four of them Romanian and one – the executive director – Norwegian. Three of them are also members of the Board of Directors.

**Table 1**  
**Number of PATRIR Employees**

	2006	2005	2004
Full-time paid staff	15	8	5
Part-time paid staff	2	2	2
Non-paid volunteers	50	30	20
Members	5	5	5

PATRIR realizes the importance of having skilled human resources for institutional development and implementing programs. It has, therefore, placed great emphasis on attracting quality staff and on development of staff, by means of specialized training to improve skills, competencies and professionalism.

PATRIR's total income increased by about 300% between 2004 and 2006, from about 168,000 RON (US\$56,565 or 41,379 euros<sup>4</sup>) to about 685,000 RON (US\$265,503 or 200,879 euros). During 2004 and 2005 more than 90% of the organization's income came from foundation grants and foreign/international donors. In 2005, after the EU decision to admit Romania as a member, substantial funding for programs was received from two European donors: 1) the European Commission, with funding of 122,000 euros for the ARCA program over the 2005-

4 Exchange rates used to calculate euro and dollar amounts in both the text and table were year-end rates (December 31) for all years.



2007 period, the bulk of it in the first year; and 2) Cordaid, which financed the Peace Project in Moldova-Transdnistria with a grant of 51,000 euros in 2005/2006, with a similar amount expected in 2006/2007 (the budget has yet to be approved). These grants were the main cause of the increase in PATRIR's funding in the past two years, contributing more than 200,000 RON (about US\$70,175 or 56,179 euros) each year since 2005.

**Table 2**  
**Sources of Income**  
**(% of total budget except where specified)**

<b>Sources of Funding</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Foreign/international sources	40.00	41.86	41.8
Public sources (local/national)	5.00	0.09	0.15
Individual donations (local/national)	0.11	0	0
Foundation grants (local/national)	36.60	51.62	54.01
<b>Sub-total (%)</b>	<b>81.71</b>	<b>93.57</b>	<b>96.00</b>
<b>Self-Financing</b>			
Fees for services, including contracts with government and private firms for training & consultancy, and for administration of TP university	6.00	5.25	4.00
Use of hard assets (rental of premises equipment/facilities)	10.82	0.40	0
Dividends from investments	0	0	0
Ancillary business ventures	0	0	0
Other	1.47	0.78	0
<b>Sub-total self-financing</b>	<b>18.29</b>	<b>6.43</b>	<b>4.00</b>
<b>TOTAL (%)</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>TOTAL (RON)</b>	<b>685,563</b>	<b>588,646</b>	<b>168,481</b>
<b>TOTAL (US\$)</b>	<b>265,503</b>	<b>188,668</b>	<b>56,565</b>
<b>TOTAL (euro)</b>	<b>200,879</b>	<b>159,093</b>	<b>41,379</b>

Self-financing provided 6,700 RON (4% of total income) in 2004, but grew to about 38,000 RON in 2005 (6.43% of a significantly increased total income of more than 588,000 RON). In 2006, however, self-financing income more than tripled to about 124,000 RON (18.29% of total income).

PATRIR considers its financial position to be satisfactory. It is working to increase its self-financing income by improving the quality of its meeting and conference facilities, as well as by increasing its fee income by further expansion of national and international training and consultancy/advisory services.

Expenditures on programs and activities reached 77% of income in 2005 and more than 73% in 2006, while administrative costs were 14% of total income in 2005, and 25% in 2006 (see Table 3). This was a marked improvement over 2004, when program expenditure was 64% of income, and administrative costs were as



high as 33%. With growth, the organization has increased its revenues to cover a greater part of program expenses, while reducing its administrative costs as a percentage of total expenditure. Expenditure for “other” items has been small, except in 2005, when expenses associated with participation in international conferences was included; if these had been included under “administrative/office expenses”, in that year, the very low figure in that category would have been nearer the percentage for 2006.

<b>Expense</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Administrative/office expenses	25.15	14.02	33.02
Fundraising expenses	0	0	0
Programs/activities	73.42	77.05	63.93
Other (specify):	1.43	8.93	3.05
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

## **Section B: Self-Financing**

### **B.1. Self-financing Activities**

PATRIR was set up as a training institute and started its self-financing activities from the beginning of its operations. A strong commitment to self-determination and organizational independence, in a civil society context in which most organizations are donor-dependent, as well as the need to ensure the sustainability of the organization and existing programs, have been the driving forces behind the decision to start self-financing activities. Other factors that contributed to this decision were the experience that staff had in income-generating activities in their fields of expertise. The executive director of the Institute, who is one of the two co-founders, has a long trajectory in the field of peace studies training, which he acquired during his work with previous organizations such as TRANSCEND and ICL/Praxis for Peace. The experience gained in the latter organization, a global network of practitioners and scholars working for peace and development, through action, training, research and dissemination, was very useful in planning and developing PATRIR’s self-financing activities. Also, two other staff members have strong experience from the business sector. The organization generates revenues through a number of self-financing activities:

#### Fees for Services

- *International/national training programs.* This activity started in the first year after the organization was founded. PATRIR develops and delivers tailored training programs to respond to the needs of organizers and participants. PATRIR training programs address an audience encompassing a wide range of



participants, including government officials, diplomats, community leaders, law enforcement professionals, military personnel and civic activists as well as leaders of non-governmental and inter-governmental organizations. The international training programs include seminars and workshops that help participants develop and improve their knowledge and skills in work for peace, constructive conflict transformation and conflict management. The training programs are developed and delivered by PATRIR through its International and National Peace and Development Training Center. Two of the most important training programs are *Peacebuilding, Conflict Transformation and Post-War Rebuilding, Reconciliation and Resolution (PCTR)* and *Designing Peacebuilding Interventions and Conflict Transformation Programs (DPP)*. These training programs are tailored to meet the needs of each client and are among the most advanced training programs of this kind at the international level. The target groups of PCTR and DPP training programs are practitioners, decision-makers, staff of national and international agencies, and NGOs that work in regions affected by conflict, violence and war.

The two programs are entirely self-financed from the fees paid by the participants. The PCTR program is based on the *TRANSCEND Method for Conflict Transformation by Peaceful Means* that has been adopted as a training manual by the UN. In 2006, PCTR had 14 participants from 8 countries, and DPP 31 participants from 18 countries, including Austria, Bhutan, Cameroon, Italy, Norway, Spain, UK and USA, as well as Romania, plus representatives of important institutions like the European Institute for Conflict Resolution and the Spanish Agency for Development and Cooperation. In 2005, the income generated by the PCTR and DPI programs was 8,810 euros (US\$10,438 based on currency exchange rate of December 31, 2005) while the expenses incurred by the organization for the two programs, including all related overhead costs for salaries, rent and utilities, was less than half that at 4,095 euros (US\$4,851), showing a net profit of 4,715 euros (US\$5,586). PATRIR plans to continue the development of these programs in the future. Training programs have different durations, but are mainly short courses that average about five days for international courses and three days for national courses.

- *TRANSCEND Peace University (TPU)*. This is a self-financing activity that started in late 2003. This activity was developed as a response to many requests from participants in training programs who wanted to continue the training and educational process they had started with PATRIR courses by following online university-level courses from remote locations and gaining formal qualifications in the field, as well as having the possibility of exchanging information and knowledge at an advanced level with other practitioners. PATRIR is the administrative center of the TPU website, exercising financial management and acting as an information center. It ensures the logistic support for the online courses and acts as a liaison between teachers and



PatrIR's peacebuilding training programs are tailored to the needs of clients, whether they are government officials, community leaders, law enforcement professionals, military personnel or members of non-governmental and inter-governmental organizations.



students. The work and communication methods used are e-mail, discussion lists, shared work/study spaces and chat rooms. TPU online offers courses in two semesters, spring and autumn; in the near future, PATRIR plans to increase the number of courses offered and make them available in additional languages. It is also identifying resources for granting scholarships to students from developing countries.

The financing of this activity comes exclusively from fees paid by students enrolled in the courses offered by TRANSCEND University. In January 2007, of the 59 students registered, 43 graduated from their courses. The next semester started with 79 students enrolled in 13 different courses. TPU 2007 Summer School offered nine online intensive peace studies-related courses, including a specialized high-level on-line course “*Peacebuilding, Peacemaking & War-to-Peace Transitions*”, designed specifically for middle to senior level experts and mediators.

- *International consultancies.* This activity started in PATRIR’s first year of operations. The executive director has wide experience in international consultancy work, and the organization also trains the other staff members in this field. Staff benefit from internal experience and expertise sharing and also from high-level training outside PATRIR. A number of the PATRIR team members have been trained to provide consultancy services in support of peace processes to governments, intergovernmental organizations and UN agencies through its Peace Support Unit. Romanian staff members have provided such services in the Republic of Moldova, Sri Lanka, Moldova/Transdnistria, Nepal, Afghanistan, India, Pakistan, North America, Colombia, Somalia, Indonesia (Aceh) and the Middle East (Jordan, Israel, and Palestine). In 2006, PATRIR consultants provided about 75 days of consultancy services, generating a profit for the organization.

#### Rental of Hard Assets

PATRIR generates part of its revenues from renting out its hard assets. The organization rents out facilities equipped for training that can accommodate up to 30 participants. This is a relatively recent activity that PATRIR started in 2005 in order to supplement its funding sources and generate untied revenues. The room is rented to different organizations (roughly 40% are CSOs and 60% are commercial businesses), for seminars, conferences, meetings and presentations. For this activity, PATRIR has a code of conduct that precludes renting to organizations whose activities breach human rights, promote violence or damage the environment. In recent years, the training facilities have been used between 50 and 100 days per year. For the future, PATRIR plans to continue this activity and to increase revenues by increasing the quality of services. The plan is to offer a more complete service by providing better conditions and more modern and efficient equipment.

## **B.2. Start-up of Self-financing Activities**



From the outset, PATRIR's leadership recognized that the way to increase the impact of its mission was to develop its organizational capacity to ensure continuity, sustainability and growth of its programs and activities. In addition, since there were no existing donors providing lines of financial support for peace work in Romania, PATRIR realized that initially at least, the organization was not going to receive much external support for planned activities. Self-financing, therefore, became necessary for PATRIR's survival.

The main objectives were to generate enough revenue to enable the organization to cover its administrative and operating costs and to run its nonprofit activities and projects on a continuous basis.

In order to generate its own untied revenues, PATRIR considered a range of self-financing strategies. The decision regarding which activities to adopt was based on an assessment of the training and consultancy needs in the field of peacebuilding and conflict transformation, combined with an evaluation of the organization's potential and capacity to provide the required services.

The assessment considered to what extent the existing provision of training programs for practitioners and policy makers in the areas of peacebuilding and conflict transformation responded to the demand for these kinds of services. PATRIR performed a review of training organizations and their programs and identified niche areas and specializations in which PATRIR had the capacity and ability to provide customer-designed programs to meet the requirements of the market, as determined by the needs assessment. This process was an internal organizational effort, carried out with PATRIR's own resources. The organization had sufficient in-house expertise for this and, therefore, no additional costs were incurred.

The launch of the training programs is closely tied to the launch of PATRIR, since training was a core mission activity. Start-up costs was about 18,000 euros, including 8,000 euros for operational expenses incurred during the start-up period, 4,000 euros for rental of the premises (since initially PATRIR did not own any suitable space), plus costs for acquisition of the materials needed for planned activities, mainly the training programs, and for development of the organization's infrastructure. The entire amount of the start-up investment was donated by the two co-founders, the director of PATRIR and his wife, and therefore the organization was started without debt. PATRIR also received some in-kind contributions, such as computers, books and other items from several Norwegian organizations.

PATRIR was able to cover its operating costs from the income generated through self-financing activities initiated soon after it started its activities. The break-even point was reached within four months of the launch of its first training programs.



Before starting its self-financing activities, PATRIR performed a review of training organizations and identified niche areas and specializations that matched its capacity and abilities.



However, PATRIR has faced periods during which income generated by self-financing did not reach the level of operating expenses of the organization. This occurred when self-financing was first initiated, as a consequence of insufficient and poorly-timed marketing, with the result that some of the training programs did not have enough participants to cover costs. The organization subsequently developed strategies to improve the regularity and quality of its training programs and other self-financing activities to ensure sufficient revenues to cover expenses on a regular basis.

PATRIR's self-financing initiative was supported by stakeholders, including beneficiaries and staff, as well as volunteers involved in the organization's programs and activities. As for the donors, many proactively supported the initiative, while others were neutral. In the end, the decision to proceed with self-financing was taken by the organization's board of directors.

### Section C: Management

PATRIR was founded as an institute and has never established a separate entity for its self-financing activities, which are internally managed by the organization's staff. Since its self-financing activities are closely related to the nonprofit programs, many of PATRIR's staff are involved in both profit-generating and nonprofit activities.

Because the income-generating revenues are strictly mission-related, the present organizational structure is suitable for PATRIR's operations, and the organization has the internal capacity to run its self-financing activities, both in terms of business management and specialist expertise. Apart from the experience of the executive director in for-profit activities, two other staff members have previous business experience. Both come from the corporate sector, where one held a top-level management position, while the other was a mid-level manager.

PATRIR also uses its present organizational structure for both nonprofit and income-generating activities because of financial constraints. Due to lack of funding, PATRIR has not yet been able to create a dedicated position for a person with business expertise to manage the self-financing activities. Most of the staff is involved in the organization's self-financing activities, providing training and consultancy services. One member of staff works full-time on self-financing activities, and seven other staff members work part-time on these activities as necessary. It is estimated that approximately 60% of senior management time is dedicated to managing self-financing activities.

PATRIR has a board of directors and an executive director. The organizational structure is relatively flat, with three administrative and support functions: Administration, Information Technology and Accounting. Within the organization there are also a number of operational units organized around core activities such as training and consultancy programs and projects. These units include both for-profit and nonprofit activities. At present PATRIR is moving into



a new and important phase of its existence, in which it seeks to increase its mission impact, visibility and influence. A new organizational structure is being planned, and the organization is undergoing a major management structure change. As part of the change process, PATRIR plans to grow the number of organizational members from five to nine and establish both an international and national board of directors to provide support and increased branding.

PATRIR charges for its services based on a sliding scale. This pricing policy enables the organization to generate enough income to cover self-financing costs and to support mission-related programs to some extent.

- Training courses: subsidies are provided to students, CSOs, and trainees from non-OECD countries;
- Consultancies: fees vary according to the type of client, country and length of contract;
- Asset rentals: differential rental fees are offered to business organizations versus civil society organizations. The normal training facility rental rate charged to outside organizations is 12 euros per hour, but concessionary rates as low as eight euros per hour are also available.

PATRIR uses a variety of media to promote its services and reach potential customers. Its main marketing tool is its web site, which publicizes the organization's for-profit and nonprofit activities. It also advertises and seeks publicity in specialty publications. Direct marketing is carried out by means of e-mails and calling target customers.

PATRIR's self-financing activities are aligned with its mission and have contributed to its image and credibility, enabling the organization to increase and diversify its customer base. The organization has focused on increasing the number of paying customers in order to support the programs for its non-paying and subsidized customers. The revenues generated by PATRIR from its for-profit activities are primarily dedicated to covering the costs of the administration of the organization. Part of the income is used to finance and co-finance programs at local, national and international levels, which are provided at no cost or at subsidized rates. For example, the Education Program for Peace in Schools, a training program that was carried out in partnership with the Education Inspectorate in Cluj-Napoca, was financed entirely by PATRIR; in the ecological project "Salvati Rosia Montana" (Save Rosia Montana) PATRIR provided co-financing of approximately 8%; in December 2006 PATRIR, through Executive Director Kai Frithjof Brand-Jacobsen, was involved in a peacebuilding and mediation process in Oaxaca, Mexico, and as a follow-up to this engagement, two training programs on the topics of Peace Education, Conflict Prevention and Peace Building and Media, Business and Government were carried out in January and February 2007. The organizers only reimbursed PATRIR for travel expenses; the remaining costs were paid for with the organization's self-generated resources.



## Section D: Challenges to Self-Financing

At the beginning of its existence, PATRIR faced a number of challenges, including lack of donor funding as well as competition from international organizations. Although PATRIR operates in a field where cooperation and networking among organizations working for peace is common, it is also a competitive environment, particularly in the training field, which is one of PATRIR's main self-financing activities. The name, image and reputation of the organization have been paramount in attracting customers for its training programs. Due to the quality and high standards of its programs and the professionalism of its staff, PATRIR was able to establish a firm position and a worldwide reputation in peacebuilding and conflict resolution.

Another key challenge PATRIR faced early on was related to organizational internal capacity and work efficiency. Soon after starting self-financing operations, PATRIR was confronted with a shortfall in the income generated by the self-financing activities due to poor marketing and inefficient implementation of programs. The staff responsible for self-financing activities did not allocate enough time and did not focus properly on their various responsibilities, with the result that the self-financing activities did not achieve planned revenue levels. The number of participants in training programs was insufficient to generate the necessary revenues to cover expenses. The problem had not been anticipated and came to the attention of management only in the period immediately prior to the start-up of the courses. In order to provide an immediate solution, the executive director made a donation to the organization to cover the shortfall. This was a one-time solution and could not be repeated if the problem should recur. The organization has been working to improve its management and staff performance and efficiency to avoid similar situations in future.

Another challenge for PATRIR is to increase its self-generated revenue to cover growing organizational costs caused by rising salary and rent levels. More revenue will also be needed to meet the costs of further staff capacity development.

## Section E: Legal Aspects

PATRIR was constituted according to the Government Ordinance on Associations and Foundations No. 26/2000, modified and put into law in 2005 by the Law on Associations and Foundations No. 246/2005. The organization is registered for VAT and pays all the taxes required under the Fiscal Code for this type of organization. PATRIR, therefore, pays VAT and all taxes related to the staff employed according to labor and social security laws and regulations. Although the organization's self-financing activities are strictly related to its mission and carried out within the same organizational structure, PATRIR has to pay income tax (16%) because the level of self-generated income is above the tax threshold of 15,000 euros earned in one fiscal year. PATRIR benefits from no tax exemptions and complies with the same tax filing requirements for its commercial activity as any for-profit entity.



PATRIR is required to register its contracts with the Financial Authority of the county in which it is located. The organization keeps accounting records and presents financial reports (balance sheet and income statement) to the financial authorities according to the existing legal requirements for this type of organization. In addition, PATRIR has developed internal reporting systems. Staff and management produce monthly activity reports as well as financial ones and an annual report soon after the end of each year.

The PATRIR staff members who are responsible for financial and administrative aspects of the organization, as well as the management team, have a solid understanding of the laws affecting the organization and its activities (NGO laws, tax and commercial laws, and others). They believe that the laws applying to their activities both for for-profit and nonprofit activities are clear, that relevant information is available as necessary, and that they do not require external assistance in this area.

## Section F: Effects of Self-financing

### F.1. Analysis of the Performance of Self-financing

The growth of self-financing income in recent years, from only 6,700 RON (US\$2,255 or 1,655 euros) in 2004 to about 124,000 RON (US\$48,062 or 36,363 euros) in 2006 (see table 4), has ensured that income has recently been sufficient to cover PATRIR's administrative costs, as well as the costs of expanding its activities and programs. Most of the increase has come from renting out premises and equipment for conferences and training (about 11% of total income and 59% of self-financing in 2006). The second largest source of self-financing came from fees for consultancy and for training (6% of total income and 32% of self-financing in 2006).

Sources of self-finance	2006	2005	2004
Rental of premises/facilities	10.82	0.40	0.00
Fees for services	6.00	5.25	4.00
Other	1.47	0.78	0.00
<b>Total</b>	<b>18.29</b>	<b>6.43</b>	<b>4.00</b>

### F.2. Analysis of the Impact and Trade-offs of Self-financing

#### Mission Impact

PATRIR started its self-financing activities in the first year of its operations, and their success has been critical to the organization's survival. Given that the income-generating activities are mission-related, they have helped PATRIR to further its mission and to increase the impact of its programs.



Moreover, self-financing revenues have been able to cover both administrative and infrastructure costs as well as programs and activities that organization would like to support. The Gandhi Library was established and is maintained using resources generated from self-financing activities. The organization has also financed events at local and national levels. For example, in 2005, in partnership with other organizations, PATRIR organized and financed a local *Gandhi Day* event in Cluj-Napoca. Another activity to which PATRIR contributed funding was the *Campaign for Peace*, which had the general goal of creating a public space for expressing opinions about the war in Iraq. PATRIR also has developed and run educational programs for peace in schools.

#### Impact on Organizational Development and Sustainability

Over the six years since PATRIR was founded, management and staff have gained valuable experience that allows them to run their nonprofit programs, as well as the self-financing activities, in an efficient manner. PATRIR's self-financing activities have ensured its financial sustainability and secured the resources necessary for the organization to develop. It now has greater capacity to plan self-financing activities in terms of risk analysis, competition and market needs. Other organizations in the United States and Western Europe provide similar services with multimillion-dollar budgets. One example is the Folke Bernadotte Academy, a Swedish government-supported agency dedicated to improving the quality and effectiveness of international crisis management and peace and disaster relief operations. PATRIR maintains similar quality standards for the same kind of activities, yet its revenues from self-financing enable it to manage those activities with much less donor support.

In terms of institutional sustainability and development, based on its six years of experience PATRIR has developed a long-term plan for improving and developing its training center, providing a broader range of programs and increasing the quality of its services. The organization has also invested substantially in training, support and capacity development of its staff.

PATRIR's self-financing activities not only finance its operations and growth but also subsidize certain kinds of clients, such as students and representatives of CSOs. The organization will continue to focus on increasing the number of paying customers in order to support programs for those less able to pay.

PATRIR's leadership believes that, when properly implemented, the organization's self-financing activities have played a positive role in its development and significantly contributed to strengthening the impact of its mission and to its sustainability. The organization's management and staff understand the key role that self-financing activities have played in its history, and in supporting important programs in Romania, such as running peace education programs in schools, and being the first to work with the military in this field. Such achievements have contributed to a sense of accomplishment and satisfaction among the staff members. They believe that income from these activities has helped to improve the institution's peacebuilding capacity. Although at times there have been cases where self-financing has not been implemented successfully, the overall result is



positive, creating feelings of accomplishment, independence and achievement. On the other hand, in cases where self-financing programs were not properly implemented, there has been increased stress and sometimes frustration among staff members.

## Section G: Conclusions and Lessons Learned

Overall, the results of PATRIR's six year's of self-financing efforts have been largely positive. PATRIR itself regards its performance as ranging from adequate to positive. There were significant challenges to its self-financing activities soon after start-up, often the result of inadequate marketing and poor implementation. The organization has taken steps to remedy this. The goal is to improve the performance of PATRIR's self-financing programs by 1) placing an emphasis on improved and timely marketing; 2) diversifying the range of services offered; and 3) increasing the quality of services.

Staff training and development to ensure a strengthened institutional capacity for efficient program administration and implementation has become a priority. PATRIR's leadership believes that human resources are the most valuable resource of an organization, and successful performance involves having the right people with the right skills at the right time. So the organization has invested substantially in its institutional and human resources development, with increased training and capacity building for its staff. This improvement in staff capacities and professionalism has improved the organization's risk-avoidance capabilities by ensuring that revenue-generating activities are not jeopardized by poor program preparation or time management. Marketing and promotion of courses, strategies that are key to meeting sales targets, are carried out more efficiently and in a timely manner by staff.

PATRIR has continuously developed its range of fee- and rent-earning initiatives within the scope of its mission activities. The institution has reacted positively to challenges and changing conditions, such as those posed by shortfalls in its revenue stream. The learning process is, therefore, an ongoing one, with regular improvement in its business management, institutional development, human resources, risk management, marketing, promotion and brand development policies and strategies.

PATRIR seeks to further improve its performance, and is therefore undertaking a major management restructuring designed to enable it to run both its for-profit and nonprofit activities more efficiently. Program efficiency is ensured by implementation of monitoring and evaluation tools as well as performance management systems which the organization has developed to assess impact, outputs and outcomes (including financial ones) of its programs. The evaluation systems work well and provide valuable information and feedback, especially in projects where such monitoring tools have been integrated from the start into the different phases of development, design and implementation.



Nevertheless, the organization may need to consider creating a more strict division between those costs attributable to each of its self-financing activities, including all indirect costs, and those attributable to its mission activities. This would allow PATRIR to better assess the profitability of each of the self-financing activities and to make more informed decisions about how to manage them, and provide an improved basis for self-financing strategy development and planning that takes into account pricing and marketing considerations.

The outlook for PATRIR overall appears positive. In the last few years the organization has expanded its self-financing activities substantially. It has made clear improvements in its self-financing capacity and performance , and further improvements are in progress or planned, which should lead to greater expansion in the future. This expansion is likely to be realized in greater outreach, volume and impact of PATRIR's existing training programs and consultancy services.