THIRD SECTOR IMPACT

Measuring impact. Enhancing visibility

BARRIERS

Policy Recommendations for Germany

Authors

Patrick Hoemke
Benedikt Pahl
Christina Rentzsch
Annette Zimmer

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1 Money makes the world go round: Sustainable funding for TSOs

Public funding still plays an important role for third sector organizations. However, the modes of public funding have been changed thoroughly. The funds are increasingly project based which makes it difficult for Third sector organizations to invest in an organizational infrastructure. As a result TSOs lack the resources to keep the organization running which ultimately endangers their survival. As the organizational capacity is diminished TSOs face difficulties to apply for contracts and to implement projects. Additionally, the short-term availability of funds stands in contrast to the work of TSOs which follow long term goals. To ensure that the organization is able to perform their civil society functions, there is a need of more sustainable, long term funding.

Additionally, public contracts are often too big which disadvantages smaller TSOs compared to their commercial competitors. Smaller-scale contracts and social clauses would help TSOs to participate in public procurement procedures and gain a foothold in the social market vis-à-vis the business sector. Furthermore the access to capital has to be enhanced. Alternative financial instruments have to be developed such as ethical banks and social loans.

2 Down by bureaucratization: Simplifying administrative procedures

Public funding is increasingly acquired via contracts with public authorities. Here the terms of delivery are strictly defined by public authorities and TSOs are put under rigid reporting obligations which lead to a bureaucratic burden for TSOs. Additionally, different departments are in charge of administrative issues. As public bureaucracy lacks an integrated coordination, administrative procedures are increasingly complicated and time consuming for TSOs.

It comes as no surprise that for the vast majority of organizations bureaucracy is regarded as a major problem endangering the governance structures of the sector. The bureaucratic requirements are becoming so demanding that volunteers serving on boards

are feeling overstrained as they are lacking the technical knowledge and time capacities to respond to extensive reporting obligations. Either TSOs professionalize board activities - e.g. appoint full time executives and commission agencies with managing administrative tasks - or they are doomed to failure since they lack the resources to professionalize governance structures. In many areas of Third Sector activity members used to be not only consumers but also organizers, decision makers and planners in their own right. The contribution TSOs make to a democratic society as an open, participative space where one can learn democratic behavior as "schools for democracy", seems to be jeopardized. All in all, bureaucratic procedures have to be simplified and significantly reduced in order to allow volunteers to participate in decision making bodies and to preserve the democratic character of TSOs. Particularly, procurement procedures and project applications are highly complex and time consuming which have to be simplified in order to allow also smaller, democratic-collectivist organizations to apply. Additionally, reporting obligations of public contracts have to be reduced to ease the bureaucratic stress, TSOs are confronted with and to allow TSOs to "experiment" and to develop creative solutions to social problems.

Furthermore, a "one-stop-shop" for civil society actors in public authorities concerning administrative issues is needed to simplify processing of administrative issues. Last but not least, particularly for small organizations additional support for managing administrative issues either provided by public authorities or philanthropic actors is indispensable.

By and large, outsourcing core functions and the reputation building of TSOs such as fundraising or member recruitment and the reputation building is not advisable because it carries the risk that identity and reputation of the organization are endangered.

Against this background, TSOs need to prioritize recruiting, qualifying and diversifying board members in order to maintain the social anchorage of their governance bodies. A support structure that is organized autonomously by the sector would help TSOs to develop resilience in light of a challenging organizational environment.

3 Volunteers are not for free: Support systems for volunteering

While the professional requirements for volunteers especially in administrative terms are on the increase, volunteers are less interested in work assignments that come with

administrative responsibilities. Instead, volunteers prefer temporary engagements. Thus, qualifying volunteers and coping with a permanent fluctuation of volunteer staff make the implementation of a volunteer management system necessary. Particularly small organizations lack the human resource capacities to tackle the growing demands in managing volunteers. TSOs request an infrastructure which supports TSOs in recruiting, qualifying and integrating volunteers.

The number one reason why citizens do not volunteer are time constraints. Hence, to allow volunteers to enjoy the positive effects of volunteering corporations and the state have to work together to increase time budgets for citizens interested in volunteering.

In some instances, the boundaries of volunteering and paid work have become blurred. Indeed, with reference to volunteering poorly remunerated jobs are legitimized. Clear boundaries must be set where volunteering ends and where regular employment starts in order to avoid that the sector becomes a sweatshop for the economy.

4 The Working Poor: Enhancing the job conditions of TSOs employees

The introduction of competitive tendering procedures and budgetary cuts in economically deprived municipalities induced cost and efficiency pressures on TSOs which were translated into precarious employment patterns. The increasingly fragmented landscape of collective agreements reveals a "running-to-the-bottom" in terms of labour market standards in TSOs.

Consequently, working in the sector becomes increasingly unattractive. Particularly in areas where the mental and physical stress is high, TSOs face serious problems to recruit personnel. These circumstances carry the risk that the quality of services will deteriorate as TSOs might have to employ less professional personnel and reduce personnel costs per service unit in order to fill a growing staffing gap.

Women are particularly hit hard by the degraded working condition as they account for 75% of the sector's labor force. This development translates into a serious roll back for gender equality.

Wage agreements in the working areas of the sector, e.g. a collective agreement in the social services, would be an effective tool to stop the ruinous competition for contracts in the sense that always the cheapest gets the bid.

5 (No) Space for civil society: Investments into a civil society infrastructure

Cultural activities such as exhibitions, (amateur) theatre or concerts are notably space consuming and the availability of sports facilities is a precondition for practicing sports. Currently, TSOs active in the area of arts and culture and the area of sports are faced with limited access to facilities and available space. In metropolitan areas with rising shortage of residential space, it has become increasingly difficult for TSOs to find places for encounters and convivial gatherings as available public space is converted into "cash cows", e.g. upscale real estates or commercial centers. In municipalities under austerity regimes, public facilities such as gyms, are often in poor condition or hardly available. Here, the availability of facilities for e.g. practicing sports is increasingly restricted. Consequently, compared with commercial providers, sports clubs lose attractiveness and Third Sector cultural organizations are limited in their ability to engage in art productions. Local governments have to provide public space and invest in facilities if TSOs should be able to establish cultural and sports activities that remain accessible to all.

Additionally, the high fragmentation of the field of arts and culture impedes the establishment of a solid sub-sectoral infrastructure and correspondingly data collection. Ergo, research on cultural TSOs is hampered by the lack of data. Against this background, interest representation structures of cultural TSOs have to be fostered. Moreover, systematic data gathering on TSOs' cultural activities has to be implemented. Generally, long term research on value based impacts of the Third Sector has to be implemented to acknowledge the function of the sector and its role as vital element of the country's popular culture.