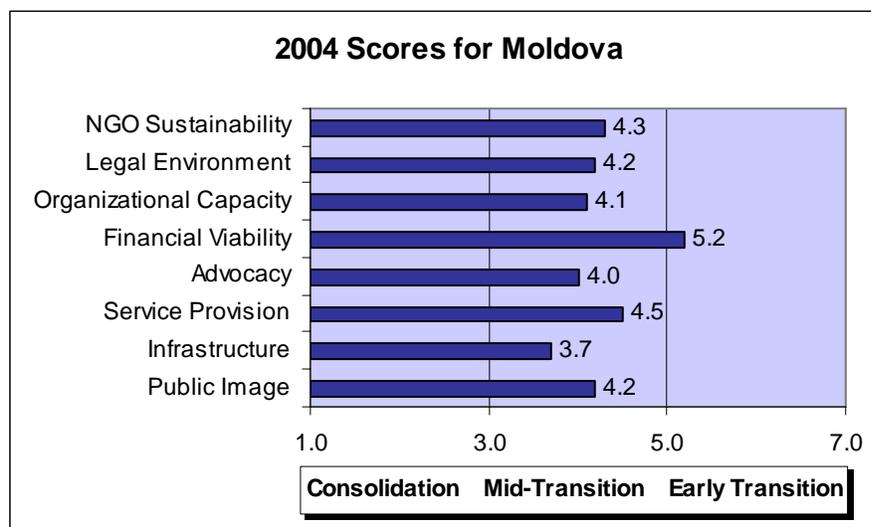


## MOLDOVA



**Capital:** Chisinau

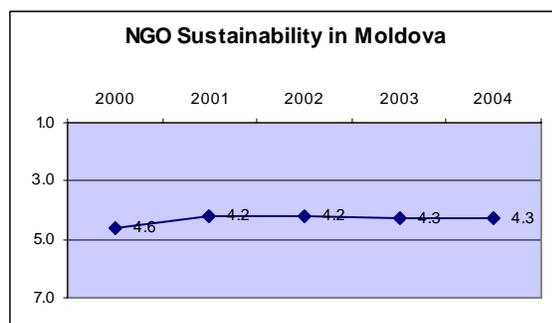
**Polity:** Parliamentary democracy

**Population:** 4,500,000

**GDP per capita (PPP):** \$1,800

### NGO SUSTAINABILITY: 4.3

The Ministry of Justice reports that in 2004, 3156 national and international NGOs were registered in Moldova, 35% of which worked at the local level. As in previous years, only half of the NGOs registered are active, the majority of which are located in Chisinau, Balti, and other large cities where they have access to information, training, consulting and donor resources. Local organizations have been most successful in areas such as youth development, public and media relations, healthcare, and human rights.



The greatest obstacle for the NGO sector remains financial viability, as most organizations remain heavily dependent on international donors. The NGO sector is fairly diverse, and active in almost all segments of society. Unfortunately, the sector is still considered to be untrustworthy, fragmented, and lacking collective responsibility. Therefore, the sector has a great deal of work ahead in order to improve its public image and credibility. Organizations must promote the tangible impacts of their programs, and involve more beneficiaries and supporters in their work. NGOs must also expand their support bases by increasing membership and volunteerism. In order to gain the trust of the general public, NGOs ought to increase their transparency and be more aware of potential conflicts of interest. Organizations in general lack media savvy and must become more adept in public relations and discussing sensitive issues publicly. Similarly, organizations must begin engaging members of the media so as to

increase their understanding of the sector and garner their support for fundraising and advocacy initiatives. Finally, NGOs must

involve other sectors in their work by promoting partnerships.

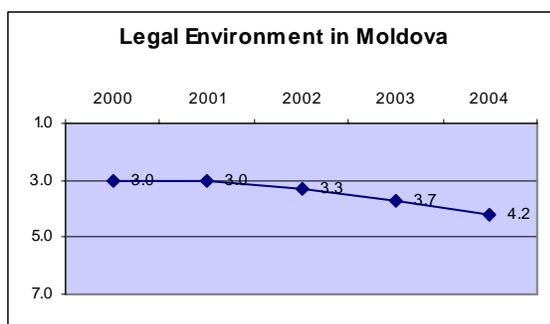
**LEGAL ENVIRONMENT: 4.2**

The NGO legal framework includes the Law on Public Associations (1996), the Law on Foundations (1999), the Law on Philanthropy and Sponsorship (2002), and the Civil Code (2003). On paper, these laws allow NGOs to operate freely. Due to a number of recent inconsistencies in implementation, NGOs have encountered restrictions on their ability to operate freely. These restrictions are imposed based on factors such as the organization’s affiliations and type and geographic area of its activities. NGOs may be harassed by means of unscheduled inspections from tax authorities or police in retaliation for engaging in political activities. As a result, NGOs avoid public debate on controversial issues and do not expressing criticisms of Government policy, often censoring themselves to avoid undue attention. The government in the Gagauzia region closed the bank accounts of ten local NGOs for their involvement in politics and only two of the ten have been re-opened.

control all financial and technical assistance provided by foreign donors to Moldovan NGOs. In addition, the impact of the Law on Philanthropy and Sponsorship passed in 2002 has been limited. The legal framework lacks proper mechanisms and incentives that allow for and encourage NGOs to engage in economic activities to earn an income. Finally, the government has increased administrative interference and political harassment of the sector, with the result of freezing many NGO activities.

The procedures for creating and registering an NGO are clear and the same for both domestic and international NGOs. However, special provisions in the Civil Code make registration of “public institutions” more difficult by requiring that a notary public authenticate all registration documents. In Southern Moldova, the government created a new barrier this year by introducing regulations that prohibit the registration of NGOs using the founder’s home address.

The only tax benefit left for NGOs is the exemption from paying income tax; otherwise, NGOs pay taxes at the same rate as for-profit corporations. The Public Benefit Certificate (PBC) is the official document that gives an organization public benefit status and provides total or partial exemptions from certain taxes and state fees. However, the PBC is not effective, as it has become more difficult to receive, and the regulations are vague and subject to various interpretations. NGOs are eligible for some



The Legal Environment dimension slipped .5 points from 3.7 last year to a 4.2 this year. Many factors contributed to the decrease. Recently, public authorities have tried to

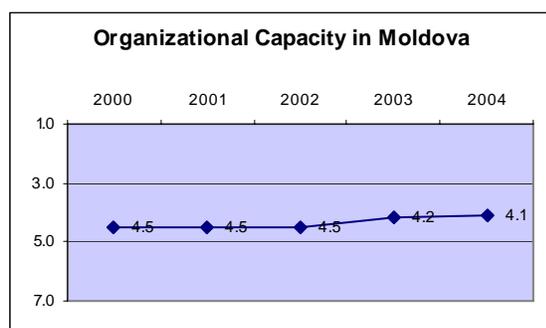
tax exemptions on grants, but re-granting by a foundation is subject to taxation.

The number of local attorneys with a working knowledge of NGO law is limited, and those who do, work primarily for legal NGOs based out of Chisinau. Most legal services are provided by the Center for Non-Commercial Law, an off-shoot of Contact, a national assistance and information center for NGOs in Moldova. The community of local NGOs understands the need to build

coalitions and lobby for legal reforms to create a more enabling NGO legal environment.

The Law on Public Associations permits NGOs to engage in commercial and economic activities, although there is not a sufficient mechanism that encourages NGOs to earn an income from the provision of goods and services.

## ORGANIZATIONAL CAPACITY: 4.1



In 2004, Moldovan NGOs continued to build their organizational capacities. Most NGOs, however, still rely heavily on international donor support and, as a result, organize their activities around satisfying donor interests. However, donors have recently become more open to input from local NGOs in establishing grant program objectives and priorities.

NGOs are increasingly aware that they need to improve communication with their

constituencies, especially at the local level. Most organizations have mission statements, but few have the knowledge or capacity to engage in any form of long-term strategic planning. The Law on Public Associations leaves organizational structure decisions to the NGOs. As a result, most NGOs do not clearly delineate the roles and responsibilities of their boards of directors and their management. Typically, organizations are staffed by unpaid volunteers. Paid staff generally serves on a contractual basis, subject to an organization's access to grant funding.

All of the major national organizations have established offices with basic office equipment and some permanent staff, although the modernization of their office equipment depends on the availability of grant money.

## FINANCIAL VIABILITY: 5.2

Moldova is one of the poorest countries in Europe, with a per capita GDP of only \$542, which constrains NGOs as well as most

individuals and businesses. NGOs continue to depend on international donors for most of their resources, as service fees, state

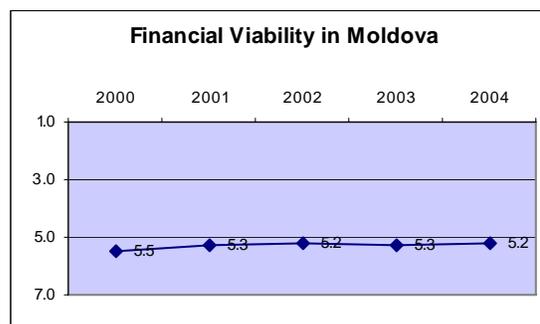
## 2004 NGO SUSTAINABILITY INDEX

allowances, and income from economic activity remain very limited. The lack of a tradition of charitable giving or social responsibility and the country's slow economic growth, both contribute to the limited levels of local philanthropy. Local governments are weak and generally do not have sufficient discretionary resources to provide financial support for NGO initiatives.

In most cases, the major national and regional organizations, roughly 10 percent of all public associations publish annual reports that include financial statements. The rest of the sector has neither the funds nor the capacity to undertake the production and publication of annual reports. Due primarily to the high costs, few organizations undergo independent financial audits. NGOs generally prepare their financial reports according to requirements for commercial organizations, as financial accounting and reporting standards for the NGO sector have yet to be established. Organizations such as the Association of Professional Accountants and Auditors are working on developing such standards, but they are not complete.

While few NGOs are able to diversify their funding, many have been able to diversify their range of services and activities. Fundraising at the community level still requires substantial efforts, without comparable returns. Some NGOs, primarily those in rural communities, have had some important successes in attracting local funding for social initiatives, raising funds from local businesses, citizens and local governments. A number of service providers have been able to cover part of

their operational costs. One example is the Association of Agricultural Producers, which covers 45% of its operational expenses by charging members for services rendered. Many other organizations seek funding from foreign donors by writing project proposals for grants.



At the end of 2004, approximately 14% of NGOs had contracts for services and projects with government entities. As one example, the Ministry of Ecology, Construction and Territory Development of Moldova allocates \$15,380 every year for grants to NGOs to implement environmental protection projects. The government has also created a National Ecological Fund that allocates slightly more than \$1 million in grants to NGOs. Another example is the National Extension Agency of Moldova, an NGO that bids out approximately \$500,000 in annual contracts to regional NGOs for agricultural extension services for the government. Despite these successes, the central and local governments both lack clear policies for contracting with NGOs. Further development of contractual relationships and opportunities is limited by the lack of funding and trust, and the government's underestimation of NGO capabilities.

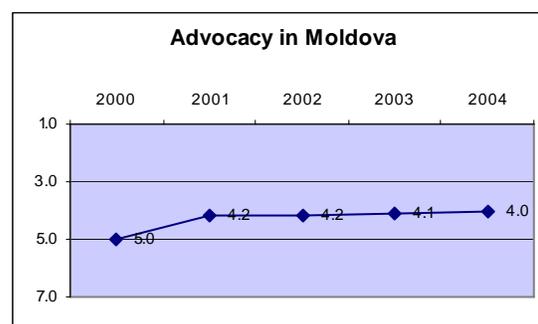
## ADVOCACY: 4.0

NGOs are beginning to understand the importance of building alliances and coalitions to promote their initiatives, ideas, and image, as well as influence government decisions. Most NGO lobbying efforts, however, are reactive to events and negative government policies, rather than proactive measures to ensure positive and constructive policy making. The Government's lack of transparency in decision-making significantly reduces the NGO sector's ability to influence government policy and pending legislation. As it stands, NGOs have had limited success in lobbying and there are few examples of issue-based advocacy groups.

Most social service NGOs have formed coalitions and alliances such as the Alliance for Child and Family Protection, the Alliance of NGOs for HIV/AIDS Prevention, the Forum of Women's NGOs in Moldova, and the National Youth Council. Other NGOs have established the Civic Coalition for Free and Fair Elections to support and monitor the upcoming 2005 parliamentary elections, monitor election media coverage, provide nonpartisan civic education, and promote a get out the vote campaign. Information about the coalition, including its charter, can be found at <http://www.e-democracy.md/en/ngo/civiccoalition/>.

NGOs and both central and local government bodies have developed several cooperative efforts over the past year. Youth for the Right to Live, a well-known NGO working in HIV/AIDS prevention, has partnered with the Ministry of Health to develop and monitor the National Strategy on HIV/AIDS prevention. The European Youth Exchange – Moldova participated with the Youth and Sports Department and other stakeholders in developing the

National Strategy for Youth. The World Bank selected the Forum of Women's NGOs to facilitate the participatory component in the development of the Economic Growth and Poverty Reduction Strategy Paper for the Government of Moldova. Biotica, an ecological society and leading environmental protection organization, is cooperating with the Ministry of Ecology, Construction, and Territory Development of Moldova, with additional support from the Global Environment Facility and World Bank, on the Biodiversity Conservation in the Lower Dniester Delta Ecosystem project. The National Center for Child Abuse Prevention partnered with the Chisinau Municipal Department for Child Rights protection and UNICEF to open Amicul, the Center of Psycho-Social Assistance for Children and Families.



The majority of projects in which the NGO sector and government work together are initiated and funded by international donors, and success is most likely when they work together to engage foreign donors to solve societal problems. Without donor support, NGOs have greater difficulty reaching and influencing public authorities.

The NGO sector has had some success over the past year in opposing legislative proposals. One example is the Moldovan Media Coalition, an informal group of media NGOs, which was successful in

## 2004 NGO SUSTAINABILITY INDEX

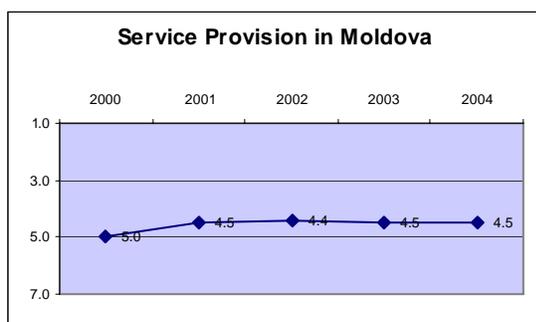
stopping amendments that would have required all newspapers to register, like NGOs, with the Ministry of Justice. In another example, the Union of Agricultural Producers Associations collaborated with

international donors to lobby against government proposals to consolidate agricultural land through administrative measures rather than the free-market.

### **SERVICE PROVISION: 4.5**

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Overall, NGOs offer a wide variety of services in many different fields, including environmental protection, education, human rights, healthcare, economic development, and others. While NGO services respond to community needs, they are generally identified by foreign donors or NGOs in an unsystematic manner. NGOs that specialize in a field are able to focus their work on a specific group of beneficiaries.



NGOs recognize the need to charge fees for services and products such as publications and workshops, but even when permitted by law, NGOs are seldom able to recover their costs. A small number of NGOs, including the Center for Non-Commercial Law, Association of Independent Press, the

UniAgro Project, and the Association of Professional Accountants and Auditors, do offer fee-based services. Otherwise, the ability of most NGOs to receive payment for their services is limited by the small number of clients that are able to pay.

Despite the fact that the government offers little support and recognition of NGO services, some NGO social programs and policy development activities do receive government funding. The Poverty Reduction Strategy Paper published by the Government and World Bank involved many NGOs in the discussion of a variety of issues. At the 2003, 4<sup>th</sup> National Forum of NGOs, NGO representatives from around the country discussed, among other things, government relations. One major issue was the government's lack of political will to cooperate or even trust the NGO sector. They also discussed the government's attempts to form "GONGOs," (Government Oriented NGOs) which enjoy state facilities, are led by government officials, and whose role seems in large part to be to convince the international community that the government's policies support civil society.

### **INFRASTRUCTURE: 3.7**

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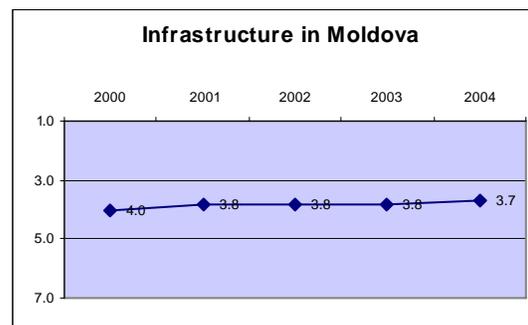
NGOs have access to a large network of NGO resource centers that offer a broad range of training, information, consulting, and technical assistance services. The

Contact Center has well established resource centers that assist NGOs from various fields within the sector. CREDO, another network of resource centers, provides training and

consulting services to strengthen the institutional and organizational capacities of human rights NGOs in Moldova. The Independent Journalism Center (IJC) provides programs, training, information and technical resources, as well as specialized services targeted at all media organizations, professional journalists, journalism lecturers, and students. Other resource centers work with NGOs in areas such as the environment, youth services, and education.

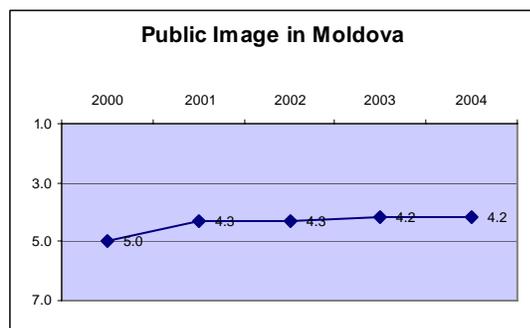
Moldova still does not have any community foundations or local funding institutions, although a group of local NGOs has started to re-grant funds from international donors. Contact has a grant program for community development, and the National Center for Child Abuse Prevention uses its grant program to encourage partnerships between NGOs and local governments. The Mostenitorii, a youth organization, provides

grants for developing entrepreneurial and vocational skills among the country's youth.



Most NGOs have the capacity and desire to collaborate with local institutions including the public administrators, mass media, and the church. Cooperation with the private sector, however, is limited by imperfect laws, absence of a tradition of cooperation, insufficient knowledge about NGOs and how to work with them, and lack of communication and finances.

## PUBLIC IMAGE: 4.2



Generally, NGOs enjoy positive media coverage at the local and national level and the independent media provides a positive assessment of the role of the NGO sector. However, the media does not recognize the difference between public service announcements and commercial advertising, charging NGOs full price. Since broadcast

media is costly, NGOs have a difficult time promoting themselves and their work.

Public perception and understanding of NGOs has continued to progress slowly and many citizens still do not know what an NGO does. In November 2004, the Barometer of Public Opinion, a poll conducted by Imas, Inc., reported that 35% of the population has a significant level of trust in NGOs, while only 28% has a significant level of trust in political parties. Fifty-five percent of the public has significant trust in the media, and 47% have significant trust in the government. NGOs still lack the capacity and ability to engage in public debate with citizens and organize public awareness campaigns. Although NGOs generally cooperate with the media, only elite NGOs can afford a public

relations staff or advice, and few even have a clearly defined public relations strategy. NGOs lack both the resources and skills necessary to implement a successful public relations plan.

One major issue is NGOs' inability to protect their intellectual property. According to the Center for Non-Commercial Law, the legal system provides a mechanism for copyright protection, but NGOs are still not able to protect their materials from being used for commercial purposes without their permission. Another issue with transparency is that many NGOs, especially smaller ones, have a difficult time drafting annual reports, contributing to an

appearance that they lack transparency. NGOs lack the writing and analytical skills, as well as the funds, to put together their reports, and as mentioned above, only the well-established organizations are able to produce and publish annual reports.

A Code of Ethics for NGOs has been a topic for the past two National NGO Forums. In 2002, NGOs at the 3<sup>rd</sup> Forum drafted a Code of Ethics that individual NGOs could adopt on their own volition. In 2003, participants of the 4<sup>th</sup> National NGO Forum pled for the NGO sector to amend and promote the Code of Ethics for the entire sector.