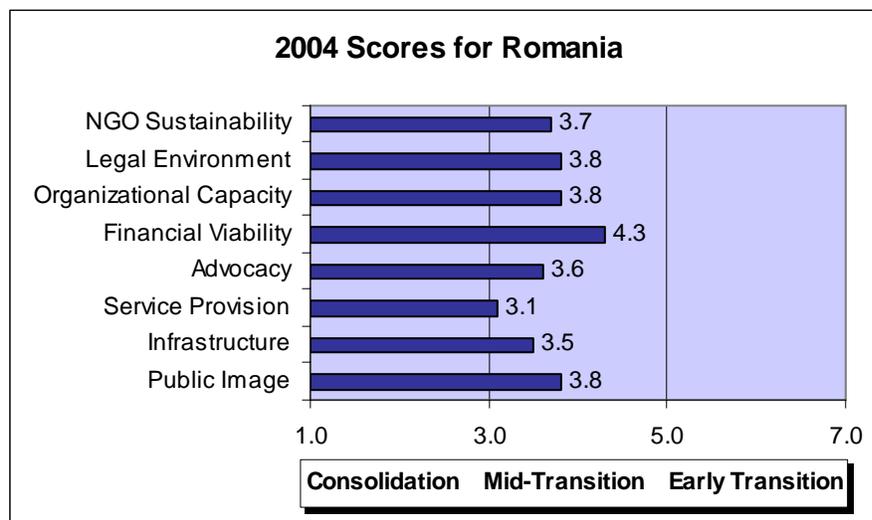
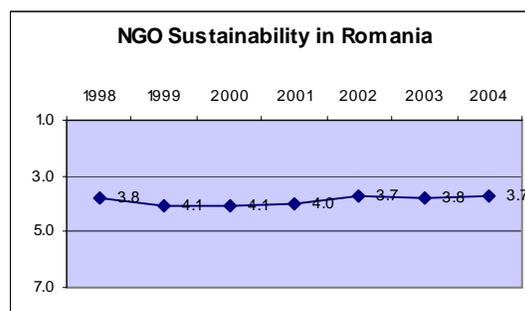

ROMANIA

**Capital:** Bucharest**Polity:** Republic**Population:**
22,400,000**GDP per capita
(PPP):** \$7,000**NGO SUSTAINABILITY: 3.7**

Overall, the NGO Sustainability score improved slightly in 2004. The improvement is due in part to increased NGO advocacy and lobbying initiatives, as well as changes in the legal environment that may lead to greater financial stability of the NGO sector. In addition, NGOs helped shape public opinion by organizing debates and campaigns on issues concerning the 2004 elections and EU accession.

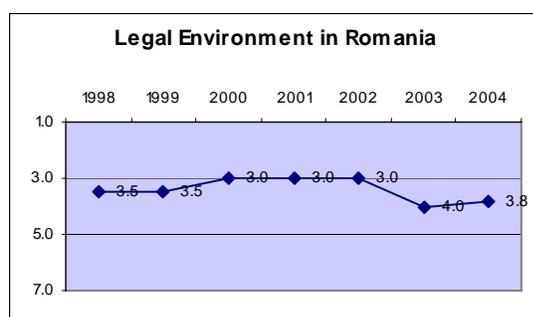
In 2004, NGO lobbying played a significant role in Parliament's adoption of a "1% Law." The impact of this legislation is hard to predict, as implementing regulations have yet to be written. The laws governing organizational structure and operations, which many consider to have been changed for the worse last year, were not amended. Improvements in the laws governing social services were offset by the introduction of cumbersome and redundant implementing regulations.



The NGO sector still faces several long-term issues such as its dependence on international donor funding and limited development of local resources, including local grantmaking and corporate philanthropy. NGOs continue to have low rates of membership, as only 8% of citizens are members of nonprofit organizations, and special advocacy groups often fail to have a true constituency. However, at the community level, citizens are taking a greater interest in volunteer activities.

LEGAL ENVIRONMENT: 3.8

Despite efforts, the NGO community was not able to modify the legislative framework regulating the organizational structure and operation of NGOs. Registration regulations still require that NGOs receive approval from the relevant ministry before they are registered. Amendments to the law covering registration of corporations, which apply to NGOs as well, further require that founding members of an organization provide their personal financial record from the state, certifying whether or not they have committed any financial crimes.



Although Government Ordinance 37/2003 makes the process of obtaining “Public Utility” status more difficult in some respects, it also requires that ministries adopt procedures for granting such status. As a result, in the past year, the government has recognized over 33 organizations as “Public Utility,” up from only 12 in past years. In order to receive “Public Utility” status, NGOs must submit the appropriate documentation to the “relevant ministry,” although many organizations struggle to identify which ministry is the “relevant ministry” for their organization. Often, NGO activities (e.g., community development, human rights, and social responsibility) do not correspond to the authority of any specific ministry. These ambiguities allow for

different government officials to interpret the requirements in different ways, causing unnecessary delays and abuses in response to NGO applications.

The new Fiscal Code came into effect in January 2005 and includes several provisions aimed at strengthening the financial sustainability of NGOs. The most important provision is the new 1% rule that permits individual tax payers to allocate 1% of their income tax bill to NGOs. If implemented properly, the new 1% rule could increase philanthropy and a sense of civic responsibility among Romanians, and reduce the NGO sector’s overwhelming dependency on foreign funding. In addition, businesses may now deduct up to 3% of their total income, but not more than 20% of their total taxes due, for donations to NGOs.

Social service organizations must now comply with requirements and procedures imposed by new laws governing licensing and accreditation and some organizations are having difficulty as the new rules can be cumbersome and duplicative. GO 68/2003 (revised and completed) requires that beginning January 1, 2005, social service organizations obtain accreditation for the services they provide. Law 272/2004 requires further that NGOs involved in child protective services obtain all appropriate licenses required to work in that field. In addition, those working in child protective services, domestic violence, and disability must meet new minimum and special standards and be accredited and licensed. As the government enforces these new requirements, social service organizations have changed how they operate. As the social assistance system in general

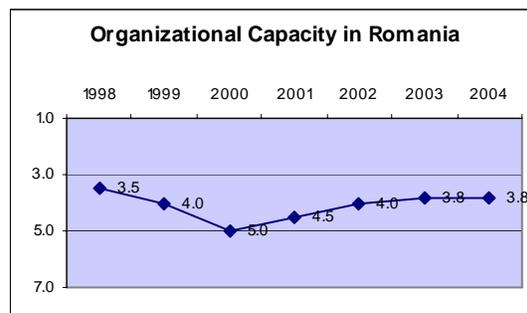
reorganizes in the near future, legislation and regulations are likely to continue

changing as the social assistance system reorganizes.

ORGANIZATIONAL CAPACITY: 3.8

The majority of Romanian NGOs continue to be donor-driven and often ignore their mission statements in pursuit of funding. Similarly, NGOs and local authorities often base their relationships on available donor funding, not a common mission. One example is a series of 23 Citizen Advocacy Bureaus (CAB) that were created in collaboration among local authorities and NGOs with EU project funding. While the CABs have only garnered the support of a few local authorities and are not yet sustainable, they illustrate the ability of the NGO sector to collaborate with local governments.

Boards of Directors generally do not participate in their organizations' strategic planning; limiting the sector's potential for achieving long-term sustainability. The recent "Good Practices for the Work of Boards," edited by Centras in 2004, reports that only 5% of NGO boards list strategic planning among their activities. Instead, the survey reveals, boards are involved in organizational management issues, such as representing the organization (89%), implementing projects (89%), and promotion (78%).



With the uncertainty of future funding, volunteers are crucial to keeping NGO programs active. Romania has 17 Volunteer Centers that recruit volunteers and place them in community projects. In addition, special information materials, training sessions, and summer camps have been organized to encourage volunteerism. The Pro Democracy Association has increased volunteerism by launching specific programs that involve primarily volunteers. The sector is also promoting volunteerism via the internet.

NGOs often require office equipment for implementing their programs, but continue to rely on project funding from international donors to obtain up-to-date equipment.

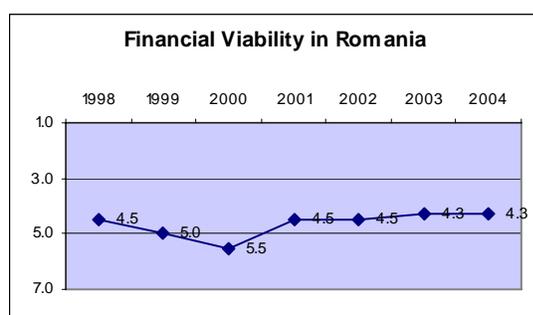
FINANCIAL VIABILITY: 4.3

Financial viability continues to be a major barrier to the NGO sector's development, as most organizations still depend on international donors. International support will decrease as donors begin pulling out

of Romania in anticipation of EU accession. The situation is exacerbated by NGOs' limited domestic support and lack of success in generating income through local fundraising efforts. The Civil

Society Development Foundation (CSDF) data on two important grant programs funded by the EU and the World Bank shows that partnerships between NGOs and local communities usually consist of only in-kind contributions. A few NGOs have organized annual charity events in which local community members provide financial support for their programs. In order to be financially sustainable, the NGO sector must increase cooperation between NGOs, support organizations, and the local donor community to accommodate anticipated changes in the availability of funding.

NGOs have become aware of the need to diversify their funding. Every year, more NGOs initiate new income generating activities, such as offering training and consultancy services, or selling products made by their beneficiaries (e.g. the disabled, or victims of human trafficking). Grassroots organizations also acknowledge the importance of training in areas such as fundraising and proposal-writing, and CSDF data shows that in 2004, 30% of their clients for training courses were from newly formed NGOs.



ADVOCACY: 3.6

NGOs were more active in advocacy and lobbying initiatives in 2004 and took advantage of advocacy opportunities

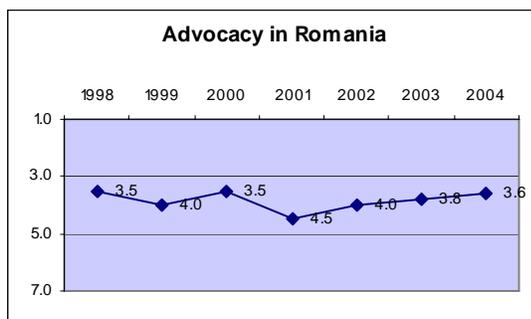
The most critical issue, however, is the sustainability of advocacy organizations that have not been successful in attracting local donors, and given the nature of their activities, will not be able to rely on government funding. In addition, advocacy organizations generally do not have sufficient membership base to support their activities. In order for advocacy organizations to increase their capacities as advocates and watchdogs, they must broaden their constituencies and develop appropriate fundraising strategies.

Legislation enacted this year promotes individual and corporate philanthropy and creates a basis for greater support from local donors. The implementing regulations have yet to be adopted, limiting the effectiveness of the new law. In order for the law to be effective, NGOs must take advantage of its provisions by reaching out to the public and attracting donors. There are obstacles to building local philanthropy. The business community tends to support their own community development programs rather than donating to NGOs, while the general public is still not accustomed to donating. Romanian NGOs have much to learn from successful local or international models in developing coherent funding strategies.

presented by the negotiations for EU accession and elections. New training opportunities included a Masters Program

2004 NGO SUSTAINABILITY INDEX

in advocacy, developed by the Advocacy Academy in Timisoara, in cooperation with Banat University. Advocacy projects covered a broader range of issues than in 2003, and included campaigns focusing on corruption and lack of transparency, parliamentary ethics, electoral law, equal opportunity, environmental issues, the “1% law,” and child protection and social services.



There are many examples of the growing diversity of advocacy projects. A group of 25 NGOs led by Partnership for Equality Center lobbied the leaders of the major political parties to allocate 30% of the eligible seats on the electoral lists to women. The Pro Democracy Association successfully advocated for an amendment to the Constitution and the electoral laws that decreased the number of signatures required for citizen legislative initiatives from 250,000 to 100,000. The Coalition for a Clean Parliament launched a campaign to increase transparency in the candidate selection process within the political parties. CAFA, a coalition of 15 business women’s associations, increased its visibility by promoting dialogue between the public and private sectors. Their initiatives and events encourage public hearings, legislative proposals, and dialogue between the government and

groups like trade unions. One of its successes includes changes in the Labor Code regarding collaboration contracts and home work.

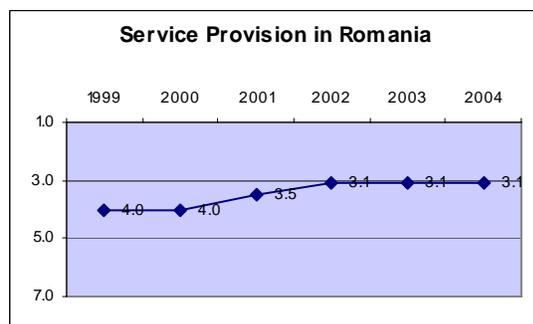
The Transparency Law provides NGOs with the opportunity to participate in and influence government decisions. This year, organizations cited provisions of the law in demanding public debates on draft legislation published on the Ministries’ websites. Similarly, the Ministry of Labor, Social Solidarity, and Family organized eight public debates on new legislation regarding social services, while the Ministry of Justice organized debates on new judicial reform legislation. NGOs nonetheless often complain that their participation is little more than a formality and their comments are rarely taken seriously.

In 2004, NGOs initiated several lawsuits against local authorities to enforce the Free Access to Public Information (FOIA) provisions of the Transparency Law. In one decision the courts overturned the Cluj County Council’s decision to withhold information, which was the first time that a government body was found to be in violation of the Transparency Law. In a similar decision, the Selimbar Local Council was penalized for FOIA violations. The national courts produced similar decisions that held government bodies in violation of the Transparency Law.

Though not all advocacy efforts were successful, the increase in the number of advocacy initiatives by NGOs demonstrates a willingness to mobilize and unify around similar issues and interests.

SERVICE PROVISION: 3.1

NGO service providers continue to offer primarily traditional social services. A law passed this year concerning social services creates a framework in which both public and private service providers have equal access to government funding. New regulations setting minimum and special standards for organizations working in child protective services, domestic violence, and disability are expected to increase the quality of services provided. Another law established mechanisms for financing public social services through fees-for-services, but implementing regulations have yet to be written. In the future, the NGO sector ought to pay close attention to the implementation of these social service regulations and their impact on NGO service providers.



The government has come to recognize the value of the social services provided by the NGO sector. National Interest Programs implemented by child welfare organizations received another \$4.5 million this year. NGO service providers benefited from Law 34/1998 which covers the allocation of funding to Romanian associations and foundations. The Ministry of Labor, Social Solidarity and Family reports that 71 projects were funded under the law in 2004, serving 8,550 NGO clients. However, the Romanian Sociological Association reports that these funds cover only 25% of the necessary costs per beneficiary, while NGOs have to cover the difference from other sources.

In addition to basic social services, NGOs also provide training, consultancies, information, education and health, and other services. The long-term sustainability of these other services depends heavily on their nature. Organizations that offer training programs have recently been able to charge fees for services, increasing the likelihood that their programs will be sustainable.

INFRASTRUCTURE: 3.5

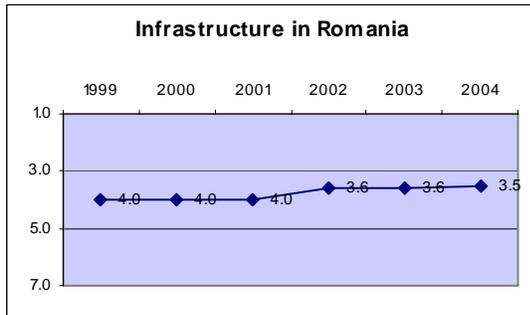
Over the past year, the number of NGO resource centers has increased, as the EU supported the establishment of new centers in Botosani, Iasi, Teleorman, and Alba. Based on past history, the NGO community is concerned that their dependency on foreign funding makes these resource centers less sustainable than

if the centers received domestic sources of income.

In 2004, several local organizations continued to assist other NGOs achieve sustainability. The Romanian Donor's Forum, The Princess Margarita of Romania Foundation, and the Association for Community Development and others

2004 NGO SUSTAINABILITY INDEX

promote corporate and individual support of NGOs or offer grants to strengthen organizational capacity. This year the United Way formalized its presence in Romania and may stimulate future local grant-making.



The NGO sector continues to be concerned about issues such as communication, cooperation, and ability to network. Although information exchanges between NGOs did improve over the past year, due in part to increased use of the internet and heightened media coverage, the number of formal NGO coalitions is still very small. Most members of formal coalitions, such as the Alliance for European Justice in Romania and the Coalition for a Clean Parliament are the well-established organizations based out of Bucharest and other urban areas. The two federations of child welfare NGOs, FONPC and Pro Child, are based in Bucharest and struggle to attract organizations from outside the capital. Small and medium-sized organizations generally do not join networks or coalitions at the national level because they lack the necessary resources and information. In addition, meetings

PUBLIC IMAGE: 3.8

Even though the media has increased its coverage of NGO activities and events, the

generally take place in major cities, precluding smaller organizations that cannot afford to travel from attending.

Informal, issue-based coalitions and networks were able to engage NGOs of different sizes and from various geographical regions. Examples include the coalition that supported the “1% law” and the working group on the new social service law, which was comprised of both NGO and public administration representatives. Internet listserves also played an important role in bringing NGOs together, and over 200 organizations were included in the listserve for the “1% law.”

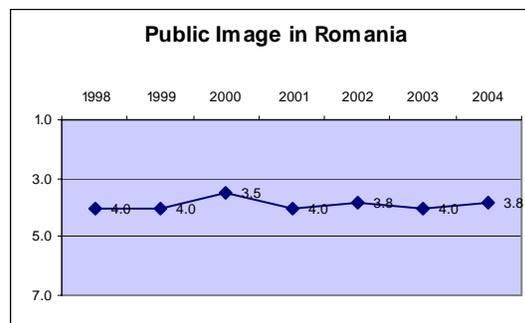
NGO requests for specialized training increased over the past year, due primarily to international donor influence. The quality and cost of training programs vary across the country with most organizations preferring Bucharest-based trainers because of their experience. CSDF reports that in the first ten months of 2004, 52% of the 320 participants in their training courses were representatives of organizations from outside Bucharest. Specialized websites on training have been developed in response to the increased demand for services. In addition, the international donor community, led by the EU, has increased the number of professional trainers by developing training of trainer programs. These programs have led to the establishment of training organizations such as the Association of Training Suppliers and the Association of Professional Trainers.

NGO sector still does not receive extensive media coverage.

Media publicity of studies and papers issued by well known NGOs like the Romanian Academic Society, Transparency Romania, Institute for Public Policy, the Media Monitoring Agency, Academia Catavancu, and the Pro-democracy Association attracted attention from many policy makers. NGOs continued to develop social awareness campaigns with the support of international donors, targeting children's rights, domestic violence, corruption, HIV/AIDS, human rights and health. TV and radio stations have publicized the campaigns, but they failed to consistently convey that NGOs were behind the activities.

NGOs are still having difficulties educating the public about their organization's mission, programs and activities. The Romanian Donors Forum and other donors continue to encourage Romanian NGOs to increase their transparency and use their annual reports as public relations instruments. However,

NGOs generally lack public relations skills and are therefore less able to, among other things, attract volunteers or members.



The Government's perception of NGOs is increasingly positive, as officials increasingly acknowledge NGO expertise and contributions. NGOs have tried to provide input concerning EU negotiations and several draft bills, but the results have been mixed. Social service NGOs, especially those active in child protection, have developed codes of ethics and best practice manuals. New legislation requires them to adopt performance guidelines based on quality standards in their field. If implemented and enforced properly, these new requirements may contribute to a better public image of social service NGOs.