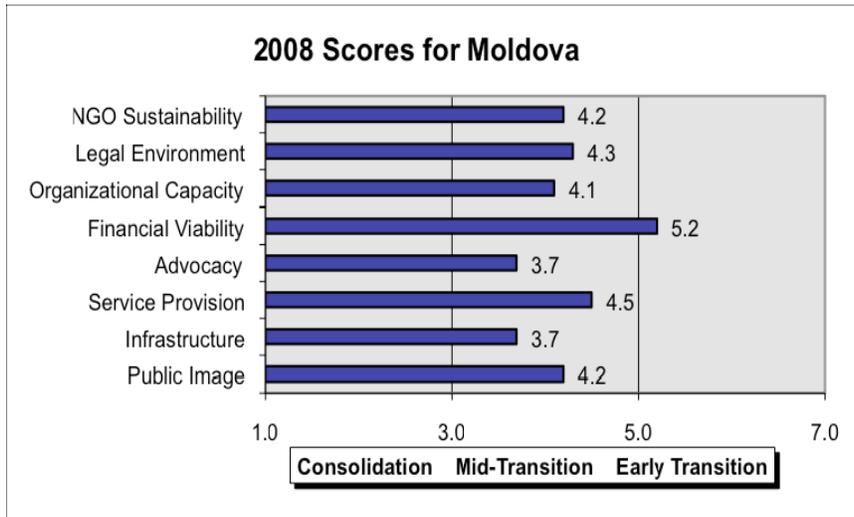


MOLDOVA



Capital: Chisinau

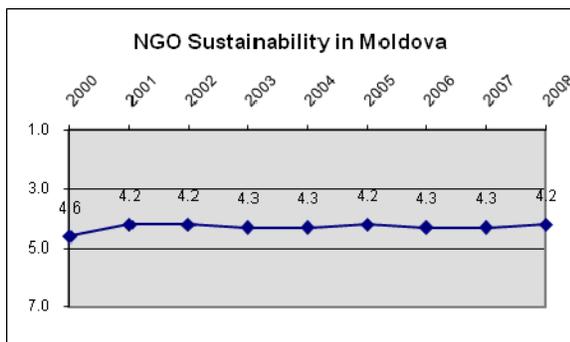
Polity:
Republic

Population:
4,320,748 (July 2009 est.)

GDP per capita (PPP):
\$2,500 (2008 est.)

NGO SUSTAINABILITY: 4.2

In 2008, the NGO sector in Moldova registered a very slight improvement in overall sustainability. Positive changes occurred during the year with respect to advocacy initiatives, the creation of intersectoral partnerships, cooperation with the public sector, and financial viability. At the same time, the NGO sector remains largely at the same developmental level.



A total of 7,000 Moldovan NGOs are registered at both the national and local levels. NGOs are active in a broad range of fields, although almost half are involved in the social and educational sectors. The majority of active NGOs diversify activities in order to increase their chances of attracting donor funds. Having broad missions and focusing on several areas of activities helps NGOs sustain themselves financially, but impedes overall sustainability from a long-term

perspective and limits NGOs' ability to build strong expertise and communities within particular sectors.

Moldovan NGOs have increasingly engaged in advocacy activities. Collaboration between government and civil society has expanded. NGOs and parliamentary commissions increasingly work together in the legislative drafting process and in ad hoc working groups. The amount of training and consulting offered by NGOs to the public sector grew, although these initiatives are largely donor-driven.

NGOs entered into an increasing number of coalitions, which significantly augmented their advocacy initiatives, public image, and influence.

NGOs from the Moldovan and Transnistrian regions are strengthening their collaboration. In 2008, a National Forum of NGOs from Transnistria was organized for the first time. NGOs in Transnistria for the most part remain weak and play a limited role, however.

In a positive trend, NGOs became more aware of the need for long-term strategic objectives and increased organizational and financial sustainability. They lack the capacity to

adequately market their services, however. NGOs also face obstacles to diversifying their funding sources. Tax incentives to encourage individual and corporate donations are lacking, as are legal provisions to allow NGOs to engage in income-generating activities such as social enterprises or contracting with the government to provide services.

LEGAL ENVIRONMENT: 4.3

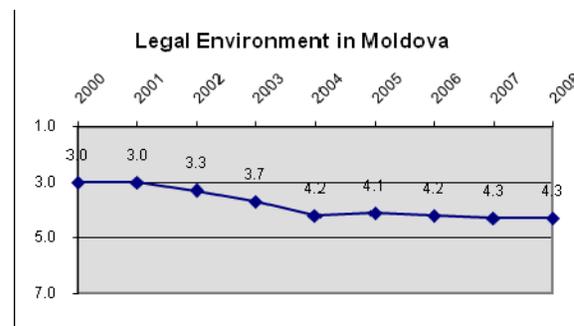
The legal environment for Moldovan NGOs changed little over the past year. The NGO registration process remains problematic. An increasing number of NGOs complain that the Ministry of Justice hampers the process of registration and amending NGOs' organizational statutes. The office within the Ministry of Justice responsible for NGO registration has become even more overburdened, with high staff turnover. During the year, UNDP Moldova financed the development of an electronic registry of NGOs within the Ministry of Justice, which may facilitate improved management of and access to data on NGOs.

Overall, NGO legislation remains vague, which allows government officials to apply provisions of the law arbitrarily. For example, the Ministry of Justice may require that an NGO provide its membership list in order to make even minor changes to its organizational statute, even though the law does not require this.

Amendments to the Law on Civic Associations made in 2007 excluded three out of four legal forms of NGO, allowing only NGOs in the form of civic associations to have the organizational and juridical status of a legal entity. All other NGOs must re-register in the legal form of civic associations. These changes affect a substantial number of NGOs whose status no longer exists under the law. Many of them lack clarity on whether they should re-register as associations or not, and they face a cumbersome re-registration procedure.

A consortium of NGOs led by Young and Free, Eco-Tiras, Resource Center for Human Rights (CReDO), and Contact Center conducted an

The NGO legal framework in Moldova remains ill defined with legislative gaps that allow for arbitrary application of the law. Staff turnover, continued dependence on donor support, the low level of trust in NGOs, and the poor visibility of NGOs and their activities are factors which continue to hamper the sustainable development of civil society in Moldova.



advocacy campaign on two key pieces of NGO legislation drafted last year with support from UNDP and Soros Moldova: a draft law on public benefit organizations and a draft percentage law. These draft laws aim to increase NGO organizational and financial sustainability, transparency, and public sector support. The draft percentage law would allow individual and corporate donors to direct up to 2 percent of paid taxes to public benefit NGOs. The drafts of these laws had not yet reached the parliament by the end of the year, although they were discussed within the government.

In the Transnistria region, local NGOs are not allowed to register under the Moldovan law and must register in Tiraspol and obey Transnistrian laws. Some NGOs also register in Chisinau under the Moldovan law, using the Moldovan identity cards of relatives or friends, even if they are not active outside Transnistrian territory. Registration in Moldova provides Transnistrian NGOs with potential access to funds from national and international donors, whereas NGOs registered in Tiraspol cannot access these funds directly because Transnistria is not recognized internationally or by the Moldovan government.

As of April 2008, public meetings are allowed to take place following a simplified notification process that does not require authorization by local authorities. Organizers are simply required to inform the municipality about the date and location of planned meetings. CReDO, with support from OSCE/ODIHR, has been monitoring public assemblies conducted since the passage of the new law and reports that the number of public assemblies has increased, although problems remain. Moldovan police

have interfered during public meetings and are interpreting the new law selectively.

The tax-exempt status of Moldovan NGOs has not changed. The ability of NGOs to engage in economic activities has not improved. NGOs have to pay all taxes, as private companies do. An NGO is exempt from paying income tax if it has obtained a Public Benefit Certificate (PBC) and economic activities are mentioned in its statute. A PBC does not allow an NGO to recover VAT on purchased goods or services, however.

ORGANIZATIONAL CAPACITY: 4.1

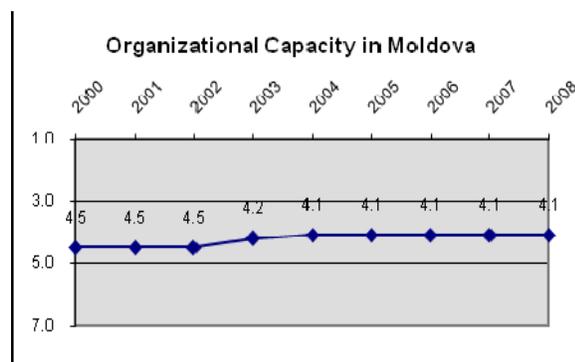
Overall, the organizational capacity of Moldovan NGOs did not change significantly in 2008. A considerable number of NGOs, however, felt the effects of withdrawal of donor support for civil society programs. A three-year UNDP and Soros Foundation program to increase financial sustainability of NGOs has ended. In some cases, donor organizations have started to scale back with the appearance of various programs between the European Union and Moldova, such as TACIS and the EU-Moldova Neighborhood Program. However, these programs focus less on direct assistance to NGOs and more on government budget support. For instance, the EU assists the Moldovan public administration through financing key reforms in the Moldovan social sector and supporting public health reform.

of their constituencies and not on opportunities created by donors. In addition, NGOs have expressed an increased interest in training and technical assistance related to strategic planning, which may augur well for greater long-term sustainability. Many NGOs are increasingly becoming aware of the importance of setting objectives to ensure long-term viability and financial independence.

The gap between the organizational capacity of Chisinau-based NGOs and regional and rural NGOs remains wide. While most NGO networks and alliances at the national level organize capacity building activities for their members, most of these activities remain donor-supported initiatives.

NGO governance practices remain weak. Most NGOs have boards of directors, which are required in order for an NGO to register. Often these boards exist only on paper, however, or their functions and responsibilities overlap with the executive branch of the organization.

While it has been difficult for NGOs to retain staff, the environment for volunteerism has continued to improve. NGOs such as La Strada and AIESEC have begun to rely increasingly on a volunteer workforce. A consortium of NGOs including Young and Free, the Resource Center for Human Rights (CReDO), Service for Peace, and the National Youth Council has lobbied for a draft law on voluntary activity. The draft law

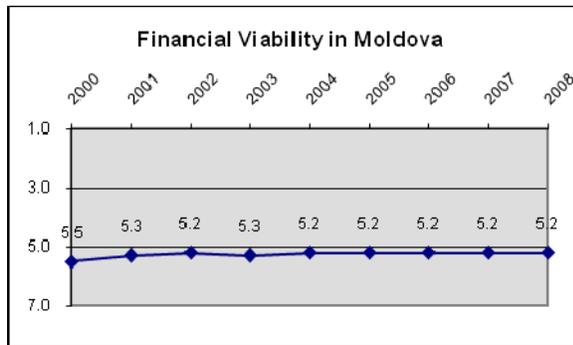


Diminishing donor funds have had a beneficial impact in some cases, causing NGOs to focus their activities strategically, based on the needs

has been discussed within the government and is currently awaiting submission to the parliament.

Over the course of the year, Internet service became more accessible to NGOs in rural areas owing to technical progress at the national level.

FINANCIAL VIABILITY: 5.2



The financial viability of Moldovan NGOs in 2008 remains at the same level as the previous year, though some positive changes can be reported. Since Romania joined the EU and Moldova became an EU neighbor, the country has gained access to additional EU funds. Bilateral partnership initiatives between Moldova and EU countries, including Romania and Poland, have increased. The EU-supported program Strengthening Civil Society, which ended in December 2008, focused on NGOs active in the social domain, especially in rural areas. This €1.4 million program provided technical and grant assistance to NGOs working with disadvantaged groups such as elderly people with disabilities or children from vulnerable families. NGOs received technical assistance and grant support totaling more than \$1 million through Millennium Challenge Corporation funding to promote good governance, reduce corruption and improve public sector service delivery.

The community foundations that were created last year have become active and have improved

ADVOCACY: 3.7

Overall, the environment for NGO advocacy in Moldova improved over the course of the year, thanks to an increasing focus on building the capacity of NGOs to engage in advocacy, as well as a continued expansion of government

the environment for financial viability at the local level. Community foundations in Soroca, Ungheni and Cahul registered significant progress in local fundraising and provided local grant support to NGOs working in the areas of community development, environment, youth, and social assistance. Overall, local fundraising remains quite weak, and many NGOs at the national level remain dependent on grants as their only source of funding.

The trend toward greater resource diversification is ongoing. UNDP provided training on social entrepreneurship and income-generating activities. They also offered small grants to NGOs that developed business plans and generated alternative sources of income. Contact Center financed five projects aimed at generating additional sources of revenue for NGOs.

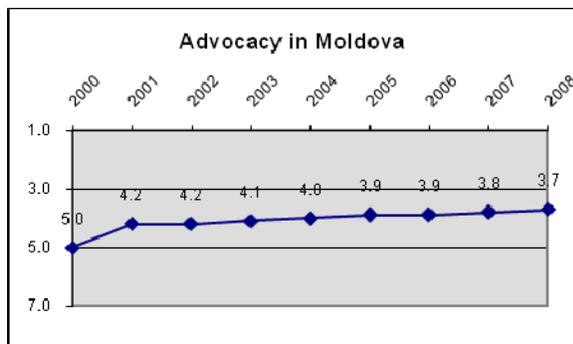
A conference on corporate social responsibility was organized by AmCham Moldova, Eurasia Foundation, and UNDP with the support of local companies such as Xerox, Bioprotect, and EuroCreditBank. This was the second year that such a conference was held, indicating continuing interest from both businesses and NGOs in partnerships and collaboration.

Moldovan NGOs often resist adherence to financial transparency and accountability standards. In many cases, financial reports are only completed and submitted at the donor's request.

and civil society collaboration. During the year, a number of donors provided training on advocacy-related issues. Soros Moldova supported capacity building trainings for twenty NGOs and provided grants for nine NGOs to

implement advocacy campaigns in different areas.

The Threshold Country Program, funded by the Millennium Challenge Corporation and managed by USAID, has supported a group of more than twenty NGOs, including the Anti-Corruption Alliance (ACA), in advocacy activities and in monitoring government progress in anti-corruption reforms. Among the main achievements of this group was the Law on Transparency in Executive Decision Making, which was adopted in 2008. Moreover, the government has acted upon many of the ACA's recommendations.



The overall advocacy environment has improved over the past three years since the adoption of the Parliamentary Strategy for Cooperation with Civil Society. The strategy has provided opportunities for direct engagement with parliamentary commissions in the drafting process, as well as through participation in ad hoc working groups. The parliament initiated an annual conference to review the cooperation between parliament and civil society.

Several government ministries exhibited increasing openness toward civil society. The Ministry of Social Protection for Family and

SERVICE PROVISION: 4.5

There were no significant changes in the range of services provided by NGOs. NGOs continue to provide services mainly in the social and educational sectors.

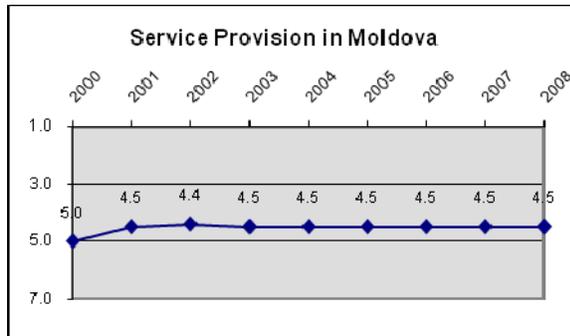
Children, the Ministry of Health, and the Ministry of Justice started to hold consultations, conclude memorandums, and create ad hoc working groups for drafting legislation, especially related to Moldova's EU Action Plan. The Office of the Prime Minister initiated a process of creating a National Participation Council, composed of NGOs and other representatives of civil society organizations, to advise the government on the strategic development of civil society. As of spring 2009, the cabinet had not yet issued a decision on the council's creation.

One example of government-civil society cooperation was the drafting of the Law on Assembly, which was achieved with the direct involvement of CReDO, Promo-Lex, and Amnesty International Moldova. The law, which was adopted in April, is considered a positive legal benchmark by ODIHR/OSCE. Government and civil society also cooperated in the drafting of a law on preventing and combating discrimination. A coalition of eight NGOs, including GenderDoc-M, CReDO, the League for Defense of Human Rights, the National Youth Council, and the National Roma Center, was involved in the drafting process.

In general, lobbying and advocacy skills remain confined to a limited number of NGOs and individuals. NGOs often react to events rather than acting proactively or coherently. This is partly due to the fact that the government generally does not post information on legislative and other initiatives in an accessible manner. Another constraint is the persistent bureaucratic attitude and lack of cooperation within some ministries, and the absence of an effective communication system within the government itself.

NGOs are beginning to take steps toward developing their service portfolios based on community needs, but this effort is still relatively limited. While the need for

diversification of financial resources has prompted NGOs to assess the types of services they offer, the majority of NGOs are not aware of the importance of marketing and lack capacity in marketing management.



Most of the services provided by NGOs continue to be subsidized by donor organizations. In order to encourage beneficiaries' buy-in, most NGOs establish symbolic fees that rarely cover operational costs. Clients negatively perceive and sometimes even challenge NGOs that have begun to charge fees. Because NGOs previously

offered only pro bono services, the population has yet to accept the idea of paying fees for services. Only a few NGOs in Moldova try to deliver financially sustainable or even profitable services. Some examples are the Center for Organizational Consultancy and Training (CICO) and the CMB Training Center, both of which have established a full cost recovery strategy.

The purchasing power of most beneficiaries of NGO services remains low. Some NGOs have begun to sell their services to other institutions such as government agencies and public and private organizations. This shift has had a positive effect on the quality of services provided, since NGOs must act more professionally to compete on the market.

Over the course of the year, some NGOs took the initiative to launch social enterprises and other income-generating activities. UNDP supported a number of these initiatives.

INFRASTRUCTURE: 3.7

Resource centers at the local and national levels are the starting point for capacity development for many NGOs with low and medium levels of development. Yet most of these resource centers are still located in the capital and major cities. Small local NGOs that are most in need of capacity building assistance have limited access to it.

NGO coalitions also provide capacity development activities, specialized trainings, assistance and consulting services for their members. New and undeveloped NGOs and coalitions are most in need of training services and increasingly demand specialized technical assistance from more developed NGOs. More developed NGOs often prefer to receive their training abroad.

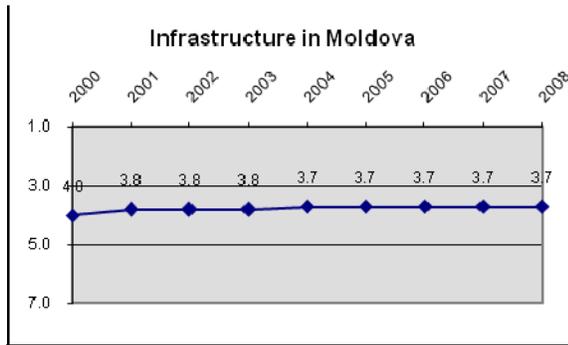
Contact Center provides managerial and community development support for NGOs. During 2008, it received a high number of requests for assistance in the NGO registration

and re-registration processes due to changes in the relevant legislation.

In 2008, many local trainers and consultants were able to participate on a competitive basis in training-of-trainer programs organized by international donors such as UNDP. A number of these trained specialists were later subcontracted by UNDP to provide training and consultancy services to a range of NGOs and local state administrations all over the country. The CMB Training Center took the initiative to form an informal community of trainers and organized five meetings during the year to discuss issues such as innovations in educational methodology and professional support for members of the training community.

Moldovan resource centers also provide capacity building in advocacy and policy development. CICO implemented a one-year program in leadership and provided consultancy and program evaluation services to NGOs. Soros

Moldova supported advocacy training for NGOs.

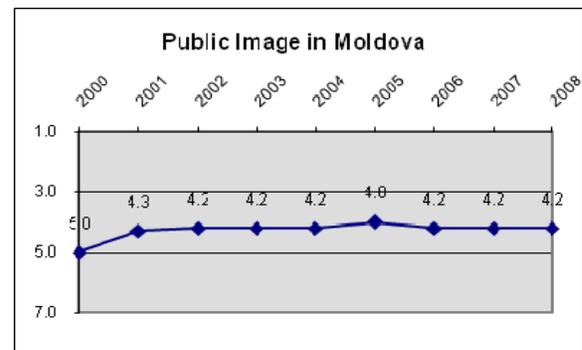


The number of intersectoral partnerships is growing due to increased requests from the donor community for NGOs to collaborate and combine their efforts. The European Neighborhood Program for Romania, Moldova and Ukraine also stimulates this kind of cooperation. The National Endowment for Democracy, the Balkan Trust for Democracy and the Black Sea Trust also co-fund regional initiatives involving partnership between neighboring countries, including both EU members and CIS countries. Several initiatives involving collaboration among Moldovan, Transnistrian, Ukrainian and Romanian NGOs have been funded over the past year.

PUBLIC IMAGE: 4.2

The October 2008 *Barometer of Public Opinion* published by the Institute for Public Policy showed no significant changes in the public perception of NGOs. NGOs continue to have the lowest levels of public trust compared to other Moldovan institutions: 52 percent of the population has little or no trust in NGOs and only 21 percent of the population expressed relative or total trust in NGOs. This situation is due primarily to the low visibility of NGOs and their impact. Minimal information is available about NGO projects, their impacts and results. Most contact between the mass media and the NGO community takes place through press conferences. This year, however, NGO representatives appeared more often in the mass media as special guests on TV and radio news programs as well as talk shows. In addition, TV shows produced at the initiative of or in partnership with NGOs were broadcast on national private channels NIT and N4, as well as on public television, though most were paid for by NGOs.

In 2008, negative articles about NGO leaders were published in *Moldova Suverana*, a national newspaper with a weekly distribution of approximately 20,000 copies. Even though the coverage in this case was negative, increased media coverage of NGOs is generally a positive sign of their growing importance in public discourse and opinion.



In contrast with national and Chisinau-based media outlets, local media is showing more interest in the activities of NGOs and in possible collaboration. Local TV and print media have less news and information available to present to the public on a daily basis, and are more open to covering NGO events free of charge or at a lower cost.

The newly formed NGO alliances have played a positive role in increasing the visibility of NGOs and in improving communication among NGOs that share the same interests and goals. For example, at the beginning of 2008 the Alliance for Promoting the Code of Ethics of NGOs was created. This alliance developed the NGO Code of Ethics, which was approved at the November 2008 NGO Forum. During the course of the year training sessions and roundtables organized by and for NGO representatives addressed issues of

organizational image, transparency, and accountability.

After a five-year hiatus, the National Forum of NGOs was organized in November. There is also

interest in reviving the National Council of NGOs. This could serve as an opportunity for the NGO sector to become more consolidated, visible, and powerful in presenting a unique voice both internally and externally.