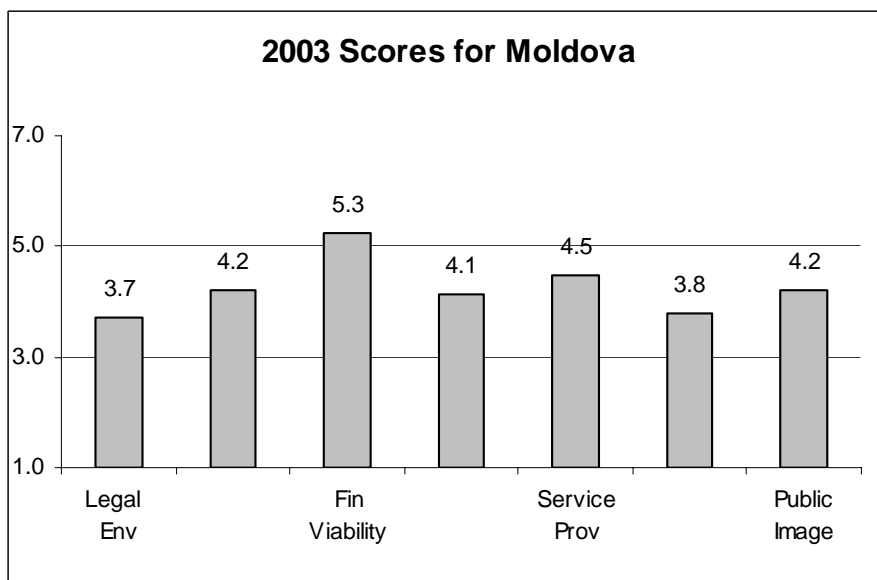


# MOLDOVA



**Capital:**  
Chisinau

**Polity:**  
Parliamentary  
democracy

**Population:**  
4,300,000

**GDP per capita  
(PPP):** \$2,109

## NGO SUSTAINABILITY: 4.3

Moldova, the second smallest of the former Soviet Union states, with a GDP of only \$448 per capita, continues to be among the poorest countries in Europe. According to the Ministry of Justice, there were approximately 2880 national and international non-governmental organizations registered in Moldova, and only about 35 percent of which work at the

NGO SUSTAINABILITY	
2003	4.3
2002	4.2
2001	4.2
2000	4.6

local level. Approximately half of the registered NGOs are currently active. The majority of active NGOs are located in Chisinau, Balti, and other large towns, where they have access to information, training, consulting, and donor resources. The areas in which indigenous NGOs have proven to be most successful to date are: youth, media development, environmental protection, economic and social development, healthcare, and human rights.

## LEGAL ENVIRONMENT: 3.7

The attempts of public authorities to introduce a law conferring exclusive power to control technical and financial assistance to the government of Moldova, the limited impact of the Law on Philanthropy and

Sponsorship, and the continued absence of a well-developed mechanism to provide incentives to NGOs to earn income from their goods and services contributed to the

decline in the score for the legal environment dimension from 3.3 to 3.7.

The basic legislation of the Republic of Moldova that regulates NGO activity remains the same: *The Law on Public As-*

LEGAL ENVIRONMENT	
2003	3.7
2002	3.3
2001	3.0
2000	3.0

*sociations* (1996), *The Law on Foundations* (1999), *The Law on Philanthropy and Sponsorship* (2002) and *the Civil Code* (2003). The

procedures for the creation and registration of NGOs are clear, and they are the same for both national and local NGOs.

In 2003 the Government of Moldova proposed a *Draft Law on Grants, Technical Assistance and Other Financial Aid Provided to the Republic of Moldova*. The goal of the draft law was to regulate relations associated with contracting, registration, distribution and record keeping of grants, technical assistance and other financial aid provided in the Republic of Moldova. According to the draft, all grants and technical assistance provided had to be coordinated and registered by the government. Under the proposed law, if a grant was not properly coordinated and registered, it would be deemed illegal and subject to sanctions.

The adoption of such a law would have seriously imperilled the flow of financial and

technical assistance to the Republic of Moldova, which, in turn, would have seriously impeded the implementation of reforms. As a result of strong opposition from Moldovan NGOs and the international donor community, the draft law was withdrawn by the Government.

The only tax benefit that NGOs in Moldova enjoy remains the exemption from income taxes. Other taxes are paid by NGOs at the same rate as private sector companies. Access to legal advice from attorneys familiar with NGO law is limited. Most such services are provided by the *Center for Non-Commercial Law*, a spin-off of *Contact*, the National Assistance and Information Center for NGOs in Moldova.

NGOs may carry out commercial and economic activities, according to the *Law on Public Associations*, though a well developed mechanism that would encourage NGOs to earn income from the provision of goods and services, does not exist. The Public Benefit Certificate, which is an official document proving the public benefit of the given organization and serving as grounds for total or partial exemption of certain taxes and state fees, is not deemed to be effective.

## ORGANIZATIONAL CAPACITY: 4.2

ORGANIZATIONAL CAPACITY	
2003	4.2
2002	4.5
2001	4.5
2000	4.5

Most Moldovan NGOs are heavily reliant on international donors support. As a result, the activities of most NGOs are oriented more toward satisfying donor interests than bene-

fiary needs. Most NGOs place little importance on building local constituencies for their initiatives. Few beneficiaries are involved in strategy development, priority setting, medium-term decision making, and participation in Board decisions. Most NGOs have a mission statement, but it is mostly regarded as something artificial and is seldom revised. Only a few major

NGOs practice strategic planning in their decision making processes. Most NGOs do not have the knowledge or capacity to undertake strategic plans.

In most NGOs, there is no clear difference between the Board of Directors and the day-to-day management of the NGO. There is rarely any specific division of responsibilities between them. Such decisions, according to the *Law on Public Associations*, are left to the discretion of individual NGOs.

Most NGOs work on voluntary basis and can only afford hiring employees in cases where a grant has been awarded. Over 40 percent of Moldovan NGOs rent office space; about 20 percent of NGOs do not have dedicated premises at all, and about 27 percent use the property of one of the members of the organization. All of the major national NGOs have their own offices, modern basic office equipment and permanent staff. The modernization of their office equipment depends primarily on the availability of grant money.

### FINANCIAL VIABILITY: 5.3

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The financial resources available NGOs include grants, membership dues, sponsorships, founders' contributions, fees from services provided, state allowances and income from entrepreneurial activity. Grants continue to account for the largest part of the

FINANCIAL VIABILITY	
2003	5.3
2002	5.2
2001	5.3
2000	5.5

funding. Service fees, state allowances, and earnings from economic activity are still very limited. Local philanthropic giving capacity is limited due to poor economic growth, a lack of traditions of charitable giving and social responsibility in the business sector, and a lack of real tax incentives private companies. Local governments are weak and do not have sufficient discretionary resources to provide financial support to civil society initiatives.

About 10 percent of public associations publish annual reports that include financial statements. These are primarily the major national and regional NGOs in Moldova. The remainder of the sector has neither the funds nor the capacities to undertake that the publication of an annual

report. Very few NGOs have independent financial audits, primarily because of the high cost of such a procedure.

In Moldova, NGOs prepare their financial reports according to the requirements set for commercial organizations. Specific and specialized non-profit financial accounting and management standards are not in yet place, though some organizations, including the *Association of Professional Accountants and Auditors*, and independent accountants are working on the development of such standards.

Very few NGOs are able to diversify their funding. Raising funds at the community level requires substantial effort and provides little prospect for a comparable return. Most NGOs prefer to write project proposals and submit them for funding to different foreign donors.

Currently about 14 percent of NGOs have contracts with public authorities for services or activities. In this regard the Ministry of Ecology, Constructions and Territory Development of Moldova serve as a good example. It allocates approximately

\$15,380 in grants to NGOs every year for the implementation of projects related to environmental protection. However, there is generally no clear policy on behalf of the central or local governments regard-

ing contracting with NGOs for special services. Lack of funding, distrust and an underestimation of NGO capabilities seem to be the explanation to why partnerships are not a regular phenomenon.

## ADVOCACY: 4.1

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NGOs in Moldova are beginning to realize importance of building alliances and coalitions for the promotion of their initiatives, ideas, and image; and for influencing decision making processes in government.

ADVOCACY	
2003	4.1
2002	4.2
2001	4.2
2000	5.0

Most of NGOs active in the social field have established alliances, for example the *Alliance for Child and Family Protection*, the *Alliance of NGOs for HIV/AIDS prevention*, *Forum of Women's NGOs in Moldova*, the *National Youth Council* etc.

There are examples of good cooperation between NGOs and the central or local government of Moldova. "*Youth for the right to live*", a well-known NGO in the field of HIV/AIDS prevention has been actively involved in partnership with the Ministry of Health of Moldova in the development and monitoring of the *National Strategy on HIV/AIDS Prevention*. The NGO "*European Youth Exchange – Moldova*" participated with the Youth and Sports Department and other stakeholders, in the development of the *National Strategy for Youth*. The World Bank selected The *Forum of Women's NGOs* as facilitator in the participative component in the development of the *Economic Growth and Poverty Reduction Strategy Paper* of the Government of Moldova. The ecological society "*Biotica*", a leading NGO in environmental protection, is cooperating with the Ministry of

Ecology, Constructions and Territory Development of Moldova in the project, *Biodiversity Conservation in the Lower Dniester Delta Ecosystem*, with additional support from the Global Environment Facility and the World Bank. The *National Center for Child Abuse Prevention*, together with the Chisinau Municipal Department for Child Rights protection and UNICEF, opened the *Center of Psycho-Social Assistance for Children and Families "Amicul"*.

The majority of the projects in which civil society and government work together are initiated, facilitated and funded by international donors. These efforts have proven most successful when public officials engage NGOs in solving societal problems and when there is the active participation of a foreign donor. It is more difficult to reach and influence public authorities when NGOs are acting without donor support.

NGOs have not been very successful in lobbying public interest legislation. The government and the Parliament are reluctant to listen to NGOs and their initiatives. For example when the Parliament of Moldova was examining the new *Draft Law on Charity and Sponsorship*, which in many ways was a re-writing of the old law, the civil society sector formed a strong coalition and suggested that the draft contain more freedoms and facility for those willing to participate in sponsorship or

## 2003 NGO Sustainability Index

philanthropic activities. Despite a well organized campaign to stop the adoption of the law in its originally proposed form, the effort was unsuccessful. The draft law was

passed as proposed, and its current provisions do not effectively motivate or encourage private sector entities to engage in philanthropic or sponsorship work.

### SERVICE PROVISION: 4.5

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Moldovan NGOs offer a wide variety of services in different fields, including environmental protection, education, human rights, healthcare, economic development etc. Overall the NGO “product line” can

SERVICE PROVISION	
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2003	4.5
2002	4.4
2001	4.5
2000	5.0

be considered diverse, though more action is required in such areas as migration and unemployment, since the services provided are not very well developed and most are widely

dispersed. The product line of NGOs is still heavily influenced by donor/funders, and not by beneficiaries or constituents.

However, those NGOs that specialize in a specific field are still able to focus their work on a concrete group of beneficiaries. Examples of such NGOs include the *Independent Journalism Center*, the *Center for Non-Commercial Law*, *GenderDoc-M*, and *UniAgroProtect*. A small number of Moldovan NGOs, including the *Center for Non-Commercial Law*, the *Association of Independent Press*, and the *Association of Professional Accountants and Auditors* offer fee-based services. Most NGOs that offer services, however, offer them free of charge, because very few clients are capable of paying for services at their cost of delivery.

### INFRASTRUCTURE: 3.8

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NGOs in Moldova have access to a large network of NGO resource centers that offer a broad spectrum of training, information, consulting, and technical assistance

INFRASTRUCTURE	
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2003	3.8
2002	3.8
2001	3.8
2000	4.0

services. The Association for Participatory Democracy “ADEPT” provides assistance to NGOs and initiative

groups in areas such as legal framework, acquiring public benefit status,

partnerships between NGOs and public administration, fundraising, human resource management, strategic planning, etc. *Contact Center* has a well-established network of NGO resource centers throughout Moldova that assist NGOs operating in different areas of civil society. The resource center *CREDO* provides training and consulting to strengthen institutional and organizational capacities of human rights NGOs in Moldova. The *Independent Journalism Center (IJC)* focuses its activity on elaborating special programs and developing training materials, informational and technical

resources, and specialized consulting targeted at independent media organizations, professional journalists, journalism lecturers, as well as students. There are also other resource centers that work with NGOs in environment, youth, and education.

There are no community foundations or local funding institutions in Moldova. However, a group of local NGOs have started to re-grant money from international donors and programs. Among these are *Contact* and its grant program for community development, the *National Center for Child Abuse Prevention* with a grant program encouraging the establishment of partnerships between the local government and NGOs, and the non-governmental organization for youth and children "*Mostenitorii*" with its grant program for the development of young people's entrepreneurial skills and vocational abilities.

In 2003 NGO representatives from across Moldova met at the 4<sup>th</sup> National Forum of NGOs to discuss issues of common impor-

tance. One of the major issues tackled at the forum was the absence of political will, on the part of the present central leadership, to cooperate with civil society, the distrust the current government has with respect to the NGO-sector, and the attempts of the government to create a substitute civil society (GONGs, or governmental NGOs), that enjoy facilities from the state, are often led by public officials, and whose role seems to be largely to convince the international community that the current government's policies have the support of civil society.

Most NGOs are willing and able to collaborate with local institutions including local public administration, mass media and the church. As for cooperation with the private sector, the main reasons for the its rarity are imperfect legislation, lack of cooperation traditions, insufficient knowledge as to how to cooperate with NGOs, absence of efficient communication, limited financial capabilities of private companies, and a lack of knowledge about NGO's activities.

## **PUBLIC IMAGE: 4.2**

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Generally NGOs enjoy positive media coverage, both at the local and national level. Usually, independent media provides positive analysis of the role of NGOs and civil society. However the distinction between public service announcements

<b>PUBLIC IMAGE</b>	
2003	4.2
2002	4.2
2001	4.3
2000	5.0

and commercial advertising is almost absent, and the prices charged by media are the same in both cases. Since

broadcast time is costly, NGOs find it very difficult to promote themselves and their work.

The public has a slightly better perception of NGOs nowadays, though many ordinary citizens still do not know exactly what an NGO does. Moldovan NGOs need to develop their ability to engage in public debate with citizens, and in organizing public awareness campaigns. Though NGOs generally cooperate with the media, only the elite NGOs can afford public relations. Even fewer NGOs have a clearly defined PR strategy. They lack both the resources and skills necessary for the establishment and promotion of public relations.

A major issue regarding transparency in the operation of NGOs, is the copyright

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problem. According to the *Center for Non-Commercial Law*, this problem exists not because there is no proper legal mechanism to regulate it, but because NGOs often do not know how to protect or advocate for their authorship rights. The 3<sup>rd</sup> National NGO Forum drafted an Ethics Code, and individual NGOs were to decide whether to adopt it or not. The participants at the 4<sup>th</sup> National NGO Forum pleaded for

the improvement and promotion of the Ethics Code of the non-profit sector.

Many NGOs, especially local ones, have difficulty in drafting annual reports. This is again related to a lack of funds for this purpose, and a lack of writing and analysis skills. Only the most experienced and well funded NGOs are able to publish annual reports.