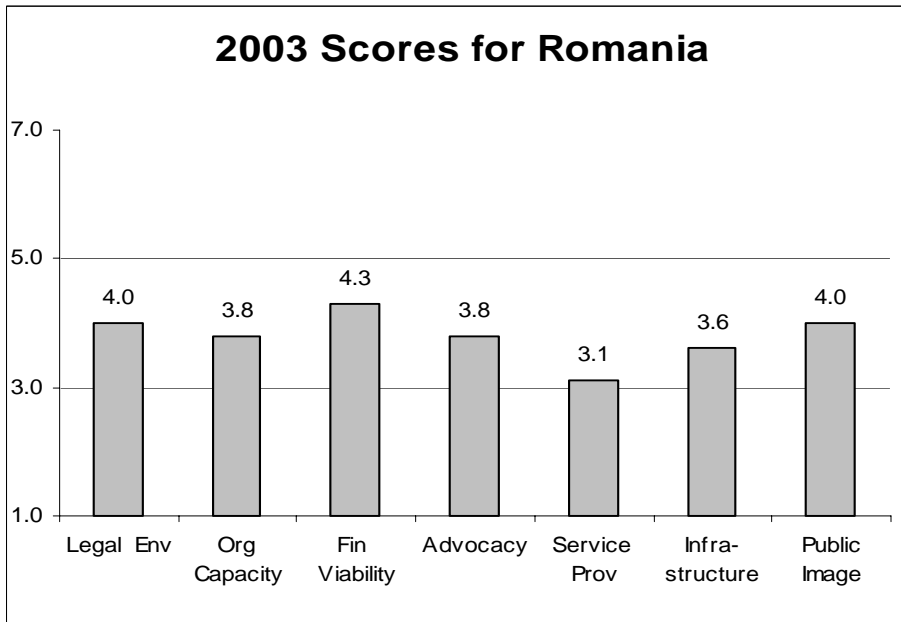


ROMANIA



Capital:
Bucharest

Polity:
Presidential-parliamentary democracy

Population:
22,400,000

GDP per capita (PPP): \$6,423

NGO SUSTAINABILITY: 3.8

The overall rating for the Romanian NGO

NGO SUSTAINABILITY	
2003	3.8
2002	3.7
2001	4.0
2000	4.1
1999	4.1
1998	3.8

sector declined slightly in 2003, due primarily to modifications in the legislation regarding registration and operation of NGOs, which the non-profit sector

views as restrictive and unfavorable. Grants from foreign donors continue to be the major source of funding for NGOs. Organizations are not making enough visible efforts to achieve financial sustainability or to promote their programs and their public image.

Less than 1 percent of Romanian employees work in the nonprofit sector. The membership base of NGOs also

remains low. Only 7 percent of Romanians are members of an NGO, compared to 41 percent who belong to condominium associations or 36 percent to labor unions. Nevertheless, a network of volunteer centers has spurred volunteerism, and coalitions have become both stronger and more widespread.

According to data provided by the Ministry of Public Finance, 17,373 NGOs submitted an annual balance sheet for 2002, although approximately 10,000 of these are inactive. Most of the active organizations are found in Transylvania (47.7 percent), followed by Southern Romania (29.9 percent) and Moldova (16.7 percent). 5.3 percent are based in Bucharest and its surroundings. The approximately 7,000 active organizations offer a wide array of services in the following areas: 20 percent social

services, 25 percent culture and sports, 15 percent education, 8 percent health, 8 percent human rights, 6 percent development, 5 percent business, 5

percent environment, with the rest active in philanthropy, international cooperation, and religion.

LEGAL ENVIRONMENT: 4.0

Having anticipated legislation that would improve the environment for NGO creation, registration, and operations, NGOs

LEGAL ENVIRONMENT	
2003	4.0
2002	3.0
2001	3.0
2000	3.0
1999	3.5
1998	3.5

were disappointed when a new ordinance actually took the NGO movement a step backwards. Ordinance 37/2003 includes provisions such as one requiring the Ministry responsible

for overseeing activities related to the proposed mission of an NGO to authorize the NGO's registration, which is considered a restriction of rights guaranteed under the Romanian constitution. The new ordinance also makes it more difficult to obtain "public utility" status and restricts NGOs' access to budgetary resources from local and central government funds for activities that are recognized as being in the "public interest." On the positive side, the ordinance clarifies terms such as "public utility", "general interest", and "community interest"; recognizes the federations' right to receive public utility status; and mandates all relevant minis-

tries to establish selection criteria for granting such status. So far, only the Ministry of Labor, Social Security and Family, the Ministry of Health, and the Ministry of Culture have established such criteria.

Other laws and ordinances adopted in 2003 also negatively affect the operational environment for NGOs. The new Labor Code increases the bureaucratic burden related to labor contracts. The Law on political party financing allows political parties to receive financial support from NGOs. This provision creates an incentive for the establishment of sham NGOs whose sole purpose is to absorb funds for political activities.

It is anticipated that in 2004 the situation could deteriorate even more, as a new ordinance on social services will come into force on January 1st. This ordinance imposes additional restrictions on the registration and operation of NGOs, increasing the bureaucracy and governmental control over the nonprofit sector without establishing clear and transparent procedures.

ORGANIZATIONAL CAPACITY: 3.8

Most NGO activities are still donor-driven. Although they remain unskilled at building local constituencies, Romanian NGOs are improving relationships with local authorities. For example, with funding from the

EU, a number of Citizens Advice Bureaus have been established as partnerships between local authorities and NGOs, providing legal counsel to citizens on various issues.

2003 NGO Sustainability Index

Professional and business associations have increased their membership and have developed strategic approaches to serve their members' interests. However, strategic planning remains a weakness

ORGANIZATIONAL CAPACITY

2003	3.8
2002	4.0
2001	4.5
2000	5.0
1999	4.0
1998	3.5

for most NGOs. Although more organizations have a clear and well-defined mission than in the past, many still do not clearly distinguish among mission, goals,

and objectives. The few organizations that engage in any form of strategic planning appear to do so in order to follow conditions set by donors. It is a positive trend, however, that many NGOs have come to realize that grants from donors and the ability to raise funds from businesses will depend on a clear statement of goals and objectives, along with strategic plans to implement these goals. NGOs also know that they cannot diversify their funding sources without the equivalent of a sound business plan.

Human resource capacity is a serious problem. NGO personnel are generally not well trained, especially in management, and many NGOs operate with very small staffs, usually just three or four people. Members, in general, need to become more involved in the operations of NGOs. Volunteers pick up some of the slack and there appears to be an increasing trend toward volunteerism. There are thirteen volunteer centers in cities around the country, linked in an informal network. These centers provide a range of services to persons who wish to be volunteers and to organizations seeking volunteers.

The boards of directors for most NGOs perform a range of functions from policy and planning to routine administrative duties. The role of boards remains unclear, with many involved in routine day-to-day actions that detract from their leadership function.

FINANCIAL VIABILITY: 4.3

NGOs in Romania receive funding from a variety of sources, including grants, donations, sponsorships, subscription fees, government subsidies, and commercial activities. Grants are the principal resource for most NGOs, but membership fees and income generating programs are growing in importance and now account for 17.9 percent and 18 percent, respectively, of total revenues. It

FINANCIAL VIABILITY

2003	4.3
2002	4.5
2001	4.5
2000	5.5
1999	5.0
1998	4.5

should be noted, however, that most of the income-generating activities are implemented by chambers of commerce and private universities, which are registered as NGOs. Other examples of commercial activities include consultancy services, training, feasibility and marketing studies, and the sale of products made by NGO beneficiaries (e.g. bread baked by teenagers or wood products carved by disabled persons; the funds from sales help sustain the centers where the teenagers or disabled people are being taken care of).

The 2003 Civil Society Development Foundation survey, *Need and Trends of the Nonprofit Sector*, revealed a highly positive correlation between fundraising and good communication and interaction with stakeholders. The more stakeholders are included, and the more they understand and become an integral part of NGO efforts, the more likely they are to make financial contributions. According to Ministry of Finance data, sponsorships and donations accounted for 34.4 percent of NGO income in 2002.

NGOs have demonstrated that, when provided with the right incentives, they can attract businesses to invest in social services. Child welfare NGOs, motivated by the requirement to establish partnerships with local businesses in order to access USAID funding, have enlisted the financial and in-kind support of local firms to develop life skills and vocational training for youth graduating from residential state institutions. This support amounts to

over \$900,000 and represents almost 50 percent of the overall cost of the programs. Nevertheless, this remains an isolated example. Most NGOs still find it difficult to involve private businesses in their activities, thereby missing a valuable opportunity to enhance program effectiveness, the financial viability of their programs, and sustainability.

In the long run, it is clear that Romanian NGOs must improve their fundraising capabilities and reduce their reliance on grants. With only 18 percent using commercial means to raise funds, there is certainly room for improvement. In addition, NGOs need to be more proactive in identifying areas where private companies can contribute to programs, either through contributions to NGOs or by becoming partners in the implementation of programs. Most donors believe that NGOs are not doing enough in the area of fee-for-services or commercial activities, so sustainability remains an important concern.

ADVOCACY: 3.8

NGOs engaged in more advocacy campaigns in 2003 than in the previous year and more coalitions were formed. Advocacy topics included domestic violence, child protection, anti-corruption, environment, constitutional revisions, and political party activities. These advocacy efforts, however, were not always successful.

ADVOCACY

2003	3.8
2002	4.0
2001	4.5
2000	3.5
1999	4.0
1998	3.5

At the central government level, each Ministry has set up an office to interact with NGOs, through consulting with and informing NGOs about

governmental programs and activities. However, not all the offices are effectively fulfilling their role. Some of the most active offices operate within the Ministries of Labor, Social Security and Family; Defense; Education; European Integration; and Culture. At the local level, liaison officers deal with NGOs. NGOs generally feel that interaction is better at the local level and that their opinions and suggestions are listened to and taken seriously, although there are localities where the relationship with local authorities remains weak. At the national level, NGOs are rarely invited to participate in the formulation and discussion of new legislation or policies. There is very limited access to

2003 NGO Sustainability Index

the legislature, which inhibits the contribution of NGOs to the development of public policy.

More than 150 NGOs advocated against provisions in the draft Law on political party financing allowing political parties to receive financial support from NGOs. Unfortunately, regardless of their letters of protest to the parliament, the presidency, the media, and international donors, those provisions remained in the final version of the law. Similarly unsuccessful were the efforts of civil society to include stronger provisions regarding conflict of interest and asset disclosure in the new anti-corruption law. The government consulted with civil society hastily and very late in the drafting process. The law was adopted using the legislative mechanism of a vote of confidence, which further restricted possibilities for consultation.

On the positive side, a coalition of six

NGOs closely monitored the drafting of a new law on the establishment of political parties, and influenced the outcome to reduce the number of required members for registration of a new party. Another positive example was the coalition of NGOs and trade unions that created a human chain around the parliament building, successfully protesting government attempts to block public access to the files kept by the former secret police (*Securitate*).

NGOs also advocated against Ordinance 37/2003, mentioned above, although it is too early to tell whether these efforts will have any effect. Five NGO representatives were invited to participate in the Juridical Committee's debate on the regulation; however, this debate had not taken place as of the time of writing.

SERVICE PROVISION: 3.1

SERVICE PROVISION	
2003	3.1
2002	3.1
2001	3.5
2000	4.0
1999	4.0

The provision of social services is the most common of all NGO activities in Romania. The government has recognized the value of this activity and, during 2001-2002, funded child welfare

NGOs to implement National Interest Programs in the amount of \$6 million. Such programs closed some of the worst institutions (*camine-spital*) for disabled children, trained child welfare staff, and developed services for street children.

While Romanian NGOs are improving their service delivery capacities, many still depend on grant funding, and there is an incentive to adjust their programs to meet grant opportunities rather than identified needs. Most NGOs lack the resources and expertise to broaden their constituencies and are hampered by the prevailing attitude that services should be free of charge. This limits the number and quality of services provided and impairs the financial viability of many NGOs. It is imperative that NGOs recognize the importance of charging fees for the services they provide as a means to deliver more services in a sustainable way.

INFRASTRUCTURE: 3.6

The number of support organizations and NGO resource centers is roughly the same as last year. Centers in Suceava, Valcea, Constanta, Cluj, and Calarasi were set up with support from Centras, a Bucharest-based NGO; and donor-funded centers in Satu Mare, Timis, and Tulcea continue to operate. These Intermediary Support Organizations offer a wide range of services, such as information, training, and technical assistance. In the future, the outreach capacity and the sustainability of these centers will require attention.

INFRASTRUCTURE	
2003	3.6
2002	3.6
2001	4.0
2000	4.0
1999	4.0

Romania has a core group of professional NGO trainers capable of imparting knowledge and skills on a variety of topics relevant to NGOs. Training materials are widely available, but are mostly located in Bucharest and other cities. There are few local organizations offering courses. The

expertise and quality of training by the organizations offering courses at the local level varies widely. Fees collected by these organizations do not cover their costs, so sustainability is an issue. Partnerships, especially with the private sector, bring additional expertise to bear on specific areas of common interest, but they are mostly limited to the larger cities. NGOs must realize that developing these partnerships is an effective way to increase resources and provide expertise not readily available in the NGO community.

In many cases, the infrastructure is supported through specific grant programs. USAID-funded programs in child welfare, local governance, family services and others have training and technical assistance components to help develop and improve the capacities of NGOs in those sectors.

PUBLIC IMAGE: 4.0

PUBLIC IMAGE	
2003	4.0
2002	3.8
2001	4.0
2000	3.5
1999	4.0
1998	4.0

The media does not provide extensive coverage of NGO events and activities. There were numerous events in the past year that could have received coverage in the mass media, but NGOs were unable to generate any interest. Even the social campaigns which were covered by TV and radio were not broadcast in a way that let people know of the involvement of NGOs. Thus, even though people may have supported these campaigns and

been aware of the issues, they did not make the connection between the campaigns and the work of NGOs. In general, the NGO community does not do a good job of promoting their programs or their image.

The public holds NGOs in higher esteem than other institutions or organizations. A 2002 survey found that 46 percent of Romanians believed that NGOs do good things for the country, while 24 percent believed that they do not. Corresponding attitudes were 43 percent-32 percent for unions and 41 percent-48 percent for public authorities.

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Although much remains to be done, government perception seems to be changing for the better, with several declarations issued from the government touting NGOs as viable social partners as well as the availability of funding and implementation of social programs through NGOs. Unfortunately, the passage of restrictive legislation, as discussed earlier, contradicts these declarations. Miscommunication between NGOs and the business sector regarding how their mutual areas of interest should be dealt with in future legislation regulating lobbying activities is

also a serious impediment to the effectiveness of NGO/business partnerships.

Much of the responsibility for developing a good public image rests with the NGOs themselves. They need to be more proactive and forthcoming in identifying areas of common interests with private companies and government units, and to address these interests by developing partnerships with a wide range of organizations. NGOs also need to understand the importance of good standards, transparency, ethics, and accountability.