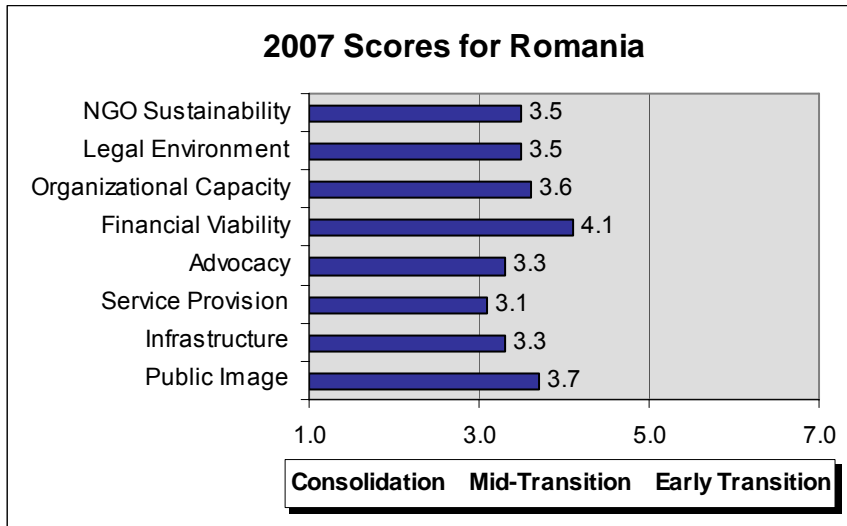


## ROMANIA



**Capital:** Bucharest

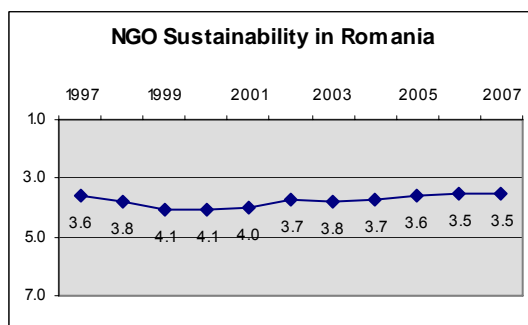
**Polity:**  
Republic

**Population:**  
22,246,862 (July 2008 est.)

**GDP per capita (PPP):**  
\$11,100 (2007 est.)

### NGO SUSTAINABILITY: 3.5

The state of the NGO sector in Romania improved in 2007. Both politicians and average citizens are more aware of NGOs and their importance in society. Recent data indicates that the number of taxpayers who redirected two percent of their taxes to NGOs has increased five-fold over the past year. The government has publicly recognized the NGO sector as a viable partner in dealing with crisis situations. Unfortunately, some laws do not support and even impede the development of NGOs.



Partnerships and coalitions have successfully launched advocacy initiatives tackling issues such as the environment, human rights and social problems. Greater levels of international

financial support during 2006-2007 contributed to increased advocacy success in terms of legislative change.

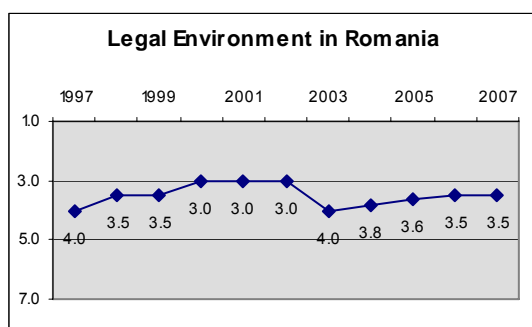
As major donors leave and new funding opportunities emerge, NGOs are realizing that they must expand their range of funding sources. These efforts have been partially supported by donor-funded organizational assistance in areas such as strategic planning, board development, governance, and human resources.

Though NGOs were not eligible for this year's programs, EU structural funds were the most popular training and conference topic of the year. Public authorities and NGOs are still debating eligibility criteria after NGOs were not included as eligible applicants in the Operational Programs. Structural funds are expected to be the biggest source of financial support for the NGO sector in the coming years.

According to official data from the Ministry of Justice, there are 50,754 registered NGOs, including associations, foundations and federations. While precise numbers are unknown, it is estimated that approximately 7,000 of these are active.

## LEGAL ENVIRONMENT: 3.5

The Government amended Government Ordinance 26/2000 regarding associations and foundations without consulting NGOs. These amendments tackle two issues of importance for the NGO sector: NGOs were forbidden to register with a name similar to that of a public institution (e.g., National Institute of ...), and obtaining public benefit status was made more difficult. Specifically, NGOs wishing to obtain public benefit status now need to prove that they can self-finance at least 30 percent of their budgets, have local branches, and comply with subjective requests, such as having “appropriate office[s].”



The Ministry of Interior and Administrative Reform proposed a Code of Administrative Procedure which would combine public benefit organizations with public institutions. If passed, PBOs would have to comply with many rules that should apply only to organizations receiving public money, such as disclosing documents of public interest, including budgets. As public benefits status does not guarantee public funding, these requirements conflict with the private status of these organizations.

Law 350/2005 allows NGOs to receive contracts from local government, but this provision has not been widely used because of misinterpretation of the law. For example, some local authorities have requested bank guarantees as a condition for receiving contracts. Additional problems in the relationship between local government and NGOs were created when central authorities invited local authorities to apply for Programs of National Interest even though the law is applicable only to NGOs, thereby creating unfair competition.

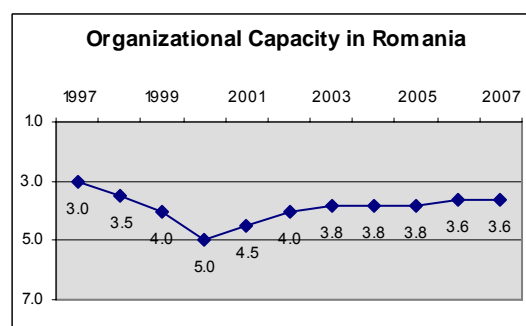
## ORGANIZATIONAL CAPACITY: 3.6

Romanian NGOs continued to develop their organizational capacity during 2007. NGOs are increasingly building their constituencies and a few organizations have created local branches to better address community needs. This process has been encouraged by EU-funded initiatives.

Romanian NGOs are engaged in hundreds of partnerships, primarily with other NGOs and local government; almost 80 percent of projects within the 2003 PHARE Civil Society Program were implemented in partnership. Coalition-building is also on the rise, but needs further support. NGOs are developing strategic partnerships with foreign NGOs and coalitions primarily to prepare for the forthcoming EU structural funds, but also in reaction to the exit of major donors.

In response to the exit of major donors, NGOs continued last year's trend of developing

strategic plans and internal working procedures, and pursuing ISO certification. NGOs debated the first draft of a code of conduct during the NGO Forum in Cluj Napoca, as a result of which a general consensus emerged that management functions have to be separated from governance functions.



NGOs continue to have a very limited number of permanent paid employees, or even to rely

entirely on volunteers. Instead, NGOs generally hire people for specific projects. NGOs do not employ specialists in human resource management, so strategies and methods for recruiting and retaining staff tend to be

unprofessional. NGOs also face difficulties maintaining experienced and skilled staff, which impacts their development and sustainability.

Most NGOs have fairly modern office equipment purchased through EU and other civil society support programs.

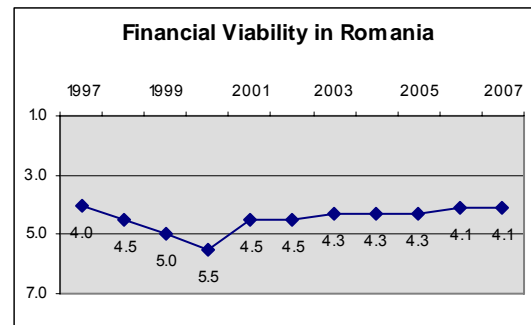
## FINANCIAL VIABILITY: 4.1

EU integration has improved NGOs' abilities to plan cash flow. As of January 1, 2007, NGOs have the option of paying payroll and profit taxes (if applicable) at the end of the year instead of on a monthly basis, preventing situations where NGOs were unable to bid on public procurements because they could not certify that they did not owe money to the state.

The harmonization of the Romanian VAT system with EU legislation caught Romanian authorities unprepared. On January 1, 2007, NGOs suddenly had to begin paying VAT for goods and services purchased with grant funds, which blocked the implementation of many programs as very few international donors cover VAT in their grants. The situation was partially solved in February 2007, when an Emergency Government Ordinance was issued stating that the national budget would cover VAT for projects financed by EU pre-accession funds. Nevertheless, the secondary legislation needed to make this provision operational was issued only in March 2007 and then amended in July 2007. The VAT issue also impeded the release of PHARE grants, and consequently created great inconveniences for NGOs.

NGOs are more aware of the exit of traditional donors and the need to tap into new funding sources. Fundraising is becoming more and more common: there are more job postings for fundraisers on recruitment sites and many proposals now include fundraising activities. New programs entirely dedicated to the development of NGO fundraising capability also began this year, such as "Resources for Viability" – a \$24,000 grant program implemented by ARC Romania and financed by the CEE Trust for Civil Society. Social campaigning seems to be more and more fashionable; several public figures, especially

from the entertainment industry, now talk about volunteerism, donations, civic behavior, giving back to the community, etc. Furthermore, public fundraising events are more common and use a wider range of methods, from the appeal to public charity to the involvement of companies and local sponsors.



Citizens are increasingly aware of the legal provision allowing them to re-direct two percent of their taxes to a qualified organization and willing to donate, indicating growing awareness and appreciation of the NGO sector. According to data published on [www.unulasuta.ro](http://www.unulasuta.ro), the total amount raised from the two percent law in 2006 was five times greater than in 2005 (17,683,973 RON or approximately €5.3 million.) The number of contributors has also increased—from 145,000 in 2005 to 568,000 in 2006.

Data collected by the Civil Society Development Foundation (FDSC) indicates that Romanian NGOs benefited from approximately \$15 million in funding from central authorities in 2006. Almost 60 percent of this funding was allocated through the Programs of National Interest to a very limited number of organizations – 88 percent of funded NGOs received only 27 percent of grant funds. Government funding does not represent a path to financial viability for most NGOs. According to a 2006 FDSC

survey, NGOs appreciated that procedures for government funds have become more transparent, but still considered them to be inflexible, incoherent, and unclear, discouraging them from submitting proposals. A 2007 FDSC analysis revealed other problems hindering NGO access to governmental financial resources, including the lack of advance payments and the ineligibility of administrative costs.

According to Law 350/2005, which came into effect in January 2006, procedures for selecting and awarding grants do not apply to public funds covered by special regulations. Authorities prefer to initiate and promote special regulations

### ADVOCACY: 3.3

Since 2006, NGO advocacy initiatives have multiplied, and some have had immediate impact on public policy. An important role in supporting these initiatives was played by the Romania Civil Society Strengthening Program funded by USAID and implemented by World Learning. With support from this and other programs, a series of advocacy campaigns was carried out in 2007 by coalitions both at the national and local levels on various issues, including funding for domestic violence programs, reform of social services contracting, and other government financing mechanisms for NGOs.

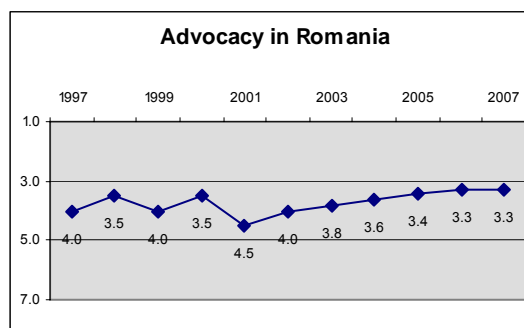
In the environmental field, NGO members of the coalition “Romania without Cyanides” continued their efforts to prevent the use of harmful technologies for the exploitation of local gold reserves. Environmental NGOs also addressed issues such as nuclear power, GMOs and deforestation during the year.

Throughout 2007, ProDemocracy Association, CeRe, FDSC, Advocacy Academy and CENTRAS advocated for the introduction of public hearings to increase the transparency of the Parliamentary process. As a result of this initiative, all draft laws must now be accompanied by a regulatory impact assessment developed in a participatory manner with all stakeholders. In 2007, the Chamber of Deputies established a grant program to support projects

rather than apply this law. While central authorities and institutions tend to launch calls for proposals that are quite focused, local authorities generally allocate funds by rather wide areas. Substantial funding goes to projects of sport organizations and religious groups. Despite these problems, the amount allocated to NGO projects has increased.

Although EU structural funds are significantly bigger than pre-accession funds, the procedures are still unclear, NGOs have no experience in accessing them, and the fields where NGOs are eligible are quite limited.

aimed at strengthening the interaction between civil society representatives and MPs. The Coalition for a Clean Parliament – European Elections advocated for the elimination of candidates who did not comply with integrity criteria from party lists for the European elections in November 2007. In September 2007, the Romanian Academic Society (SAR) launched the Coalition for Clean Universities, which challenged corrupt practices within the academic establishment in Romania.



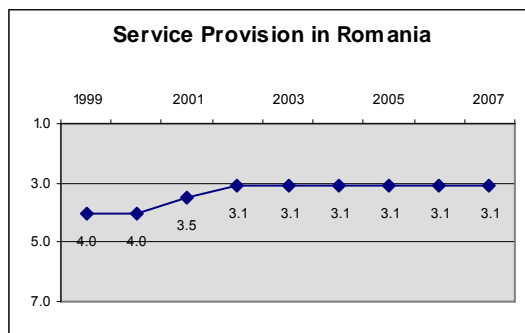
Advocacy campaigns influenced public policy at the local level as well. Ruhama Foundation created the 28-member Coalition for Strengthening the NGO Sector (STRONG) in Bihor County to work with local authorities on creating an improved framework for public-private partnerships in social service provision. As a result, the 2008 budget adopted by the county council includes a line item for contracting out social services. The Federation

of Lodgers' Associations (FALT) in Timisoara worked with the local council to organize public consultations to improve local decision making.

Additionally, central and local public authorities organized more public debates and involved and consulted more NGOs in 2007. For example, the Ministry of Labor, Family and Equal Opportunities organized a public debate on the

Social Observer, a new public institution in charge of identifying social needs. The Ministry of Labor and the National Authority for the Protection of Child Rights organized a working group involving NGO legal experts to draft a new law on social financing and contracting.

### SERVICE PROVISION: 3.1



The range of services provided by the NGO sector has not changed significantly over the past year. Social services are predominant, as this sector has received the most donor support. It is estimated that approximately 15 percent of active NGOs, or 1,100 organizations, provide social services, all of which are required to be accredited by the Ministry of Labor. The number of NGOs providing social services in accordance with community needs has increased in the last two years, while the number of accredited NGOs went up from 500 in 2006 to over 800 in 2007. Despite this increase, experts believe that the social service market is still underdeveloped due to insufficient state funding—only 0.5 percent of the social assistance budget is directed to organizations providing such services.<sup>1</sup> The state

did not acknowledge the need to fund these services until this year when FDSC, with support from the Ministry of Labor and the Agency for Protection of Children's Rights, developed a draft law on social contracting. The central government has already doubled the budget for social service NGOs in 2007.

A national program was launched this year by the Chamber of Deputies to increase NGOs' involvement in the legislative process and a framework for development cooperation support for NGOs was created by the Ministry of Foreign Affairs.

Although national and European legislation stress partnership and cooperation between local government and NGOs, this seldom happens in practice. Rural areas rarely benefit from any services, because of a lack of local-level funding. As a result, the needs of the people living in these areas are covered only in villages where community-based organizations are established. As most of these organizations are informal and not registered, the total number operating in the country is unknown, but experts believe that most of their activity is targeted at rural populations.

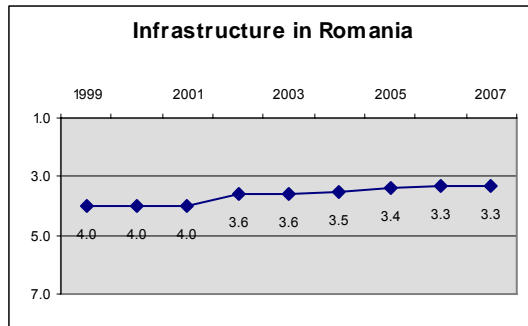
### INFRASTRUCTURE: 3.3

The disappearance of PHARE programs targeting resource centers affected the number and range of support services provided. As a result, in 2007, each resource center specialized in a particular service, such as training or

information provision, rather than offering a wider range of services. This year, two of the biggest resource centers in the country organized the first NGO Forum in four years. The event gathered more than 150 NGOs to debate topics

<sup>1</sup> "The Role of NGOs on the Market of Social Services in Romania," FDSC, 2007.

of interest to the NGO sector, including public funding, access to structural funds, and a code of ethics.



The number of local grantmaking organizations and the amount they distributed increased over the past year, with the most funding going to child development, people with disabilities, and community development. In addition to traditional local donors such as ARC, Princess Margarita of Romania Foundation and CREST, new organizations expanded financial support for the sector, such as the Bistrita Nasaud Chamber of Commerce. The private sector is emerging as a donor, with over \$1 million<sup>2</sup> donated to projects in 2007 and approximately €10 million invested in social responsibility programs implemented in partnership with NGOs.

According to the Register of Associations and Foundations, the number of formally registered federations and unions increased by 10 percent over the past year to 1,277. FOND, a platform of organizations working in the field of development cooperation, was established in 2007 to draft legislation for NGO involvement in this work with the Ministry of Foreign Affairs. A number of informal coalitions also led

### **PUBLIC IMAGE: 3.7**

NGO access to media varies significantly: a few NGOs benefit from weekly coverage, while the majority receives no media coverage at all. Media coverage of NGOs is more reactive than proactive, with journalists generally only interviewing NGO representatives about various

advocacy initiatives in different sectors. The area of focus for coalitions diversified to culture, environment, gender equity, and watchdog functions; in previous years, most initiatives were related to social services.

Funding for the development of partnerships and networks increased in 2007. The Romania Civil Society Strengthening Program supported 14 partnership projects involving 74 partner organizations to promote policy or legislative changes and monitor the implementation of various laws and policies. Another nine networks were supported through the 2004 PHARE Civil Society Program. At the local level, one of the most active coalitions was STRONG, mentioned above.

Access to EU structural funds was the topic in most demand from training providers, even though NGOs are not eligible for most of the current Operational Programs. Increased demand for training also resulted in an increased number of training providers. Most NGO courses are provided free-of-charge by foreign donors or public institutions responsible for implementing structural programs. Public institutions have acknowledged the quality of NGO training providers by using their services.

Inter-sectoral partnerships continued to develop in 2007. Most NGOs that previously developed partnerships with public and private actors continue to work with these partners in other projects. In some counties, there are good examples of partnerships between public institutions and NGOs.

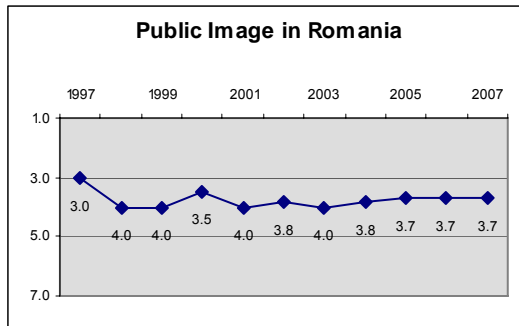
political or social issues in order to back up their materials. According to an analysis carried out this year, NGOs have an unclear identity in the press and secondary importance in the dissemination of news.<sup>3</sup>

<sup>2</sup> Association for Community Relations and United Way.

<sup>3</sup> "Mass Media and the NGO Sector," Agency for Press Monitoring 2007, with funding from the RCSS Program.

NGOs understand that it is important to involve public figures and even “stars” in their campaigns and programs to attract visibility. NGOs must improve reporting on the use of funds raised through campaigns, as poor transparency damages the credibility of the sector.

Generally, no distinction is made between public service announcements and corporate advertising. Media companies do not offer space for PSAs for financial reasons.



NGOs rarely have the power to set their own public agenda.<sup>4</sup> Usually, the press focuses on sensational news, such as the Roma situation or child abuse, and only includes NGOs in the related editorials. Nevertheless, specialized media, including cultural and business media, include coverage on general NGO activities.

Generally, the public in Romania remains unfamiliar with the NGO sector and does not yet fully recognize the benefits of NGO activities – only 26 percent of Romanians have great trust in NGOs. However, the situation is improving each year. Business and government attitudes towards NGOs also improved during 2007, at least at the level of public discourse. Many speeches by politicians and government officials included positive references to NGOs. The business sector is also more enthusiastic about supporting NGO activities.

The two percent law “forced” NGOs to create or adapt campaigns and messages to the public and start promoting their activities. However, the high cost of media campaigns and the lack of specialized PR personnel are barriers to NGOs’ abilities to promote their activities. PR activities are usually carried out by employees with many other concurrent responsibilities.

After many years, Opportunity Associates, with the help of Johns Hopkins Institute, attempted to re-develop a self-regulatory process for NGOs. A first draft of a code of conduct was debated during the NGO Forum in Cluj Napoca. As a result of these efforts, an NGO coalition with 40 members developed and committed to following a set of good practices.

<sup>4</sup> Ibid.