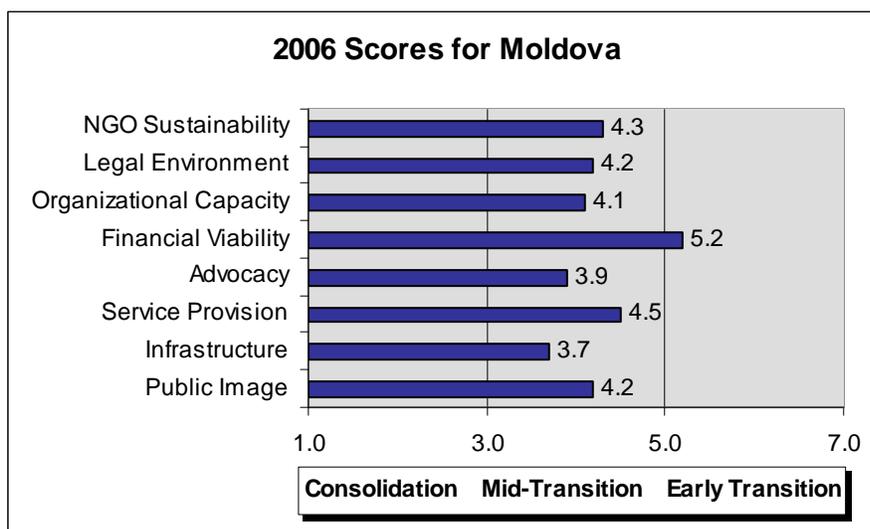


## Moldova



**Capital:** Chisinau

**Polity:** Parliamentary democracy

**Population:** 4,466,706

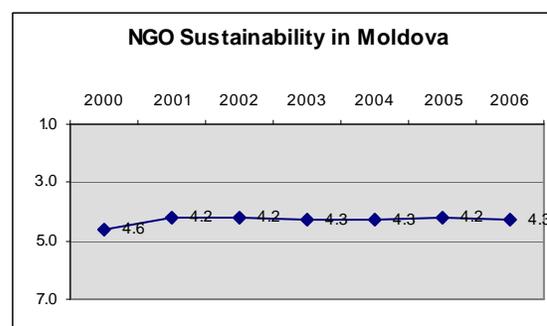
**GDP per capita (PPP):** \$2,000

### NGO SUSTAINABILITY: 4.3\*

In 2006, civil society was affected by numerous controversial events. Moldova continued to implement the EU-Moldova Action Plan and strengthened its partnership with the European Union and the United States. As a result, Moldova qualified for Millennium Challenge Corporation (MCC) Compact Program status as well as for various EU sectoral technical assistance programs.

As the government makes an effort to strengthen its ties to EU institutions and international donors, relations between the government and the NGO sector have become less adversarial. Civil society, for example, has a more equal voice in its dialogue with officials, and government officials understand that civil society may have a constructive and valuable role in promoting political and economic development. In 2006, Parliament passed the Concept of Cooperation to formalize its relations with NGOs and promote open and ongoing consultations with NGO representatives, primarily concerning lawmaking activities. These positive developments in the political culture have resulted in a new attitude towards

NGOs, which in turn promoted a new process for civic participation. For example, 26 organizations formed the Anti-Corruption Alliance of NGOs, reflecting the public's concern for monitoring government activities and curbing corruption. In addition, an ad hoc working group made up of seven leading public policy organizations provided comments on the draft legislation concerning public finance and decentralization of local governance. At the local level, community organizations increased their activities in building local constituencies and partnering with public authorities on common projects.



These encouraging developments in the political environment, however, did not lead to

\*In recommending the scores for this report, the Panel did not consider the conditions in the semi-autonomous state of Transnistria.

appropriate institutional and regulatory reforms, and the government has yet to relinquish its arbitrary control over NGOs. Attempts to amend the current law on public associations, as well as the open confrontations with civil society representatives are two examples of the government's continued interference in NGO activities. In addition, NGOs have weak financial management systems. These are a few examples of the obstacles that NGOs face in their daily activities. These setbacks outweighed the positive developments, and caused the overall sustainability score to drop slightly.

According to the Ministry of Justice, 3,649 domestic, foreign and international organizations are registered in Moldova; approximately 3,000 of these registered organizations are considered active. The majority of organizations are based in Chisinau, Balti, and the rayon centers where NGOs are able to access information, training, consultations, and other resources. Few of the active organizations are based in small towns and rural areas. A recent study supported by the Organization for Security and Co-operation in Europe (OSCE) found that 723 organizations are registered in the Transnistrian region. Transnistrian authorities, however, harass and restrict the ability for NGOs to operate independently, making it difficult to know the actual number of organizations that are active in the region.

## **LEGAL ENVIRONMENT: 4.2**

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As it appears on paper, the legal framework is generally progressive and consistent with European and international best practices. Many provisions, however, contain unclear provisions that the government has failed to implement effectively. Vague terminology and inconsistency in the laws and regulations permit government officials to apply the legal framework, including provisions governing registration, taxation, the provision of goods

and services for fees, and others, in an arbitrary manner.

Most organizations have a community development component in their mission statements. NGOs remain weak, however, in building local constituencies for their initiatives due to poor organizational capacity and weak internal management structures. Twenty-five percent of all NGOs are involved in education, research and outreach. Ten percent of NGOs operate in the areas of health, culture, sports or recreation. Community development organizations account for another 8% of all NGOs, while social service organizations account for 6%, environmental organizations, 5%, and media organizations, 3%.

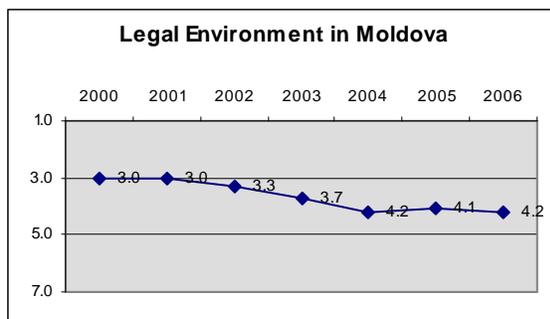
Civil society in Moldova is evolving into three distinct categories of organizations. The first consists of a few well known and advanced NGOs primarily based in the capital city. These organizations have strong organizational capacities, sound financial management systems, diverse sources of funding, strong memberships, positive public images, and abilities to interact with international donors. The second and largest category of NGOs consists of those with limited organizational capacities and that depend on donor support. The third category of NGOs consists of those in the Transnistria region where civil society operates in a hostile and authoritarian environment. The Contact Center's recent study on NGOs, which did not include the region of Transnistria, found that roughly half of NGOs had almost no activity and exist on paper only. One of the reasons is the lack of support for institutional development.

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and services for fees, and others, in an arbitrary manner.

In general, the process of registering an NGO is clear. The government, however, deliberately delays registration indicating a growing tendency of complicating and formalizing the registration process, especially at the national level. In past years, the registration process involved greater communication between government officials and the applicant organizations. Now, once an organization

submits its application, it may wait a long time only to have its application rejected without a stated reason. NGO registration is much easier at the local level, as community organizations are often formed by local public officials.



Though the government pledges fair and equal treatment for civil society organizations, administrative impediments and harassment by government employees are common. A letter from the General Prosecutor's Office (# 25/4-1623 as of November 17, 2006) tried to legitimize this approach by requiring that prosecutors closely examine an organization's registration documents, its by-laws, its planned activities, and its funding sources. The NGO sector, however, united around the issue and pressured the government to withdraw the letter and other restrictive policies. Government officials are instead using a disguised approach. Under the pretext of financial regulation, tax police and law enforcement officials interfere with NGO activities. Generally, the more active an organization is, the more likely it is to be harassed by the government.

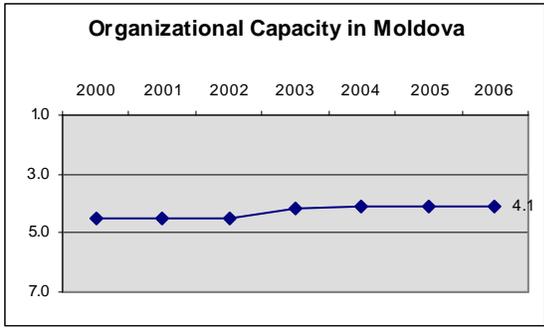
#### **ORGANIZATIONAL CAPACITY: 4.1**

The organizational capacity of most NGOs remains largely the same. The lack of resources and poor internal management indicates that organizational capacity has become the greatest weakness for the NGO sector. The divide between well organized and advanced organizations, which are small in number and largely based in the capital, and the rest of the NGO community is growing. The elite group of NGOs has sound management structures,

NGOs often have an insufficient understanding of the legal framework and as a result are often exposed to harassment by the government. The limited number of attorneys familiar with NGO law generally works for legal organizations based in Chisinau. The Center for Non-Commercial Law, an offshoot of Contact, a national NGO assistance and information organization, offers the most NGO legal services. Its limited number of trained attorneys does not allow it to meet the growing demand for legal services. When legal services are available from other sources, NGOs are often unable to afford them.

The legal framework permits NGOs to engage in economic activities, but fails to create clear rules for them to do so. As a result, conducting economic activities at times causes problems for NGOs. Organizations, for example, must create a separate system of internal accounting, and are subject to inspection at the discretion of the tax officials. The law provides NGOs with tax benefits for their economic activities, but NGOs generally do not know how to take advantage of them. An NGO may be recognized as a public benefit organization and exempt from certain taxes and State fees if it applies for and receives a Public Benefit Certificate (PBC). Vague regulations that allow for discretionary interpretation make it difficult for an NGO to receive a PBC. These developments have led to a slight decrease in the legal environment dimension score.

clearly defined missions, a variety of funding sources, a staff of professionals, and is able to engage its constituents. Most organizations, however, have weak organizational capacity and are often "one-man shows" that organize their activities around the availability of grants and satisfying donor interests.

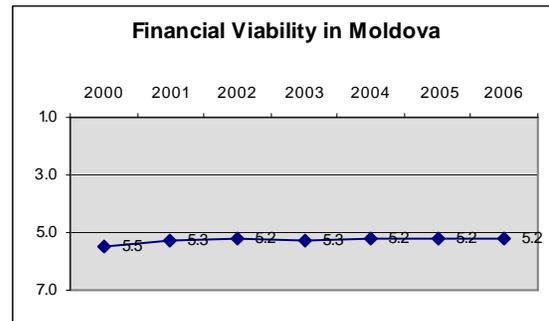


Though most organizations have mission statements, few have the capacity to engage in long-term strategic planning or incorporate strategic planning into their operations. The law

on public associations gives NGOs the discretion to develop their own organizational structures. Most organizations delineate between the different roles and responsibilities of their boards of directors and staff. The most developed organizations have satisfactory office space, basic office equipment, and paid staff, while all other organizations have to operate from temporary offices. Technical experience and updated equipment may become an issue for most organizations; they are required to install licensed software and most are unable to do so.

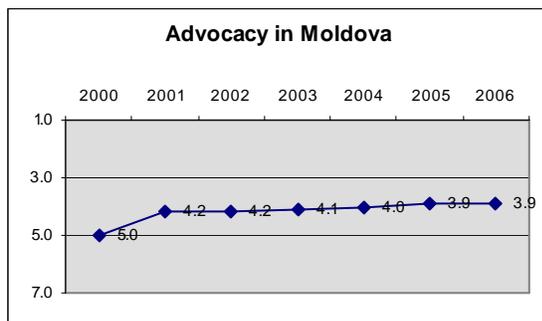
## FINANCIAL VIABILITY: 5.2

The financial viability of NGOs is limited in large part by Moldova's weak economy. NGOs generally lack funding for their activities and rely primarily on international donors for financial support. Other sources of funding, including fees for services, state support, and income from economic activities, remain low, but are increasing. The leading NGOs are more active in diversifying their funding sources. Over 37 NGO social service organizations provide fee-based services. One-third of the Contact Center's budget, for example, is covered by income generated from economic activities. The Association of Agricultural Producers generates more than 50% of income by providing fee-based services and collecting membership fees. The network of Social Integration Centers for young women and youth, which is run by local NGOs, receives a substantial amount of its support from the local government. Agroinform, a network of 27 local centers, however, supports its activities by charging fees for their services. The Moldovan Network of Legal Clinics receives half of its support from local universities. The National Association of Farmers collects two-thirds of its overall budget from a European foundation grant.



Despite these examples, fundraising and domestic philanthropy are poorly developed due in part to the absence of a culture of philanthropy and a shortage of social responsibility. Though the local governments are in a difficult financial situation, they provide modest support for local NGO activities. The national government is able to provide more substantial funding, but does not do so. The Ministry of Ecology, Construction and Territory Development provides small grants to environmental organizations every year, and the national government also created the National Ecological Fund, which continues to allocate one-half million MDL (US \$39,901) in grants to NGOs.

## ADVOCACY: 3.9



Overall, cooperation between the government and policy makers has increased slightly over the past year. Government officials more frequently invite input from NGOs when drafting legislation. NGOs are also conducting national events and campaigns, and advocate for policy initiatives more than ever before. The IDIS-Viitorul and the Institute for Public Policy, for example, are active in the NGO-government consultations for the EU Action Plan and furthering public administration reforms. The NGO Anticorruption Alliance monitors the government's efforts to implement anti-corruption initiatives. Environmental organizations developed the

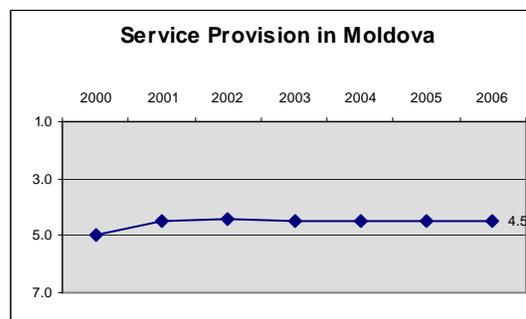
## SERVICE PROVISION: 4.5

The NGO sector provides a broad range of services. The Contact Center reports that 25% of all NGOs conduct activities in education and research, 11% engage in public health, 10% promote culture and arts; 6% provide social services, 5% are involved in environmental protection efforts, and 3% are media organizations. Overall, NGO activities reflect the needs and priorities of their constituencies and communities. While the range of services is significant, NGO efficiency in providing such services is weak and few are able to recover their costs. UniAgroProtect, the Association of Agricultural Producers, the Center for Non-Commercial Law, and the Association of Independent Press are the exceptional organizations that have successfully recovered some of their costs by charging fees. The ability

National Concept of Environmental Policy and the National Program of Water Supply and Sanitation. ADEPT and the Center of Independent Journalism had a significant role in monitoring the election of the governor in Gagauz Yery and in improving numerous aspects of the election process. The Center for Child Abuse and Prevention successfully lobbied for amendments that created a new Ministry of Social Protection, Family and Child. At the local level, NGO advocacy involves more substantive work on community projects with the support of local government, local businesses, and other community actors.

Communication between NGOs and the government, however, are generally one-way and the government often selects those organizations with whom it will partner. Government officials engage NGOs only when a topic is not controversial or they want to appease the international community. There is no feedback mechanism with regards to government participation, so it is difficult to assess the effectiveness of the cooperation with NGOs.

of other organizations to recover their costs is limited by weak financial management and the limited number of clients that are able to pay for services.



In general, the government recognizes the contribution that NGOs make in providing much-needed services. This is especially true for

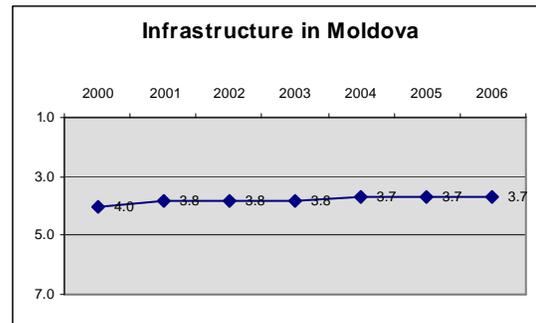
basic social services that are expensive to provide and offer little opportunity for cost recovery. The 15 residential children's centers created with donor support are an important example. Such organizations often struggle just to stay open. In areas in which NGOs are able to provide fee-based services, government officials often treat them as competitors. The Law on Public Associations (1996) regulates the ability of NGOs to charge fees for their services. The law is confusing and allows

government officials significant discretion, which allows them to abuse and harass NGOs. In general, the legal framework classifies any organization that charges a fee for its services as a for-profit entity, subjecting it to tax, accounting and other requirements. As a result, NGOs are reluctant to engage in economic activities, and prefer to establish separate businesses that are not involved with their nonprofit missions.

### INFRASTRUCTURE: 3.7

Various national coalitions, associations and alliances have been effective in supporting NGO activities. As a result, the NGO sector as a whole increased its visibility with domestic political actors and the international community, as well as its credibility and role in society. The NGO sector has set up a nationwide network of NGO resource centers that offer access to information, various trainings, consultations, and technical services. The Contact network of resource centers provides assistance to NGOs in a variety of fields. Contact's long-term strategy is to broaden local support by encouraging local resource centers to raise funds domestically rather than rely on funding from the parent organization. This strategy, however, relies on a strong local economy, as well a responsive community, both of which are lacking. CREDO, another network of resource centers, provides training and a variety of services aimed at strengthening institutional and organizational capacities of human rights organizations. The Social Alliance, which includes almost 100 organizations, is active in building partnerships among the various social actors. The Center for Child Abuse, an umbrella organization, facilitates information sharing and coordinates inter-sectoral partnerships. The coalition of NGOs is successful in developing local philanthropy, fundraising, and partnering with

local governments and the business sector. Other resource centers work with NGOs on issues such as environmental protection, education, and youth services.



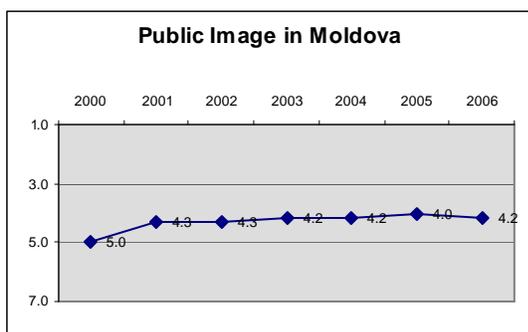
The NGO sector, however, has yet to create any community foundations or local grant making institutions. This is due to the lack of philanthropy programs and poor partnerships with local businesses. NGOs and the donor community, however, are making sporadic attempts to initiate re-granting programs administered by the Contact Center to promote community development. The National Center for Child Abuse Prevention uses its grants to encourage partnership between its 15 local residential childrens' centers and local governments. The UNDP is promoting a pilot program to promote the creation of community foundations.

### PUBLIC IMAGE: 4.2

Civil society in Moldova remains in a mid-transition stage of development. The public

does not have a clear understanding of what an NGO is, which undermines the overall perception of NGOs. In addition, many local

organizations are created at the request of donors interested in funding specific projects. The public considers such organizations “artificial.” Such organizations are not sustainable; once the funding ends, so to the organization. The government is formally supportive of NGO initiatives, but does not hesitate to take advantage of and credit for projects successfully completed by NGOs. In order to avoid arbitrary tax inspections, for-profit businesses prefer to maintain a low profile and avoid formal relationships with NGOs.



Generally, NGOs do not publicize their activities or promote their public image. Few organizations have developed strong relationships with the media which would ensure they receive more positive coverage. This includes NGO coalitions with high-profiles, such as those that engage in anti-corruption, environmental protection, and associations of farmers, as well as some of the leading NGOs such as IDIS-Viitorul, Contact Center, Credo, and others. Overall, the national media lacks enthusiasm for NGO activities. When they do provide coverage, media outlets prefer to cover “hot-topics” which tend to have a negative impact on the public images of individual NGOs and the NGO sector in general. Local media, however, is somewhat more objective and not as biased.

NGOs have yet to develop a formal Code of Ethics, despite numerous debates. The leading NGOs, including Contact Center, CREDO, Transparency International, and others, however, are transparent in their operations, and publish their financial information and activity reports.