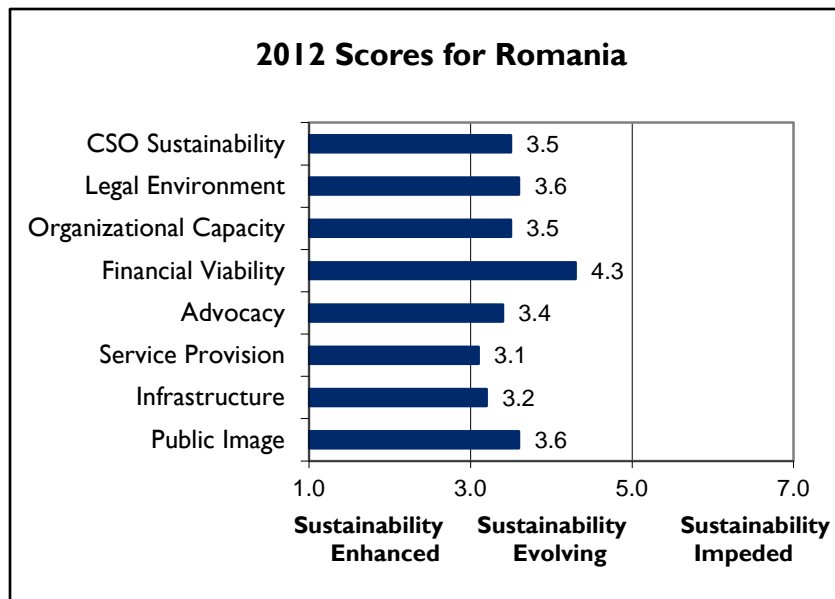


# ROMANIA



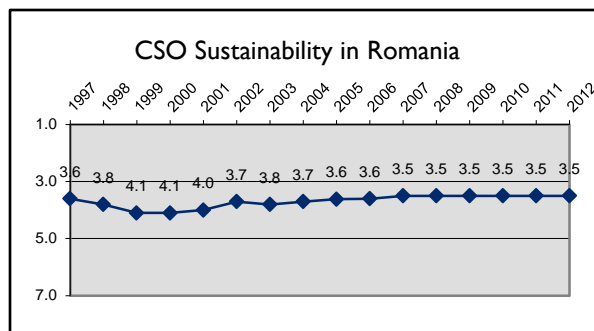
**Capital:** Bucharest

**Population:** 21,790,479

**GDP per capita (PPP):** \$12,800

**Human Development Index:** 56

## CSO SUSTAINABILITY: 3.5



Romanian CSOs experienced many difficulties in 2012. The economic crisis decreased the sector's financial stability and human resources. The political environment during the year was turbulent, marked by street protests in January, the fall of governments in both February and April, the formation of a substantial new political majority in the parliament, local elections in June, a presidential impeachment process in July, and parliamentary elections in December. This created a difficult environment for CSOs to engage in policy and advocacy work, while also stretching CSOs'

watchdog role.

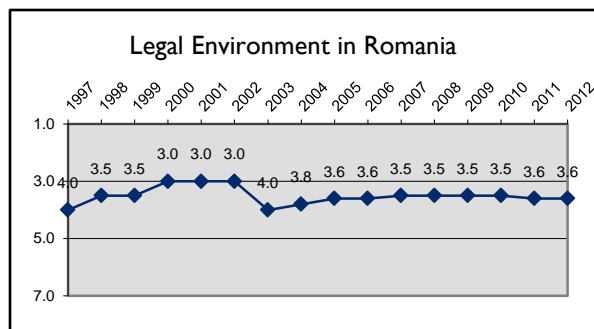
Although CSOs developed creative solutions to improve their financial sustainability, overall CSO financial viability worsened. Private resources and funding instruments have diversified, but remain limited. Meanwhile, competition for these funds has increased because of the scarcity of other resources. CSOs operating with EU Structural Funds face serious problems, including an unpredictable and changing regulatory environment and increasing administrative burdens. In addition, in 2011, the government unilaterally modified contracts awarded under the Structural Funds to lower pre-financing amounts and extended the terms of payments from thirty to forty-five days, imposing financial hardships on grantees. Gravest of all are the huge delays



CSOs face in getting expenses reimbursed, rendering many unable to pay their taxes or employees in a timely manner and leading fiscal authorities to freeze their bank accounts.

According to the National Registrar of Associations and Foundations, by the end of 2012 there were 70,036 registered CSOs in Romania. Over 70 percent are associations and 25 percent are foundations. However, the number of active organizations is much lower. According to the 2012 edition of the Social Economy Atlas produced by the Institute for Social Economy, only 26,322 CSOs are active.

## LEGAL ENVIRONMENT: 3.6



Although CSOs continued to ask for registration procedures to be simplified, no significant changes were made to CSO registration in 2012. Registration generally takes between six weeks and three months, although it seems to have been proceeding faster recently. CSOs cannot register online. Registration fees are around \$200, excluding bank-related and legal costs.

In June 2012, parliament adopted a legislative proposal amending Government Decision 26/2000. The amendment forbids associations, foundations, and federations from using names such as “authority,” “council,” and “agency” in order to avoid confusion with public institutions. In addition, CSOs require approval from the General Secretariat to use the words “national” or “Romanian” in their names. The law applies to both newly registering and established organizations. CSOs expressed concern regarding the extent of the forbidden names and the high degree of subjectivity of the law, which allows the government to stop registration of new organizations or impede existing CSOs’ operations by requiring them to change their names. A petition initiated by nineteen CSOs called for the law to be revoked. The law has been shelved for the time being.

CSOs require certification to ensure that the services they provide meet the quality standards set by various agencies. In November 2012, the government adopted a law to simplify certification by creating a general regulatory framework for the management of social services.

According to preliminary data from the 2012 NGO Leaders Opinion Barometer (BLONG) - an annual survey of CSO leaders conducted by the Civil Society Development Foundation (FDSC) - 18 percent of respondents state that local public authorities pressure CSOs to stop their initiatives, a similar level as in 2011.

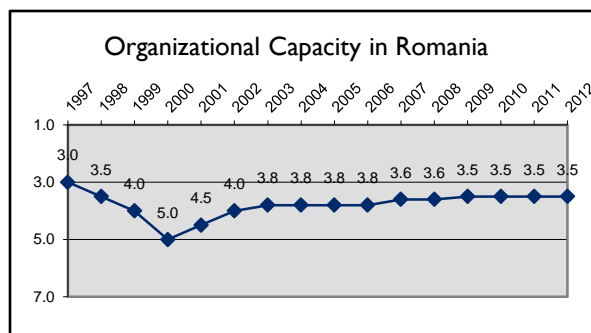
CSOs can compete for the procurement of goods and services, but due to difficulties with the reimbursement procedures for EU Structural Funds, most active CSOs have a negative balance at the end of the year, preventing them from competing effectively for these contracts.

Individual donors can direct 2 percent of their income taxes to the CSO or church of their choice. The Coalition for the Support of Individual Philanthropy continues to advocate to increase tax benefits for donors.

Few lawyers specialize in nonprofit law, despite increased demand for such services. In particular, CSOs seek assistance in complying with EU Structural Funds regulations. In March 2012, FDSC launched a project that provides CSOs access to pro bono services at eight law firms. These firms also host information sessions on topics such as labor and tax law for CSOs.

## ORGANIZATIONAL CAPACITY: 3.5

CSOs continued to strengthen their constituencies in 2012. The January 2012 protests against the government, triggered by harsh austerity measures and unpopular government decisions that were perceived as arbitrary, pushed CSOs to pay more attention to their constituencies and capitalize on the wave of civic enthusiasm. For example, in March 2012, over 5,000 people took to the streets in Barlad, a small town in eastern Romania, to protest against planned shale gas operations in the region. According to BLONG 2012, 18 percent of CSOs added up to five new members and 5 percent added between six and twenty-five new members during the past year.



Many CSOs have moved away from their missions in order to access funding, particularly EU Structural Funds. However, CSOs that stick to their missions seem to face fewer financial difficulties. These CSOs usually operate on smaller budgets, take fewer risks, and are more successful at raising funds locally. Fewer CSOs now engage in strategic planning as donor organizations such as the CEE Trust have stopped supporting organizational development.

Few CSOs have basic human resource tools. However, recipients of EU Structural Funds are required to adopt internal procedures, including contracts, job descriptions, and policies, which has increased the demand for professional staff. Changes in labor legislation require employers to include provisions regarding staff evaluations into their labor contracts. CSOs regard these requirements as burdens that prevent them from focusing on results and impact.

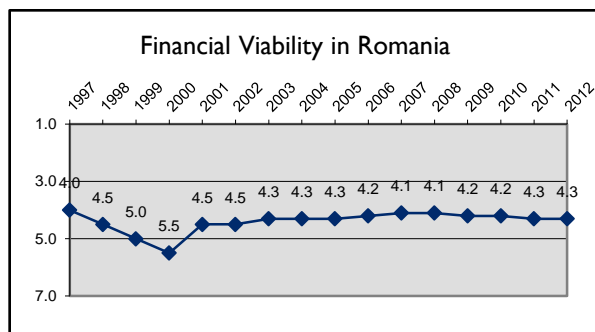
The CSO labor market is highly volatile, and is regarded as an unstable employment option. According to BLONG 2012, around 63 percent of CSOs have paid staff, the same as in 2011. Fifty-three percent of surveyed CSOs laid off some staff in 2012 (up from 48 percent in 2011), while 66 percent hired new staff (up from 61 percent in 2011).

BLONG 2012 indicates that approximately 90 percent of CSOs engage volunteers, two-thirds of which state that they have enough volunteers. The third Let's Do It Romania! campaign gathered 180,000 volunteers to pick up garbage around the country, down from 250,000 in 2011. The 2012 National Week of Volunteering also reported significantly fewer organizations, places, and events than in 2011.

Office technology remains relatively cheap and widespread. However, in light of ongoing financial difficulties, CSOs are less satisfied with their physical infrastructure. According to BLONG 2012, 36 percent of respondents declared they had sufficient equipment in 2012, down from 41 percent in 2011. TechSoup Romania and its corporate partners continued offering workshops for CSOs on new information technology (IT) and communication products in 2012.

## FINANCIAL VIABILITY: 4.3

The economic crisis and state budgetary constraints continued to affect the financial viability of CSOs in 2012. Fifty-four percent of respondents in BLONG 2012 considered their financial resources insufficient (compared to 59 percent in 2011), and only 9 percent stated that they have enough financial resources (down from 12 percent in 2011). An increasing number of CSOs, particularly recipients of EU Structural Funds, were unable to pay their employees as payments by national management authorities were stopped or delayed because of poor management and lack of administrative capacity. Private sources of funding diversified, but remained limited, and competition for available funds increased.



According to BLONG 2012, the greatest share of CSO budgets come from grants from foreign organizations (for 15 percent of respondents), European Structural Funds (for 14.5 percent), and the 2 percent mechanism (for 12 percent). Just 8.7 percent of respondents listed economic activities as their main source of revenue, up from 5 percent in 2011. According to 2012 research conducted by Cult Market Research for Petrom, Romanian CSOs secured between 5 and 25 percent of their funding through the 2 percent mechanism, while 75 percent of funding came from foundations or

private companies.

Half of the BLONG 2012 respondents received funding from national authorities or EU programs in 2012. However, public funding for CSOs decreased further in 2012. In August, the Ministry of Finance proposed that the National Lottery stop directing 2 percent of its proceeds to the Administration of the National Cultural Fund (AFCN), the main public funding agency for cultural projects. The Minister of Culture argued that the measure was based on a European directive requiring all EU member states to maintain tighter controls on budgetary sources of revenue. CSOs believe it is payback for their criticism of the government's changes in the management of the Romanian Cultural Institute.

Almost 60 percent of BLONG respondents initiated fundraising campaigns for the 2 percent mechanism, which allows citizens to direct 2 percent of their taxes to an organization or church; however, only 17 percent of organizations raised over \$3,000. According to the Ministry of Public Finances, the percentage of taxpayers who directed 2 percent of their taxes to a CSO dropped from 25 percent in 2011 to 23 percent in 2012. However, the total amount directed to CSOs, almost \$35 million, remained the same as in 2011. The number of beneficiary organizations was over 26,000, an increase of approximately 1,000 since 2011.

CSOs increasingly try to diversify their revenues, including through special events. In 2012, sports events increasingly included fundraising components, and television fundraising campaigns continued to be highly effective. In December, Save the Children Romania's Christmas Tree Gala raised \$240,000. Fundraising events by small organizations typically yield only \$1,500 to \$2,000.

The Association for Community Relations (ARC) continues to promote local philanthropy. In 2012, ARC received a grant from the Romanian-American Foundation (RAF) to develop the platform **Donează Mai Simplu (Donate More Easily)** at [www.Donatie.ro](http://www.Donatie.ro). Through this platform, individuals can donate to CSOs either by text messages or direct debit contracts. By the end of 2012, over 222,000 text messages and 270 direct debit donations were made, contributing around \$600,000 to social service CSOs. RAF also pledged \$300,000 to ARC for a new initiative to stimulate individual donations to community foundations by providing matching contributions.

According to a study by [www.CSRmedia.ro](http://www.CSRmedia.ro), local companies invested €12.3 million in corporate social responsibility (CSR) in 2012, down from €16.2 million in 2011. However, while donations from larger firms decreased, smaller companies increased their giving.

In 2012, the Swiss-Romanian Cooperation Program was launched with over \$3 million in funding to support social and environmental projects. An additional \$2.7 million was allocated for joint projects between Romanian and Swiss organizations.

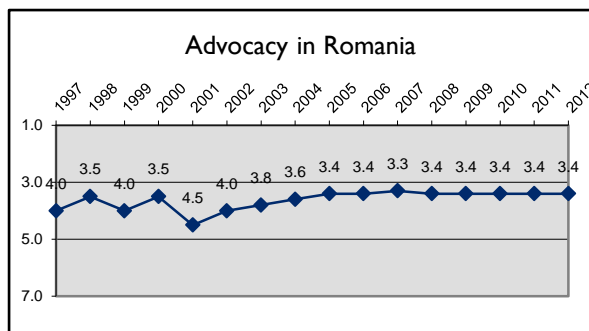
Social enterprises have started to develop online marketing and sales capacities and also take advantage of traditional fairs to sell their products. In October, forty protected units (enterprises that receive fiscal incentives to hire people with disabilities) sold products directly to local consumers at the third Protected Units Fair in Targu Mures. Other social enterprises are attempting to create chains of distribution with the

support of large retailers and private companies, but their impact remains isolated. For example, the social enterprises created by Alaturi de Voi Association in eastern Romania produce and sell candles, painted ceramics and glass, stationery, and other decorative products to eighty clients, including private companies, retailers, public authorities, and other non-profits.

CSOs usually have adequate financial management systems that allow them to meet the national fiscal authorities' legal requirements, as well as the conditions of their donors. Independent financial audits are not very common and are usually project-based.

## ADVOCACY: 3.4

CSO relations with the government during the year were complicated by the country's turbulent political situation. Decision making was put on hold due to the local and national elections and changing leadership. Despite this, BLONG 2012 indicates that CSO cooperation with public authorities remains unchanged: 75 percent of respondents state that they cooperate with public authorities and institutions.



On January 19, 2012, the opposition coalition invited CSOs to discuss a policy document based on previous CSO position statements and documents, much of which addressed the sector's sustainability. CSOs rejected the document after mass media exposed it as an attempt to buy civil society support. In response, a CSO coalition proposed its own recommendations and invited the leaders of all political parties to an open discussion in February. The prime minister's resignation and the government's collapse halted this communication. The new prime minister reinitiated dialogue with civil society and convened the College for Consultation with Associations and Foundations for the first time in two years. Shortly thereafter, however, the government collapsed again, and the opposition formed a new government. CSOs criticized several of the new government's measures, including appointments of ministers with inappropriate qualifications or integrity problems and the politicization of the Romanian Cultural Institute. Communication with policy makers was largely halted from the June local elections until the parliamentary elections in December.

In 2012, CSOs continued to update the White Paper of the NGO Sector, which contains the main policy recommendations of CSOs in eleven major fields. Prior to the national elections, CSOs submitted the White Paper to the main political parties to try to get the recommendations integrated into the parties' political programs. The Academic Society of Romania (SAR) launched the White Paper of Good Governance in January 2012 demanding that all political parties adopt clear measures for good governance, transparency, and public integrity. According to CSOs, besides declarative support, no political party officially included the recommendations from either White Paper into their platforms.

The new governing coalition that came to power in May had a substantial majority, increasing the importance of CSOs' watchdog functions. The Alliance for a Clean Romania actively monitored transparency and integrity in public spending, education, and natural resources.

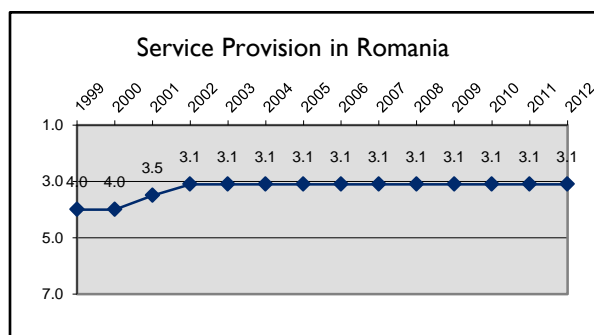
Throughout the year, CSOs were engaged in election-related activities. The Resource Center for Public Participation (CeRe) and Rațiu Center for Democracy launched the online platform Cineceapromis to monitor candidates' electoral promises, while the Alliance for a Clean Romania continued to expose candidates with integrity problems. CSOs opposed an April proposal by parliament to change the electoral law, particularly the adoption of a pure majority electoral system, just a few months before the elections. In June, the Constitutional Court declared the new electoral changes unconstitutional.

Networks and coalitions continued to be active in various fields. Throughout September, the Coalition of the Independent Cultural Sector protested against the planned reduction in the public budget for cultural projects. In April 2012, the Ministry of Health accepted the Health Alliance’s request to create a Consultative Council to involve more experts from the health system in drafting the new law.

Environmental CSOs organized mass protests and produced reports in order to stop the exploration and exploitation of shale gas in Romania. The prime minister and the Minister of Environment announced that Romania would maintain the moratorium on the exploitation of shale gas until further research is done.

CSOs were also active advocates at the local level. In Bucharest, environmental organizations opposed the destruction of cultural heritage and preserved green areas threatened by infrastructure projects. Some of these efforts were successful, although many of the decisions were reversed at a later stage. A small group of CSOs led by CeRe protested the mayor of Bucharest’s decision to deny citizens direct access to local council meetings; the mayor continues to ignore CSOs’ demands.

## SERVICE PROVISION: 3.1



CSO social service providers find it very difficult to cover their costs given the reduction of both public and private financing due to the economic crisis. Thus, most CSOs’ priorities are still heavily influenced by existing funding opportunities.

Social entrepreneurship is a growing field in Romania. According to a monitoring report released by the Romanian Management Authorities in June 2012, 144 social enterprises had been established with funds from the European Social Fund by 2011. While social

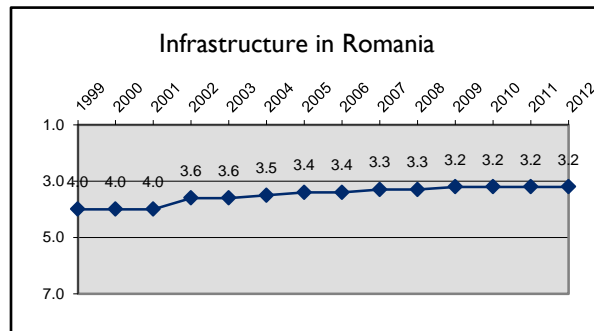
enterprises create jobs and promote the inclusion of vulnerable groups in the labor market, there are concerns about the sustainability of these initiatives beyond completion of the projects for which they receive funding.

Funding of social services remains a great concern. Almost 50 percent of social service providers are CSOs, which struggle to cover costs. According to BLONG 2012, 50 percent of CSOs received funding from public authorities in 2012. However, contracts from public authorities to provide goods and services are the least common source of funding. In addition, as a result of the economic crisis, the state budget contracted, leaving more basic services uncovered. Spending by the central and local governments on these services is among the lowest in the EU. In 2012, the Ministry of Labor, Family, Social Protection and Elderly allocated almost \$8 million to finance social services provided by around 200 CSOs for over 16,000 beneficiaries, a budget slightly higher than that of the previous year. Still, funding is insufficient to cover all needs. For example, according to the Federation of Child Protection NGOs, the availability of services to children with disabilities was lower in 2012 than in 2009, when just 20 percent of children with disabilities in Romania received specialized services.

## INFRASTRUCTURE: 3.2

The ten classic CSO resource centers in Romania have increasingly shifted their focus to other activities and now allocate very few resources to their original missions. However, other organizations have started providing services to the sector in their place. For example, some federations and networks have taken over some of the classic CSO resource centers’ roles and several dedicated web portals and specialized organizations, such as StiriONG.ro, finantare.ro, and TechSoup Romania, provide CSOs with information and contacts.

Two new community foundations, in Iasi and Sibiu, were established in 2012 with support from ARC, bringing the total number in the country to eight, both in the capital and more remote areas. In addition, groups started working to establish community foundations in Bacau, Oradea, and Prahova. With support from the Community Foundation Network and the Mott Foundation, ARC developed a support strategy for community foundations through 2018.



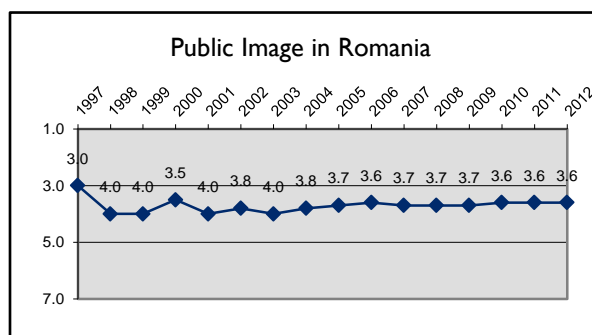
Smaller local funding programs were initiated during the year. In August, the Partnership for Community Action and Transformation launched the PACT for Community grant program. With support from the CEE Trust, the program will provide \$40,000 in funding for community development services in southern Romania. In the spring, FDSC launched the Civic Innovation Fund, which provides small grants for civic participation and community development projects with financial support from the CEE Trust, Raiffeisen Bank, and Petrom.

Coalitions bring together CSOs in most fields with varying degrees of formalization. In addition to established networks, new ad hoc coordination was established in 2012. For example, in February, a group of well-known CSOs presented recommendations based on the demands expressed during the street protest to political parties' leadership. In April, they presented recommendations for a civil society-government working agenda to the new prime minister.

According to BLONG 2012, over 20 percent of respondents reported that none of their staff attended training courses in 2012, a similar percentage as in 2011. However, the training market, fueled by EU Structural Funds, remains well-developed.

CSOs continued to implement projects with local and central authorities in 2012. For example, in June 2012, the Mayor of Brasov launched a project to create a Multifunctional Center for Social Services where fifteen local CSOs would provide social services. Private companies also continued to work with CSOs through their CSR programs. Six major banks and all three major mobile phone carriers worked with ARC to create the online donations platform Donatie.ro.

## PUBLIC IMAGE: 3.6



A minority of Romanian CSOs have well-established connections with media outlets and journalists. Local media continues to be open to reporting on CSO initiatives. According to BLONG 2012, only 12 percent of CSOs have at least one dedicated public relations employee, while no one works on public relations in 12 percent of CSOs, similar to the situation in 2011.

In connection with the problems plaguing the EU Structural Funds, mass media started to report on the mismanagement of funds by CSOs. On the other hand, Decat o Revista - a quarterly journal by the Association Media DoR - launched two competitions for journalism projects focused on the social integration of minorities and civic participation. StiriONG.ro and RomaniaPozitiva.ro continue to offer significant coverage of CSO initiatives.

Media associations continue to be concerned with the low standards and biased reporting by private television stations and print media with close ties to political parties, as well as the crisis and politicization of the

national public television. In late August, a discriminatory editorial was published in *Adevarul*, one of the most influential Romanian newspapers, leading three Roma CSOs to submit a complaint to the National Council for Combating Discrimination.

CSOs increasingly use social media to publicize their activities and mobilize citizens for protests, petitions, and fundraising. Nonetheless, according to TechSoup Romania, just over 13 percent of the 5 million Facebook users in Romania follow the activities of Romanian CSOs.

According to a 2012 survey sponsored by Intact Media Group and conducted by *Compania de Cercetare Sociologica si Branding*, 34 percent of Romanian citizens have a high level of trust in CSOs (compared to 32 percent in a similar survey for FDSC in 2010), while only 15 percent trust the parliament, and 12 percent trust political parties. When asked in the Standard Eurobarometer 77 (Spring 2012) about the best way to make their voices heard, 6 percent mentioned joining a CSO, similar to the European average.

In 2012, electoral stakes significantly shaped local and central governments' perception of CSOs. Civil society was a constant critic of all political forces, so decision makers tended to see civil society as a threat, rather than a source of expertise. At the local level, two-thirds of respondents to BLONG 2012 stated that local authorities appreciate their work, the same as in 2011.

CSOs and corporate donors attempt to increase the visibility of civic and social initiatives through public events that reward best practices. In 2012, the Civil Society Gala rewarded the most committed CSOs; the People for People Gala recognized CSR activities; and the Senior Gala rewarded the community involvement of senior citizens.

According to preliminary data from BLONG 2012, approximately 10 percent of organizations do not produce annual reports, compared to roughly 13 percent in 2011.