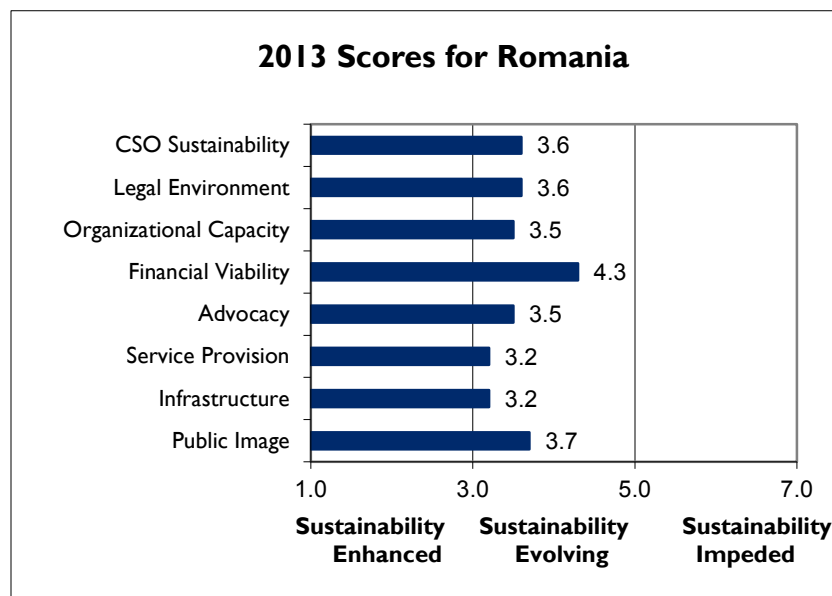


ROMANIA



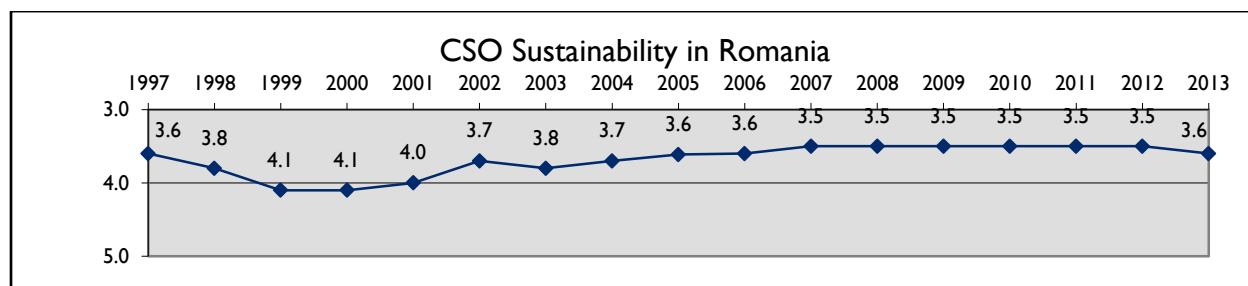
Capital: Bucharest

Population: 21,729,871

GDP per capita (PPP):
\$13,200

**Human Development
Index:** 56

CSO SUSTAINABILITY: 3.6



The sustainability of CSOs in Romania was affected by a series of setbacks in 2013, including increased government pressure on watchdog CSOs and more negative media coverage of civil society's activities. Despite the enduring economic crisis and allegations of political corruption, the ruling coalition enjoys a stable and substantial majority in the parliament with virtually no political opposition. Civil society thus has become the primary source of checks and balances against anti-democratic tendencies, corruption, lack of transparency, and mismanagement of public resources

During 2013, the government attempted to limit the operational capacity of CSOs and increasingly portrayed CSOs as potential threats to national security. Negative public statements by elected officials and mass media reporting of these statements also damaged the public image of CSOs. The level of civic dialogue and public consultations is the lowest it has been in a decade. The government eliminated one of the last remaining institutional mechanisms of cooperation with civil society during the year.

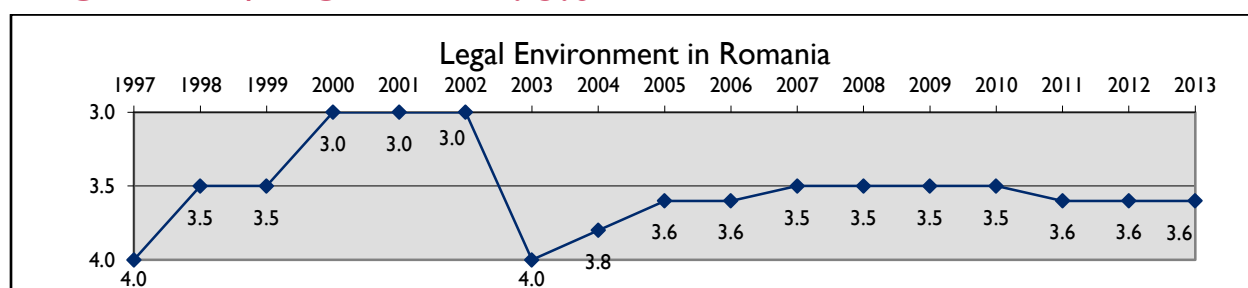
The protest movement against gold mining in Rosia Montana was the highlight of 2013. The controversial project in the Eastern Romanian Carpathians has been stalled for the last fourteen years. Over the summer, the government introduced a special law to allow mining to proceed by declaring the project an overriding national interest. The resulting street protests were unprecedented in Romania in terms of duration, scale, and volunteer mobilization, becoming a symbol of the civic opposition against corruption and bad governance.

The government eventually declared defeat, and instead proposed amendments to the mining law. Parliament rejected the amendments in December.

Lack of funding and the resulting difficulties in employing staff reduced the level of services provided by CSOs, while new proposed cuts in public funding and difficulties in managing European Structural Funds (ESF) further undermined CSO operations. Although financial sustainability in the sector was already weakened over the last few years by the global economic crisis, CSOs have managed to survive by identifying alternative sources of income to support their operations.

The National NGO Register includes 85,623 officially registered non-profit organizations. Most of these are associations (65,642) and foundations (17,963). Based on previous years' trends, it is estimated that just under one-third of these are active.

LEGAL ENVIRONMENT: 3.6



CSO registration did not change in 2013. Courts do not enforce the law uniformly, so registration takes longer in some places, sometimes taking between one and two months. Registration fees increased slightly in July. Following pressure from CSOs in 2012, a draft law that would require some CSOs to change their names was sent back to the parliament for discussion. The parliament has not expressed its intention to drop the draft law, and CSO representatives fear that it could be adopted at any time.

In September, a draft law on volunteering was introduced in the parliament and garnered the support of 106 members of parliament (MPs). The law would formally recognize volunteering as professional experience, which is expected to increase the number of skilled volunteers in the country. The law is expected to be adopted at the beginning of 2014.

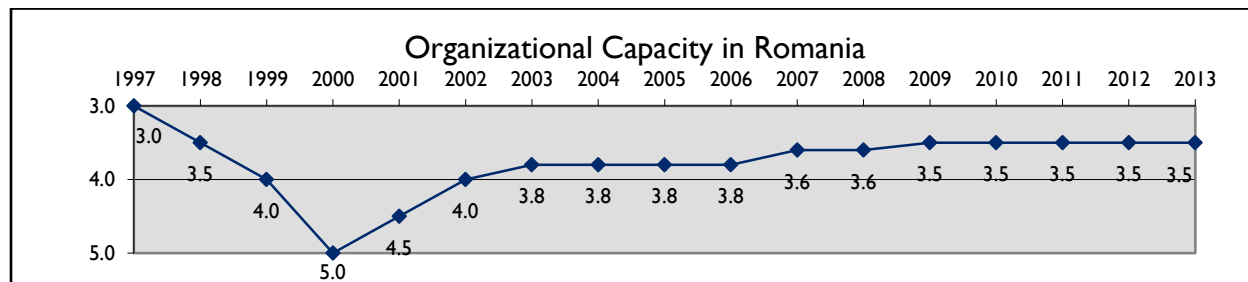
Following widespread protests against the Rosia Montana gold mining project, several high level officials, including the prime minister, labeled CSOs as potential threats to national security, accusing them of being paid by foreign entities to promote foreign economic interests. Some civic and environmental organizations became more reluctant to express their opinions due to these statements, as well as administrative and criminal actions taken against individual activists. For example, after protesters broke a window on the Minister of Culture's car, one of the informal leaders of the Uniti Salvam (United We Save) movement, which organized the protests against Rosia Montana, was prosecuted as an instigator of the incident.

CSOs criticized two proposed pieces of legislation in 2013. In March, a group of MPs initiated a draft law to dissolve "covert" companies—associations and foundations allegedly under the control of the secret services. As the government did not provide any proof of the existence of such organizations, CSOs viewed the law as an attempt to portray CSOs as being covert instruments involved in national politics. The Senate rejected the law. An MP from the ruling coalition proposed amendments to the Law on the Financing of Political Parties to prevent CSOs linked to political parties from receiving foreign funding. The law's vague definition of the CSOs covered would have made it easy to abuse. This law was also rejected by the Senate and sent for debate in the Chamber of Deputies.

CSOs, trade unions, and business associations are exempt from taxes on several categories of income. These entities are also exempt from income tax on economic activities up to \$20,000 in a fiscal year, up to 10 percent of total tax-exempt income.

CSOs can access legal assistance on CSO issues. However, local legal capacity did not improve in 2013, and there are still no training programs on CSO law for local lawyers.

ORGANIZATIONAL CAPACITY: 3.5



According to Eurobarometer research published in March 2013, Romania has one of the lowest rates of CSO membership among EU member states. Just 3 to 4 percent of Romanians are members of CSOs, much lower than the EU average of around 20 percent. In addition, just 10 percent of Romanians are affiliated with trade unions, lower than the EU average of 16 percent. Another survey released by the Multimedia Foundation at the end of October 2013 corroborates this data and reveals that citizens are most likely to be members of environmental, cultural, and humanitarian organizations. When religious organizations and political parties are included in the survey as types of CSOs, 40 percent of Romanian citizens belong to at least one organization.

The United We Save street movement offered a striking example of constituency mobilization in 2013. A loose group of activists used online tools to organize a protest that was initially against the planned exploitation of gold in Rosia Montana. The objectives of the protests eventually broadened to include dissatisfaction with the state of governance and corruption in Romania. The protests began in September 2013, and quickly encompassed young people around the country. The largest march took place on September 15, 2013, with 25,000 people of all ages taking to the streets, making it the largest demonstration seen in Romania since the early 1990s.

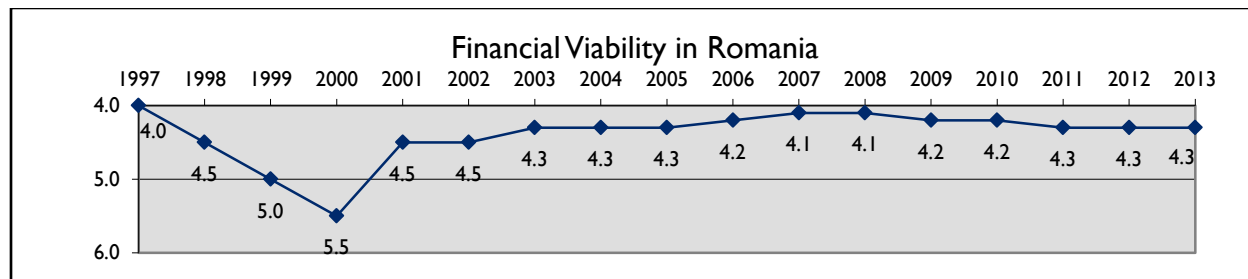
Only a small portion of CSOs are believed to have strategic approaches, procedures, and basic management instruments. Strategic planning remains difficult because long-term funding options are limited. The European Economic Area (EEA)/Norway grants launched in 2013 allow 20 percent of the funding to be used for organizational capacity purposes, thereby helping beneficiary CSOs develop their internal management capacities.

Since the majority of ESF contracts closed in 2013 when the funding cycle ended, CSOs had difficulty maintaining permanent staff. Delays in contracting new projects caused by limited administrative capacities within the public management bodies left many CSOs without the funding needed to maintain or hire specialized personnel. For example, according to a report published by the Institute for Social Economy (IES) in 2013, 45 percent of CSOs providing social services indicate that they lack human resources or use insufficiently qualified staff.

Volunteers continue to be an important human resource, and the new law on volunteering is expected to encourage citizens to volunteer. According to a survey produced by the Center for Marketing and Social Prognosis for React Association, only 14 percent of Romanians volunteered in 2013, the same level found in a Eurobarometer survey in April 2011.

IT equipment and software are still accessible to CSOs, and a few organizations facilitate access. Techsoup Romania works with 750 affiliated CSOs, which can access subsidized software and receive training on IT solutions and new media. Ateliere fara Frontiere (Workshops Without Borders) continues to provide refurbished computers and other IT equipment to smaller CSOs and schools, particularly in rural areas.

FINANCIAL VIABILITY: 4.3



According to a study commissioned by Petrom and conducted by Cult Market Research in 2013, the most serious problems facing Romanian CSOs are lack of funding (74 percent), lack of interest by state institutions (39 percent), and delays in European funding programs (36 percent).

Procedures related to accessing EU funds worsened. CSOs operating with EU funding complain about arbitrary decisions, frequent and unpredictable new instructions, and even abusive verification visits. As a result, many CSOs throughout the country were forced to suspend implementation of their EU projects. By the time the Sectoral Program Human Resources Development (POSDRU) eventually decided to unblock the payments, many organizations had already shut down. Some organizations took out bank loans to stay open, but since they still owed money to their contractors, they were unable to compete for other bids. Alături de Voi Foundation went to court to recover \$1 million in expenses incurred during these projects. The court had not yet reached a final decision by the end of 2013. The next EU programming period for 2014-2020 was not finalized by the end of 2013 and might not even start in 2014.

CSOs continue to compete for foreign grants offered by the Swiss government and the EEA through specific civil society programs. The Thematic Fund for Civil Society Participation within the Swiss-Romanian Cooperation program funded forty-four projects in the social and environmental fields in 2012. Projects implemented in 2013 had a total value of \$5.6 million. The first round of the EEA Financial Mechanism's NGO Fund garnered a record number of 1,493 proposals, with a total value eight times higher than the available funding of almost \$22 million. Chosen projects will be implemented beginning in 2014. The PACT Foundation started the second phase of the PACT for Community program, with funding from the Trust for Civil Society in Central and Eastern Europe. The program provided \$40,000 to twelve community projects and social entrepreneurship initiatives in small communities in southern Romania.

Several local authorities continued to support CSO projects, particularly in the fields of culture and sports. However, not all counties and cities have such programs, and those that do have small budgets, ranging from \$25,000 to \$150,000, and cover a limited number of fields.

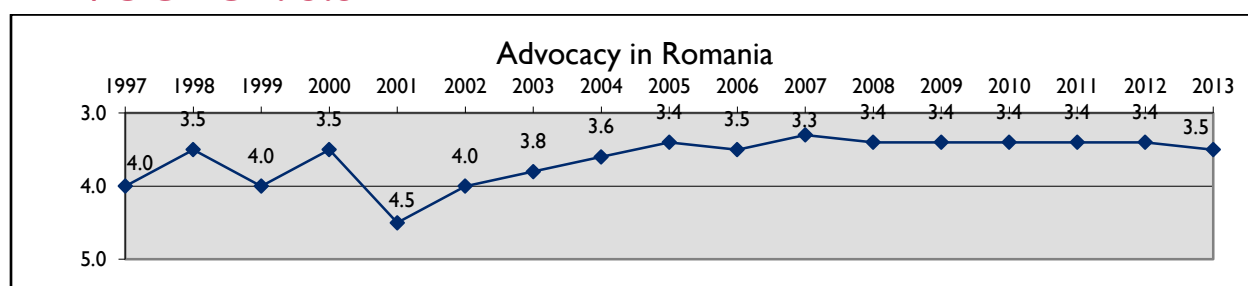
A limited number of companies take advantage of the Sponsorship Law, which allows a company to deduct up to 0.3 percent of its turnover or 20 percent of the profit tax due, whichever is less, for eligible donations. Data released in 2013 by the National Agency for Fiscal Management (ANAF) revealed that only 12 percent of for-profit companies in 2011 took advantage of this opportunity, amounting to roughly \$142 million. According to a report released by CSR Media in May 2013, 51 percent of the surveyed companies declared that their 2013 budget for corporate social responsibility (CSR) was at the same level as in 2012; 11 percent of

the companies surveyed increased their CSR budgets by 20 to 30 percent; and 7 percent decreased them by 20 to 30 percent.

Fundraising continues to grow, although the amounts generated are still limited. Recently established community foundations have annual fundraising events like swimming marathons. In 2013, crowd-funding platforms, including some attempts by corporate donors to stimulate public giving, started to multiply. CSOs are also more interested in increasing their income-generating activities. In the study by Cult Market Research, 88 percent of surveyed CSOs declared their interest in developing social enterprises to enhance and support their organizations.

CSOs generally operate in a transparent manner and those organizations that publish annual reports, mainly larger organizations, also include financial statements. Independent financial audits are usually done only when required by donors.

ADVOCACY: 3.5



Throughout 2013, CSOs noticed a continuous deterioration in civic dialogue, with a large number of controversial decisions taken without public consultation, as required by law. Relations with central authorities worsened in 2013, particularly during the nationwide protests against the government's decision to pass controversial legislation allowing gold and shale gas exploration. Very few advocacy initiatives achieved their goals; often they would halt controversial draft legislation, only to see it reintroduced by the parliament later.

In July 2013, the government issued Decision No. 105, which amended the responsibilities of the Chancellery of the Prime Minister and eliminated the structures dedicated to civil society at the level of the general secretariat. The few formal structures of consultation with civil society remaining at the national level are not effective. For example, the Social and Economic Council has not included CSO representatives in its structure, while the College for Consultation with Associations and Foundations was not convened at all in 2013.

According to a report published in May 2013 by the Institute for Public Policies (IPP), cooperation between CSOs and MPs has worsened somewhat. The percentage of CSOs cooperating with MPs dropped from 44 percent in 2011 to 41 percent, although the stated level of MPs' interest in such cooperation remains constant. At the local level, the situation remains particularly worrisome. As CSOs continue to criticize decentralization as politically motivated, local political elites wield more power, with weak local opposition and strong control over local mass media. Throughout 2013, examples of government-civil society cooperation became scarcer, and such cooperation happened at a technical rather than a policy level.

Environmental CSOs across the country have been trying actively to halt the exploitation of natural resources, but most of these actions were unsuccessful. Aside from temporarily blocking several mining and energy projects, the parliament has not prioritized environmental protection over energy and mineral resources. The United We Save movement managed to block the legislation that would have allowed the mine at Rosia Montana to open, but no decision was taken to eliminate the project completely or ban the use

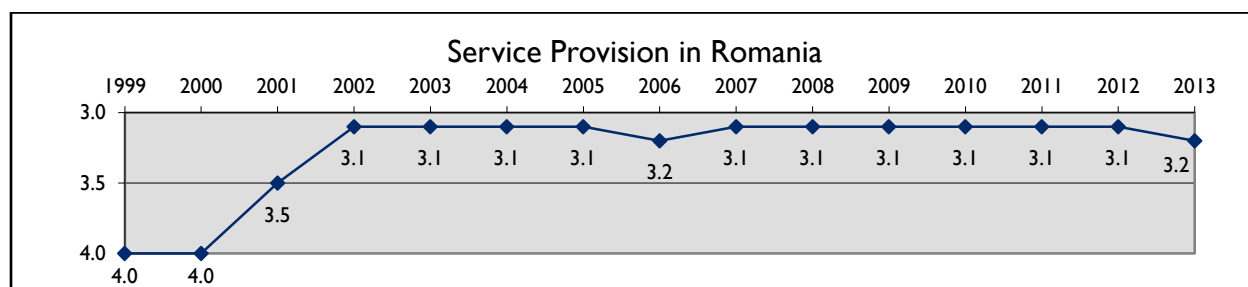
of cyanide in mining in Romania. Other CSO advocacy initiatives in 2013 responded to proposed constitutional amendments, the regionalization process, and the absorption of EU structural funds.

The Romanian Youth Council launched a consultation process on the proposed National Youth Strategy 2014-2020, the first strategic document on youth policies since 2001. The strategy aims to prioritize actions and policies for youth in culture and education, health, civic participation and volunteering, employment, and entrepreneurship.

In October, after two years of effort, Coalition 52 convinced the parliament to adopt a series of amendments to Law 52/2003 on the transparency of decision making in public administration. These amendments call for a more transparent consultation process on decisions made at central and local levels, imposing better standards of consultation, more reasonable time limits, and clearer procedures.

In April and May, several CSOs asked the Chamber of Deputies of the parliament to reject a proposed law on financing social services. The proposed law would have excluded social service providers in urban areas from receiving public funding for their beneficiaries. The draft law also added more burdensome terms for funding CSO social service providers. The law passed through the Senate, but was still pending in the Chamber of Deputies at the end of the year.

SERVICE PROVISION: 3.2



CSO service provision remains linked to CSOs' finances, which continued to worsen in 2013. Public funding for social service provision continues to decrease, despite years of advocacy on the matter. The government does not fully recognize the value of CSOs in providing basic social services, as demonstrated by recent attempts to pass legislation to further cut state support to social service providers. Some organizations receive less than 5 percent of their revenues from the government.

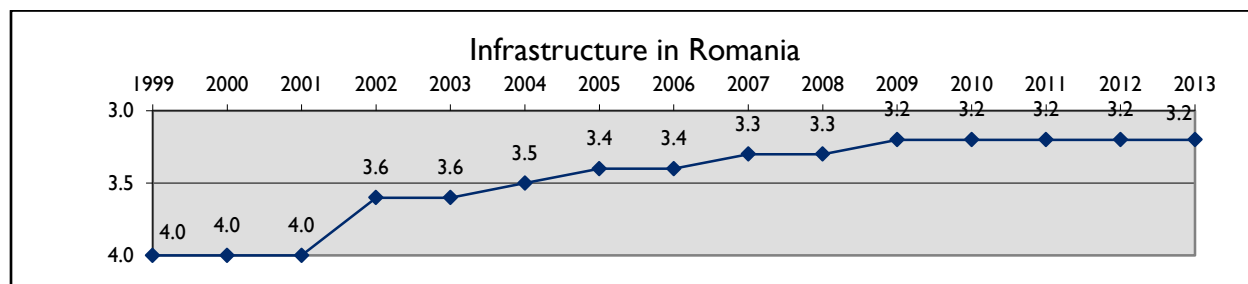
As traditionally funded social services are affected by the scarcity of funding, CSOs have started to explore more diverse social enterprise initiatives, such as selling handcrafted goods and services at public markets. This reorientation has been driven by three major factors: the availability of European funding, the business sector's growing support of such projects, and the increasing popularity of social entrepreneurship among CSOs. Social enterprises have become better at marketing their products and services. However, the sustainability of social enterprises depends largely on the availability of ESF, which continued to be problematic in 2013. Currently, most social enterprises are Work Integration Social Enterprises (WISEs), which offer transitional jobs for vulnerable groups or work centers for persons with disabilities.

Besides the services offered through WISEs, over 50 percent of the social services in the country are provided by accredited CSOs. The same IES study shows that 83 percent of the beneficiaries of home care services are covered by private providers, which are mostly CSOs; 79 percent of respite centers belong to private providers; and all integration centers for orphaned children leaving public institutions are private.

Vocational training and employment is an important market for CSO services, with CSOs serving almost 17 percent of all beneficiaries of vocational training in the country. The majority of these CSOs (78 percent) engage in income-generating activities, but revenues from these activities provide just 22 percent of their income, with most of the rest coming from various types of public funding.

Just 20 percent of social service providers indicate that they consult with their beneficiaries about the quality and effectiveness of their services.

INFRASTRUCTURE: 3.2



No significant developments in the CSO sector's infrastructure arose in 2013. The EEA's NGO Fund will allow CSOs to invest in capacity development, but the first projects funded by the program will not start until the beginning of 2014.

TechSoup remains one of the few resource centers in the country, allowing CSOs to access relevant information, technology, and training. TechSoup not only offers access to new IT technology and tools, but also uses new technology to increase its coverage, for example, by offering webinars to a wider audience.

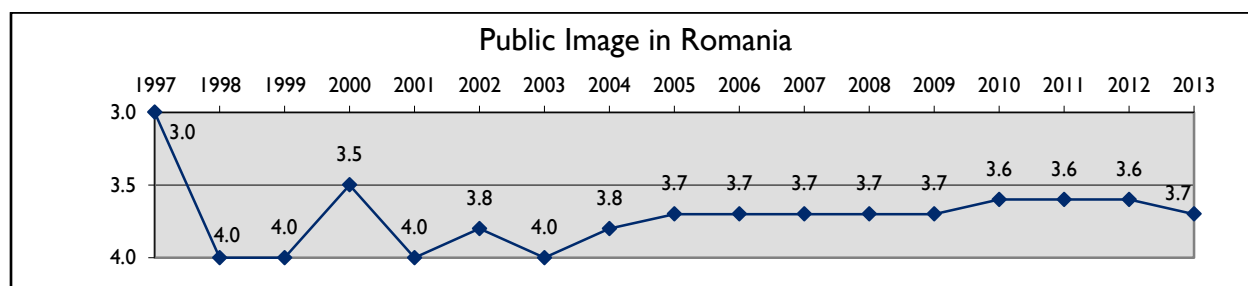
There is sufficient domestic capacity for training on fields directly related to CSO work. Throughout 2013, training sessions were organized across the country with support from the European Social Fund or local authorities through the Youth in Action program.

During 2013, four new community foundations were established in Bacau, Oradea, Prahova, and Fagaras with support from the Association for Community Relations (ARC), thereby expanding the network of community foundations established with the support of ARC to twelve.

CSOs continue to form coalitions without funding from donors, in part because CSOs are reluctant to advocate alone and expose themselves to possible political reprisal. However, the effectiveness of coalitions remains low, as political decision makers generally ignore their proposals. In May 2013, thirty CSOs specialized in social service provision established an informal network called the National Network of NGOs in the Social Field.

A notable example of intersectoral partnership is Coalition 52. This group of 400 CSOs, trade unions, employer associations, and individuals coordinated by the Academy of Advocacy promotes the use of public consultations to increase transparency. The coalition grew throughout 2012 and started to have a clearer impact in 2013. Coordination among CSOs, trade unions, and employer organizations was also visible on the topic of absorption of ESF, as well as in advocacy against the Rosia Montana gold mining project.

PUBLIC IMAGE: 3.7



While media is usually divided along political lines, the mass media were united against CSOs in their coverage of the Rosia Montana case. Media outlets accused CSOs of being paid by foreign interests to foment the protests. The accusations bolstered similar allegations and public statements from high level officials. In late September, the Head of the Commission for supervision of the Romanian Foreign Information Service declared that the protests against the Rosia Montana project were led by CSOs answering to George Soros, and their funding could represent a threat to the national security of the country. The prime minister and other high level officials also made statements accusing CSOs of being subordinate to foreign interests and threatening the national economy and security through the protests.

CSOs frequently criticized the majority of mass media for being under the control of Gabriel Resources, the company behind the Rosia Montana gold project. RISE Project, an online independent investigative journalism project, exposed the circuit of money from the company to media and political representatives, showing that attacks against CSOs were more frequent in mass media outlets that received advertising revenue from the company. The protests in the second half of the year increased the role of online media, as many independent journalists either sided with the protesters against the censorship of mainstream mass media or tried to offer an objective perspective from the scene of the protests.

The public image of CSOs also was affected by accusations by mass media and public officials of CSO corruption and mismanagement of the problem of stray dogs in Bucharest following the fatal attack of a child. A survey released by the National Institute for Surveying Citizens and Public Opinion (INSCOP) in October 2013 found that 34.2 percent of Romanian citizens trust CSOs (down from 38.4 percent in March 2013).

Despite these negative developments, almost half of the CSOs in the 2013 Cult Market Research survey state that mass media and the general population showed more interest in their activities in 2013. CSOs increasingly try to reach the public more directly to increase their recognition. Online presence is particularly important: 82 percent of responding CSOs have their own websites, while 50 percent use social networks such as Facebook and LinkedIn. CSO Public Fairs in Bucharest and in Targu Mures, Philanthropy Days in Alba Iulia, and several galas were organized in 2013 to reward CSOs, volunteers, and donors.

The business sector is fairly open to working with CSOs. New companies are willing to invest in CSO projects, particularly those related to social services, education, environment, and community development. CSR Media's report reveals that 54 percent of surveyed companies prefer working with CSOs in their CSR programs, while just 36 percent prefer working with local and central authorities.

Self-regulation in the sector made little progress again in 2013. Although there is no national code of ethics, it has become common for leading CSOs to publish annual reports. In July 2011, three CSOs created Societal, a national network of CSOs focused on responsible project management. Membership is open to CSOs that adhere to criteria regarding environmental protection, social justice, economic efficiency, and good governance. Between July 2011 and the end of 2013, 253 CSO representatives joined the initiative.