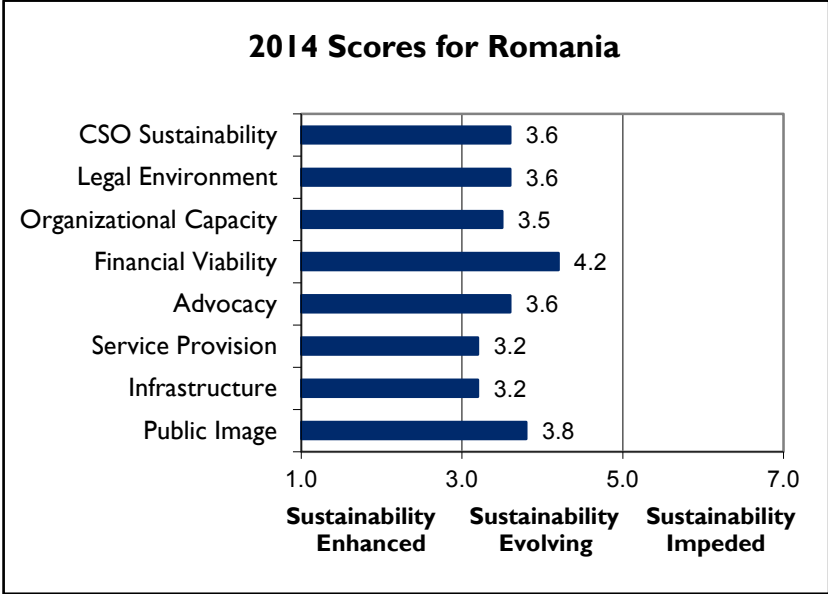
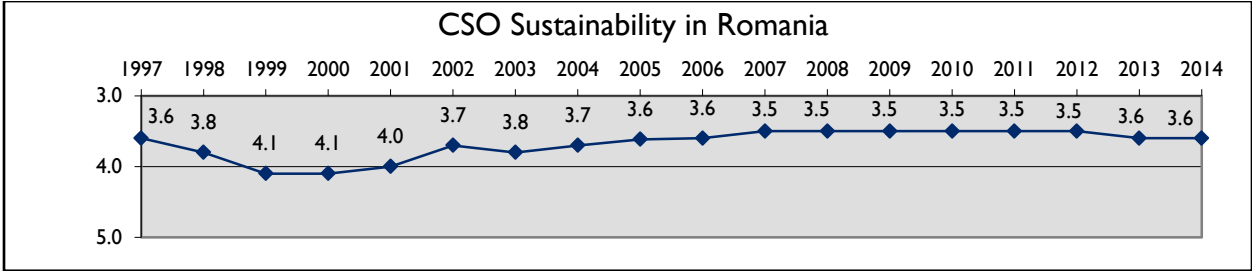


# ROMANIA



**Capital:** Bucharest  
**Population:** 21,729,871  
**GDP per capita (PPP):** \$19,400  
**Human Development Index:** 54

## CSO SUSTAINABILITY: 3.6



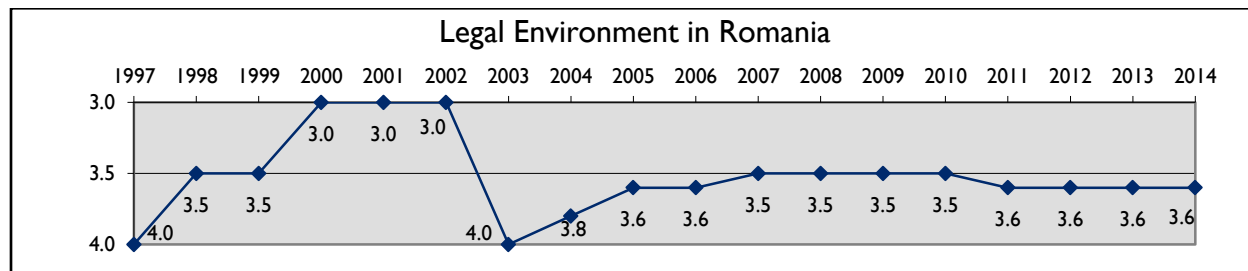
The public agenda in Romania was dominated by two major elections in 2014. The governing center-left coalition won the European Parliamentary elections in May with 37 percent of the vote. In the presidential elections in November, Klaus Werner Iohannis, president of the National Liberal Party and mayor of the city of Sibiu, defeated Prime Minister Victor Ponta. Iohannis took office as president of Romania in December 2014, while Ponta maintained his position as prime minister. Several CSOs offered assistance to voters and monitored the electoral campaigns and the casting of ballots. Domestic CSO monitors concluded that there was possible fraud due to the high number of voters casting ballots outside their cities of residence and the use of special voter lists. The elections were validated and the Permanent Electoral Authority is performing cross-checks on all votes cast that are to be finalized by mid-2015.

CSO sustainability in two dimensions declined in 2014, while one dimension improved. The effectiveness of CSO advocacy decreased, with public authorities commonly disregarding the laws regarding public consultation prior to adopting laws. The public image of CSOs also worsened, with citizens’ trust in CSOs continuing to decline. CSO financial viability, on the other hand, improved with greater diversity of foreign funding available and CSOs’ better use of fundraising techniques.

The National NGO Register included 90,515 officially registered non-profit organizations as of December 2014, though organizations registered in 2014 might not be represented on the register until 2015, since

courts are not subject to a deadline for updating the registry. Most registered non-profit organizations are associations (70,274) and foundations (18,171). According to the 2014 Social Economy Atlas, which provides data from 2012, at least 39,347 organizations are active.

## LEGAL ENVIRONMENT: 3.6



The legal environment for Romanian CSOs experienced both positive and negative changes in 2014. The impact of such changes remains to be fully seen.

On the positive side, Law 78/2014, passed in June 2014, provides more specific rights for volunteers in Romania and is meant to stimulate volunteer activities. In addition, CSOs legally were granted greater opportunities for economic development in 2014. According to amendments made to Law 346/2004 in April 2014, CSOs will now receive preferential status for certain public tenders and benefit from economic information and consultancy services. As a result, they will be able to access public funds previously only available to small and medium-sized enterprises.

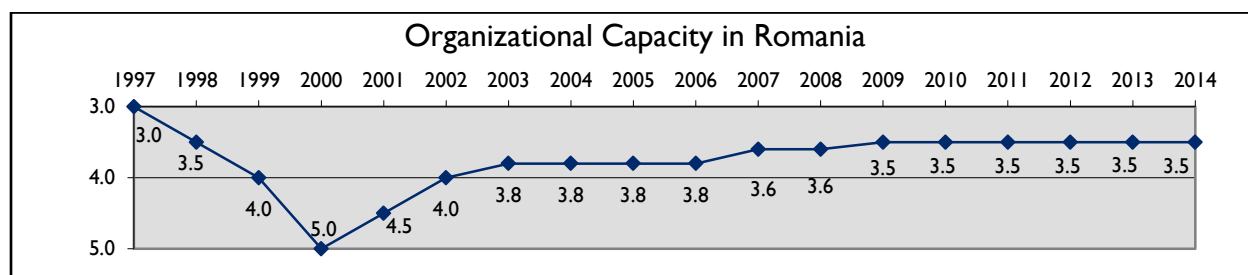
On the negative side, despite concerns expressed by many CSOs, in February the parliament passed Law 22/2014, which imposes new restrictions on CSOs' names. According to the law, CSOs are not allowed to bear names resembling or that might be confused with titles of public institutions, but the law provides an unclear definition of the forbidden names. Existing CSOs must also follow this rule; those that violate it must change their names within two years or risk dissolution. It is unclear how many CSOs will have to change their names as a result of the law.

CSO registration did not change in 2014. The registration process remains rather bureaucratic, requiring significant time and fulfillment of complex, rigid procedures. The registration requirements imposed by public authorities may differ from one judicial unit to another due to differing interpretations of the law. CSOs can operate freely within the law and without harassment by government, even while publicly expressing criticism towards the authorities.

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. Changes to the sponsorship rules within the Fiscal Code adopted in late 2013 and effective in January 2014 incentivize companies to make larger sponsorships by allowing them to deduct the amounts donated from the taxes owed over seven years instead of just one year.

Local legal capacity increased slightly in 2014. The Equality and Human Rights Action Center (ACTEDO) established a new clearinghouse that connects CSOs and citizens with human rights attorneys. The Civil Society Development Foundation (CSDF), in partnership with several large law firms in Bucharest, organized new legal education seminars for CSOs.

## ORGANIZATIONAL CAPACITY: 3.5



Organizational capacity of CSOs did not change significantly in 2014. CSO membership remains low, in part because the law only requires a CSO to have three members. According to data provided by the Social Economy Atlas 2014, credit unions have the largest memberships. Credit unions for retired persons have a total of 1.4 million members, while those for employees have 989,000 members, together representing almost 10 percent of Romania's population.

Inspired and encouraged by the large protests under the United We Save (Uniți Salvăm) banner in 2013, grassroots activism increased in 2014 and smaller local groups became more visible. The Resource Center for Public Participation (CeRe) and the PACT Foundation continued to support citizen mobilization at the local level. However, most CSOs find it difficult to mobilize significant numbers of supporters. CSOs seem more interested in involving citizens in specific actions (mainly as volunteers or donors) than in cultivating constituencies who they regularly inform and consult on important decisions and activities. A few large organizations including Save the Children Romania and the Caritas organizations have managed to create and retain large and long-term bases of supporters.

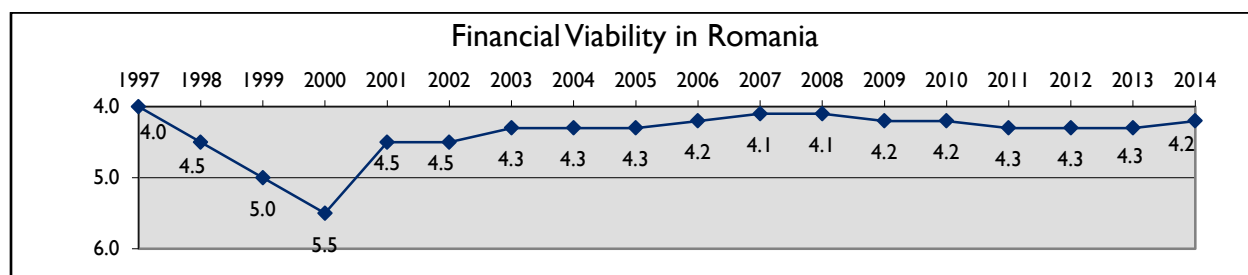
Most CSOs have clear missions and an increasing number of them understand the need to plan strategically. However, they find it difficult to do so in Romania's often unstable economic and political environment, particularly given the lack of long-term funding. Even when CSOs—mainly larger CSOs—have strategic plans, they are implemented poorly, as CSOs generally are focused more on operational plans and pursuing available funding.

Internal management structures did not change significantly in 2014. CSOs remain largely staff-driven and lack boards that play active roles in governance. Board involvement still remains more at the operational level than the policy level. Boards seem to be getting more active, however, as CSOs increasingly seek to build constituencies and strengthen their fundraising capacities.

Human resources in the CSO sector are highly volatile. The labor taxation regime makes it difficult for CSOs, as well as other private organizations, to maintain permanent full-time staff. Most CSOs therefore hire staff on a project basis. According to official fiscal data from 2012 which was released towards the end of 2014, the average number of employees per CSO decreased slightly from 2.37 in 2011 to 2.29 in 2012. Meanwhile, the percentage of CSOs with no employees remained high (68 percent, a slight decrease from 69 percent). The reduction in staff may be due to the closing of European Structural Funds contracts, which forced some organizations to restructure. While there is no concrete data on volunteerism in Romania in 2014, CSOs commonly recruit volunteers.

CSOs in Romania usually have adequate office equipment, software, and Internet access. CSOs increasingly use online tools to engage with stakeholders.

## FINANCIAL VIABILITY: 4.2



CSO financial viability improved in 2014, as CSOs began pursuing local fundraising more often and more efficiently. In addition, foreign donors increased and diversified their programs throughout 2014. However, according to the Social Economy Atlas 2014, while the sector's total revenues increased by 10 percent in 2012, the average annual income per organization decreased slightly. In addition, most CSOs still struggle to access public funding, including European Structural Funds.

Fundraising from local sources reached several benchmarks in 2014. The total amount donated by SMS through Donatie.ro, an online fundraising platform for CSOs, since the platform's launch in June 2012 topped €1 million. The annual philanthropic gala organized by the Association for Community Relations (ARC) recognized projects and initiatives amounting to almost €15 million. Fundraising methods are also getting more diverse. For example in late 2014, the Bucharest Community Foundation organized the first Romanian Big Lunch, in which CSOs hosted lunches in order to raise funds and mobilize new supporters for their community initiatives. TechSoup Romania and ARC established new consultancy and training opportunities to increase CSO capacity to raise and manage funds.

According to a report released by CSR Media in June 2014, companies' corporate social responsibility (CSR) budgets are increasing slightly. Forty-two percent (compared to 36 percent in 2013) of the 113 companies surveyed stated that their CSR budgets increased in 2014, while almost half reported that their budgets stayed the same. Only 10 percent (compared to 13 percent in 2013) reported a reduced budget for 2014. Private companies continue to focus their donations on direct services for CSO beneficiaries, as opposed to organizational development. More individuals from the business world are starting to support and promote CSO causes publicly.

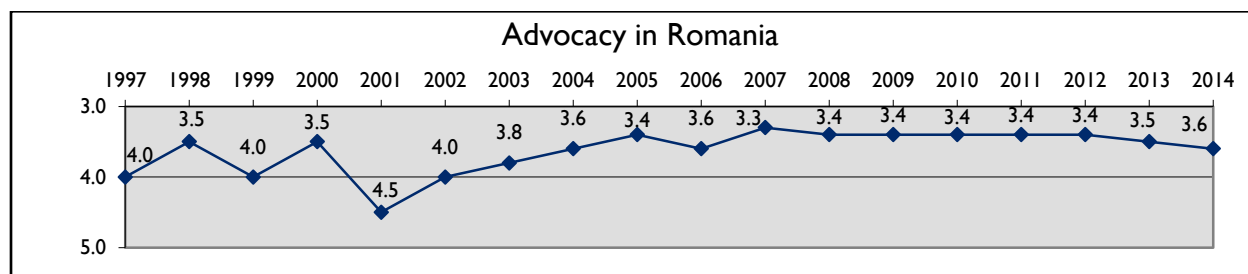
A limited number of CSOs access funding from the central or municipal public authorities to finance their activities. Public funding is neither consistently available to CSOs, nor accessible in every community across the country. After several delays, new projects, primarily in the field of social entrepreneurship, were financed with EU funds in 2014 through the Sectoral Operational Program Human Resources Development (POSDRU). However, such funding is still subject to unpredictable regulations. The NGOs for Structural Funds Coalition expressed concerns about the national rules governing the new EU programming period (2014-2020), demanding more competitive selection procedures. Only one of the new operational programs was launched by the end of the year, and it was not accessible to CSOs. By the end of 2014, CSOs therefore had not yet accessed Structural Funds for the 2014-2020 period.

Foreign funding, especially through EEA Grants and Norway Grants, has increased and diversified. In 2014, the NGO Fund awarded 214 new grants worth over \$24 million, while another call worth \$12.5 million was launched and will be awarded in 2015. EEA funding was also available to CSOs through other financing programs focused on research, preservation of cultural and natural heritage, and social inclusion of at-risk youth. The Civic Innovation Fund, which combines foreign and local funding, funded twenty-nine new projects amounting to over \$360,000. Through the thematic Partnership and Expert Fund, the Swiss-Romanian cooperation program made a total of \$5 million available to CSOs in 2014.

According to the Social Economy Atlas 2014, 12 percent of active organizations are formally engaged in economic activities. Very few organizations can finance their initiatives through membership dues.

Some CSOs—mainly larger organizations—publish annual reports that include financial statements. Independent financial audits are usually done only when required by donors.

## ADVOCACY: 3.6



Throughout 2014, Romanian CSOs maintained a constant pace in their advocacy efforts. However, the effectiveness of such efforts decreased, as did the CSO representatives' trust in successful cooperation with the authorities. The two rounds of elections held in 2014 did not provide a good opportunity to strengthen social dialogue. Rather than focusing on major public policy issues, the electoral campaigns were built around the prolonged conflict between the president and the prime minister and corruption cases involving politicians and high-level public officials. As a result, CSOs found it more difficult than before to promote policy-related issues.

CSOs and government cooperated extensively on anti-corruption during the year. The government regularly consulted a wide group of CSOs on the implementation of the National Anti-Corruption Strategy. The Center for Legal Resources and a group of CSOs that was deeply involved in monitoring the strategy, both at the central and local levels, provided practical recommendations for improvement. The CSO members of the Open Data Coalition, led by the Open Society Foundation, regularly cooperated with government representatives to increase the amount of public data available in user-friendly formats. Thirty-five public institutions published over 200 data sets on a dedicated governmental web portal by the end of 2014.

Improving the draft Law on Social Economy was one of the most important CSO lobbying initiatives in 2014. The Social Economy Coalition, which unites social enterprises and credit unions, pushed to amend the law proposed by the government to include fiscal relief for social economy enterprises, as well as a clearer definition of social economy enterprises. The amendments successfully passed all relevant parliament committees, although a final vote on the law was not cast by the end of the year. In 2014, CSOs also successfully lobbied for the adoption of Law 78/2014 to stimulate volunteering and Law 346/2014 to allow CSOs to receive preferential status for certain public tenders.

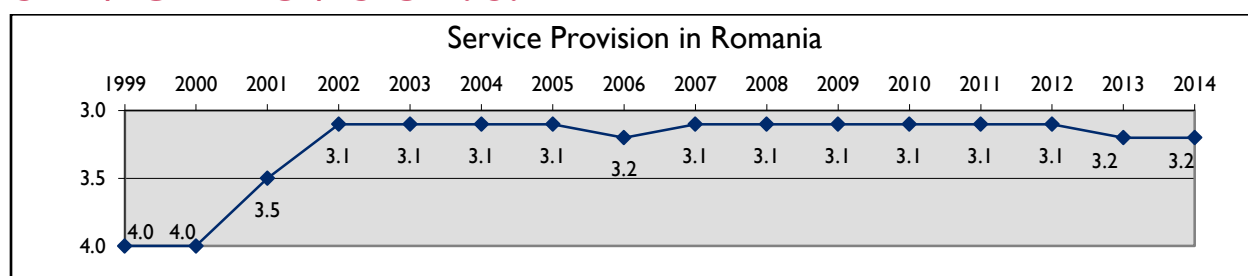
CSOs initiated several successful policy advocacy initiatives in 2014, both at the national and local levels. For instance, a campaign led by WWF Romania halted the construction of micro hydro power plants on small mountain rivers and eliminated the possibilities for such investments to be financed through Structural Funds in the 2014-2020 programming period.

Despite these successes, CSO involvement in advocacy and lobbying was hindered by the national and local authorities' practice of disregarding the laws concerning public consultation prior to passing official bills. For example, the 2014 annual budget for Bucharest was passed without public scrutiny. In May 2014, the Ministry for Regional Development and Public Administration passed an order which facilitates the approval of urban plans without prior public consultation. In addition, significant amendments were made to the Law of Education through an emergency order rather than the regular and transparent parliamentary procedure.

The government attempted to create new channels of communication with CSOs through the Ministry for Social Dialogue in 2014. In July and September, the minister organized a series of consultations with selected CSOs on general topics of concern to civil society. However, the consultations only resulted in a recap of existing problems. After the presidential elections in November, the minister in question was replaced, throwing the continuity of such consultations into question.

Civic protests were organized on varied topics during the year. The most important ones gathered at least 20,000 people across the country to address deficiencies in the way the government organized the November presidential election process abroad. Due to an insufficient number of polling stations in major European countries, Romanians residing there waited in very long lines in order to exercise their voting rights, with the polls closing before some people were able to vote.

## SERVICE PROVISION: 3.2



There were no noticeable changes or trends in service provision in 2014. The market for CSO services remains underdeveloped and economically unsustainable. However, the range of goods and services delivered by CSOs is diversifying. An increasing number of non-profit social enterprises work in recycling, fair trade goods, handicrafts, and services that employ workers with disabilities, such as archiving or packaging. The number of rural enterprises focused on traditional handicrafts, farming, and processing of fruits and vegetables is also growing. Eleven CSOs established the Romanian Network of Work Integration Social Enterprises to promote a new legal form for such organizations, which are involved in job creation for vulnerable groups.

Many CSOs provide social services. The POSDRU program allowed for the continuation of vocational training services in 2014. Other important services—such as legal assistance for CSOs or vulnerable groups and services to ensure institutional transparency and access to public information—receive very limited funding.

Community responsiveness varies. CSO services surpass public services in reflecting the needs of communities, especially in the provision of basic social services. Some services, particularly in the social field, address well-defined and localized community needs, although many remain driven by donor priorities. This is especially true of those funded through the European Structural Funds, which are usually based on large-scale projections rather than local needs. Due to the lack of resources and know-how, CSOs rarely conduct needs assessments or if they do, their assessments are not based on sound market research.

Most of the time CSO goods and services serve a broad constituency and go beyond their immediate target groups. CSOs increasingly recognize the need to expand their constituencies and clientele and build creative new mechanisms to increase their supporters and sustainability.

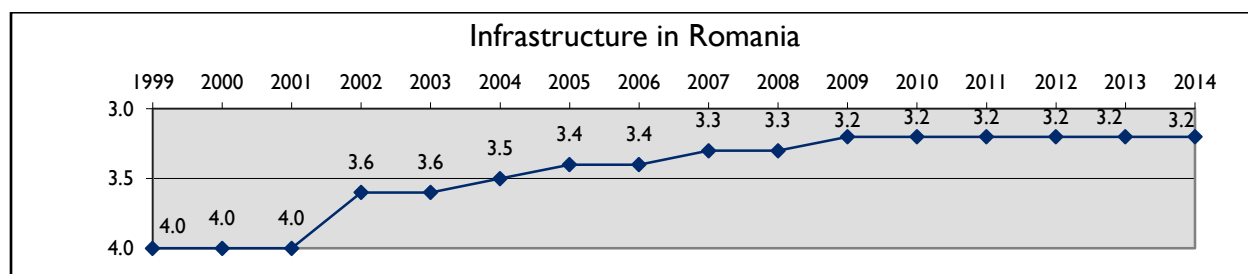
Over the past twenty years, CSOs active in social services created the first models of social care and assistance for vulnerable persons, often through foreign partnerships and funding. The contribution of CSOs to the social system, however, is still not fully recognized. Many CSOs face serious difficulties in securing funding



for their services and some (including day care centers, family assistance programs, and home care providers) are at risk of closing down, even though requests for their services have been increasing.

CSOs providing social services continue to do so in a difficult environment. Many CSO services are provided in an unsustainable manner, depending on resources allocated by each local authority. The availability of public funding continued to decrease in 2014. For example, the Ministry of Labor, Family, Social Protection, and Elderly allocated just \$6.18 million to private social service providers in 2014, down from \$8.25 million in 2013. Services for several vulnerable groups, including migrants, addicts, and the unemployed, were not included in 2014 funding programs. Furthermore, CSO social service providers must navigate rigid and bureaucratic conditions to access public funds, which impedes the development of this aspect of the CSO sector.

## INFRASTRUCTURE: 3.2



The infrastructure supporting the Romanian CSO sector did not change significantly in 2014. Romanian resource centers provide targeted support in specific areas, such as advocacy and lobbying, fundraising, and volunteer recruitment. Most of these centers, even if highly developed, can only provide support within specifically financed projects, which are usually short-term. A very small number of such centers are able to attract local funding for their activities. TechSoup Romania continues to provide CSOs with both software and access to training in IT-related skills.

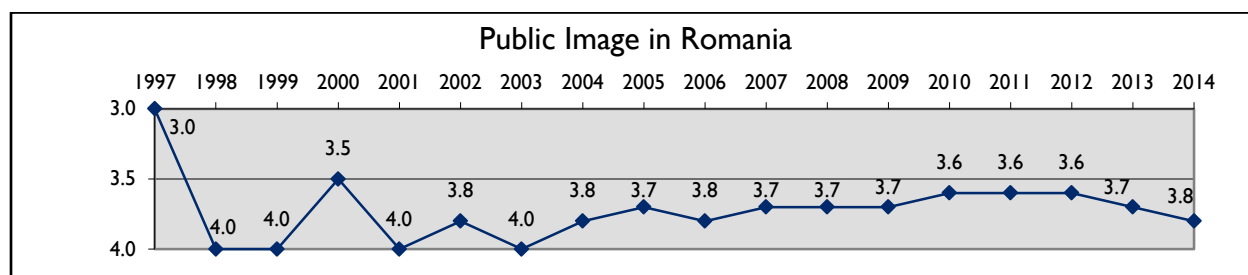
According to the most recent estimates, the twelve existing community foundations in Romania increased the amount of grants distributed for community projects from \$400,000 in 2013 to over \$500,000 in 2014. During 2014, the Association for Community Relations also secured funding to establish three more community foundations, a process which will be finalized in early 2015.

In 2014, CSOs formed new coalitions, including the Open Data Coalition which is focused on the Open Government Partnership, the Coalition for a Clean Media, and the Federation of Social Service NGOs. Meanwhile, existing coalitions, such as the Anti-Discrimination Coalition and the Nature2000 Federation, provided new services to their target groups and strengthened their lobbying and advocacy capacities. The process of coalition building was facilitated by dedicated funding within the NGO Fund.

Professional trainers provide training on many topics of relevance to CSO activities. However, funding sources for tailored training programs on subjects like strategic management or advanced financial management are scarce. In 2014, CSDF organized trainings in project and financial management for over 350 representatives from almost 175 of the NGO Fund's grantees.

New intersectoral partnerships have developed, but they are not strong enough yet to constitute a general trend. In 2014, the ACCEPT association trained Bucharest police officers to prevent hate crimes against the LGBT population. OvidiuRo Association successfully extended its partnership with the Ministry of Education and successfully helped 2,200 underprivileged children to attend kindergarten consistently throughout the year.

## PUBLIC IMAGE: 3.8



Journalists are under constant pressure to produce sensational material. Consequently, they are either uninterested in CSOs, or they tend to cover large organizations, which are already known and visible. The media is more likely to report on specific events, rather than analyzing CSOs' role in society. Individual journalists tend to be interested in CSOs due to personal beliefs, rather than the strategic orientation of their media outlets. Alternative media such as bloggers provide increasing coverage of civil society work. Social and environmental actions by CSOs receive more coverage in both traditional and alternative mass media.

CSOs have become more visible in mass media over the last few years, as they have become more “political,” openly criticizing public policy choices and governance and challenging the political establishment to reform. Depending on media's political alignment, CSOs have become targets for negative campaigns and even scapegoats. Private news channels aligned with government parties tended to reflect civil society negatively. However, the mass media campaign in 2013 that accused CSOs of being paid by foreign interests to foment protests appeared to lessen in 2014.

The public has a vague understanding of CSOs. A survey released by the National Institute for Surveying Citizens and Public Opinion (INSCOP) in December 2014 reveals that trust in CSOs continued to fall, with just 28.6 percent of Romanians now reporting that they trust CSOs (down from 38.4 percent in March 2013 and 34.2 percent in October 2013). In part, this may be due to increased viewership of television channels that negatively reflect civil society.

Against this background, CSOs continue to try to make their work more visible to the public. CSOs continued to organize traditional public events celebrating their achievements in 2014. These include the Civil Society Gala, Public Participation Gala, NGO Fest, and for the first time, a Young Civil Society Gala. A large number of people participated in these events, which also received some media coverage. Many CSOs, however, do not invest in promoting their work, as there is still a belief that good deeds do not need to be told, but only done.

Although there is no evidence-based research regarding the government perception of CSOs, the relationship between CSOs and government is generally adversarial, particularly as CSOs continue to be the main source of pressure on central and local authorities for more transparency and better governance. Politicians and public officials continue to make statements implying that CSOs were paid by foreign entities to organize protests, although no proof was ever produced to support such statements. The business sector, particularly big corporations that continue to support environmental and social CSOs, recognizes the social value of CSOs.

CSOs generally operate in a transparent manner. Larger organizations publish annual reports with financial statements. However, the majority of CSOs have still not adopted a widely accepted code of ethics. Still, there is renewed space to discuss self-regulation due to growing concern among CSOs to differentiate themselves from unethical organizations, including off-shoots of political parties and unfair entrepreneurs competing for European funds, which seem to be growing in numbers.