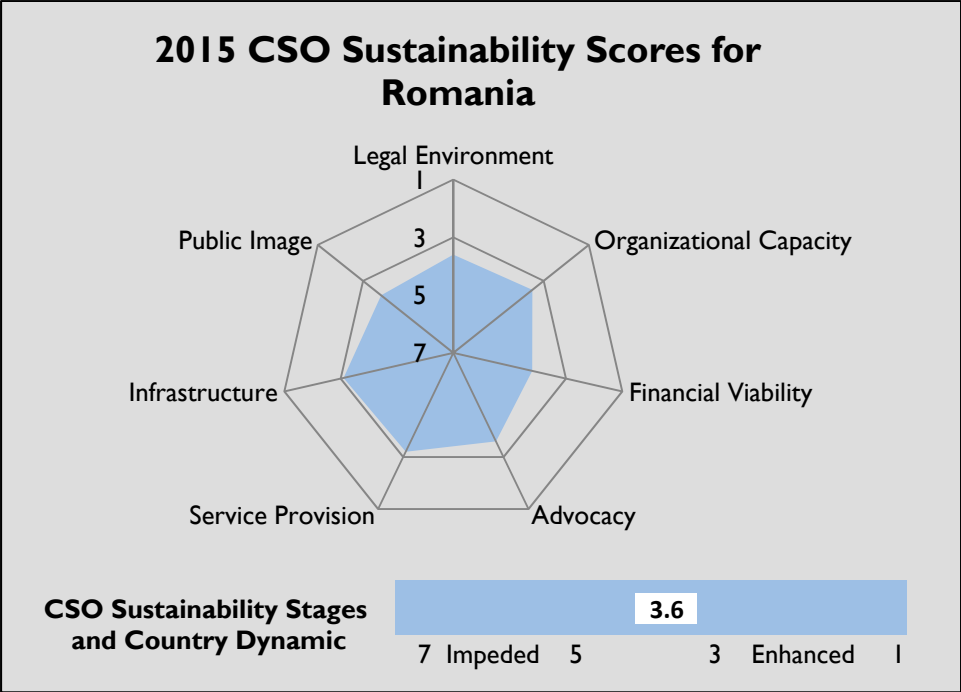
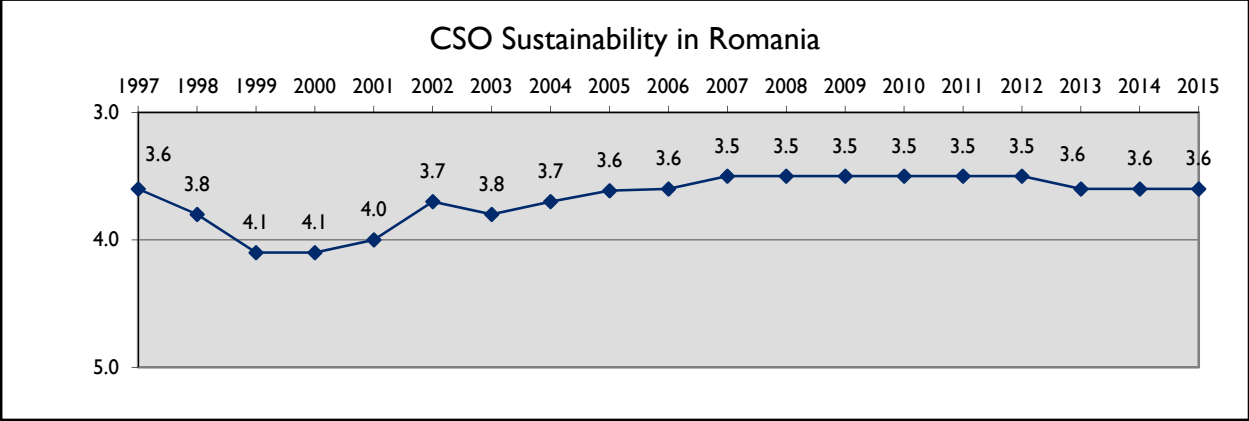


ROMANIA



Capital: Bucharest
Population: 21,666,350
GDP per capita (PPP): \$22,100
Human Development Index: 52

CSO SUSTAINABILITY: 3.6

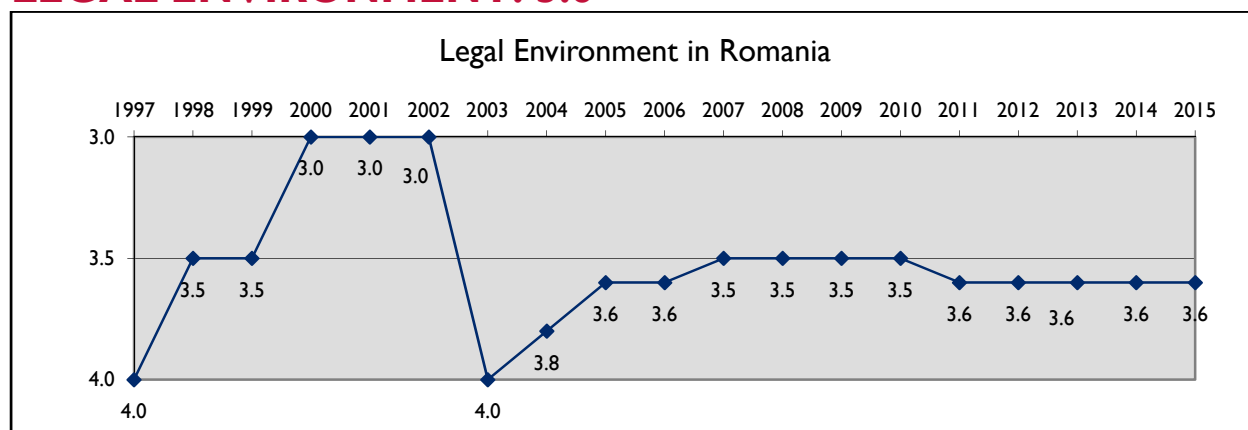


In 2015, Romanian citizens demanded effective anti-corruption measures and political reform. The negligent death of a police officer leading the vice prime minister’s motorcade, followed by a tragic fire in a nightclub that lacked safety permits, sparked massive protests in early November. Spanning more than a week, the protests peaked on November 4, when approximately 55,000 people marched in the streets of Bucharest and other cities across the country. On the same day, Prime Minister Victor Ponta and his administration offered their resignations, one year before the end of their terms. The president of Romania subsequently appointed Dacian Ciolos, a former European commissioner with no political affiliation, to form a technocratic government. On November 17, the parliament approved the Ciolos administration, which will remain in office until parliamentary elections scheduled for late 2016. The administration includes several high-ranking officials and advisors with strong professional backgrounds in the CSO sector.

On balance, CSO sustainability remained mostly stable throughout the year. Tax incentives for donations improved, CSOs diversified the services they offer, and informal civic groups consolidated. CSOs undertook strong and effective advocacy and lobbying initiatives, but cooperation between the sectors was limited by the government’s lack of transparency. Government support for CSO social services decreased. In addition, CSO initiatives were impeded by two instances of state harassment, while media allegations that CSOs act as foreign agents were also more rampant at the end of year.

The National Non-Governmental Organization (NGO) Register included 96,612 officially registered CSOs as of the end of 2015, an increase of 6,097 since December 2014. However, organizations registered in 2015 might not be represented on the Register until 2016, as courts are not subject to a deadline for updating the registry. Most registered CSOs are associations (76,130) and foundations (18,449).

LEGAL ENVIRONMENT: 3.6



The legal environment for CSOs experienced both positive and negative developments in 2015. Improvements in taxation and earned income were balanced out by increased state harassment.

CSO registration did not change in 2015. The registration process requires significant time and the fulfillment of complex, rigid procedures. Reserving a name through the Ministry of Justice can take up to twenty days and the registration process, performed only through a judge at the local court of law, can take up to forty-five days. Registering a CSO is more expensive than registering a company.

The new Law on Social Economy became effective in August 2015. It allows associations, foundations, mutual benefit organizations, and credit co-ops to become social enterprises and work integration social enterprises, which are involved in job creation for vulnerable groups. The law provides clear criteria for the functioning of social enterprises to ensure that subsidies and public funds are appropriately directed towards such entities. These criteria include the allocation of at least 90 percent of profits towards a social objective, the publication of annual reports, and the maintenance of no more than a one-to-eight ratio between the lowest and highest salaries paid by the enterprise.

CSOs can operate freely within the law, but there were some isolated instances of harassment in 2015. In late April, a local expert from the National Association of Citizen Advice Bureaux was threatened by local police at a project site and beaten immediately after by four men. The expert was providing advice to members of a rural Roma community in Brasov County about filing complaints related to police abuse. A police investigation is underway. Two months later, dozens of citizens from across the country who had signed an online petition were summoned for questioning by their local police stations, risking fines for non-compliance. The petition, which was addressed to the prime minister and several other ministers, demanded an investigation of a private company trying to build a micro hydropower plant in Hunedoara and the resignation of the head of the Hunedoara County police. The petition gathered almost 400 signatures.

Following the questioning, several of the summoned citizens stated that they were asked only to confirm their signatures on the online petition.

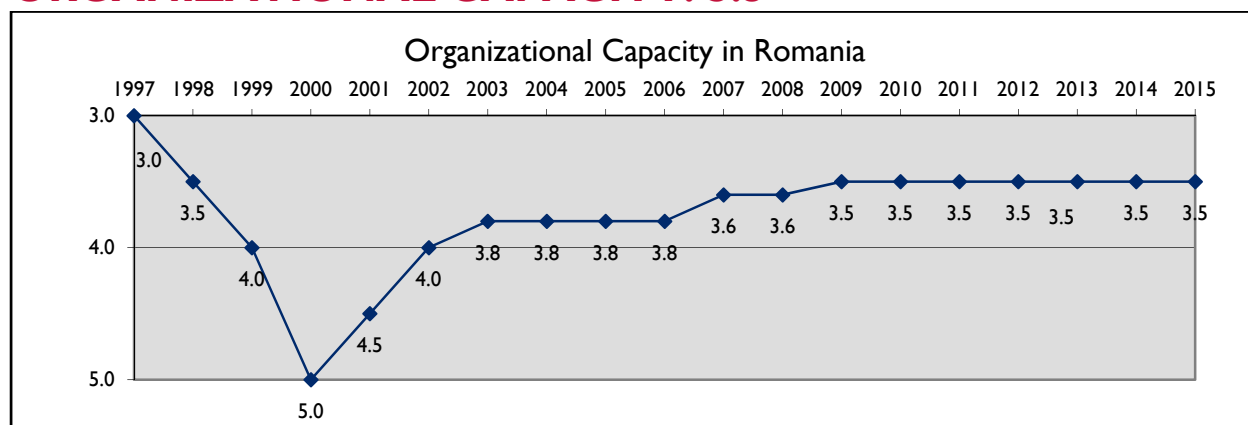
A new fiscal code was drafted in 2015 and will come into effect at the start of 2016. The Code increases the amount that companies can deduct from their taxes for their donations up to 20 percent of the owed income tax or up to 0.5 percent of the annual turnover, whichever is lower. Under the previous fiscal code, the deduction was limited to 0.3 percent of the annual turnover. CSOs, trade unions, and business associations will remain exempt from income tax up on fee-generated income up to \$20,000 in a fiscal year or up to 10 percent of total tax-exempt income, whichever is lower. Revenue from grants and sponsorship is not subject to income tax. In addition, work integration social enterprises are now exempt from property taxes, and other non-profit organizations can receive property tax exemptions if the local council approves. Individual donors can choose to direct up to 2 percent of their income tax obligations towards a CSO or church, or as an individual scholarship.

During 2015, the government drafted a new law for public procurement. Based on CSO input, the law included provisions to allow public institutions to limit some procurements to organizations or enterprises that employ certain populations, such as protected workshops employing persons with disabilities. The law currently awaits parliamentary consideration and, if adopted, could provide positive incentives for social enterprises.

Beginning in 2014, CSOs conducting economic activities are able to obtain legal status as small and medium-sized enterprises, which provides them with the right to access particular types of economic consultancy and information services, as well as dedicated public funds. Nevertheless, not all public institutions abide by these legal provisions. For example, in 2015, the Ministry of Agriculture excluded associations and foundations with legal enterprise status from several EU-funded financing programs that were directed at small and medium-sized enterprises for rural development.

The Civil Society Development Foundation (CSDF) in partnership with several large law firms in Bucharest maintained its clearinghouse service for CSOs in need of legal assistance. More legal education seminars were organized for CSOs in 2015. Such initiatives, however, still do not come close to meeting the sector's need for legal advice.

ORGANIZATIONAL CAPACITY: 3.5



Organizational capacity did not change significantly in 2015. Although CSOs typically involve citizens in their activities, most of them find it difficult to cultivate stable constituencies and CSO membership remains limited. While no research has been done on this topic, this could be due to the fact that few organizations see the importance of developing and maintaining strong constituencies or that citizens lack sufficient trust in CSOs to provide them with longer-term support.

Informal civic groups are becoming prominent actors within Romanian civil society. The protests in November demonstrated the growing separation between institutionalized civil society and large informal groups of civic-minded individuals. A study conducted in 2015 by the Open Society Foundation in Bucharest identified at least 513 distinct informal civic groups that worked for social change over the past eight years. Most of them were formed through external intervention by institutionalized CSOs and support organizations but now act independently of these entities. They mostly focus on issues related to local infrastructure, as well as social, educational, and environmental problems. Less frequently, they act as local watchdogs.

Most CSOs have clear missions that they follow. Though CSOs commonly engage in strategic planning, they often stray from their strategic plans in order to pursue funding.

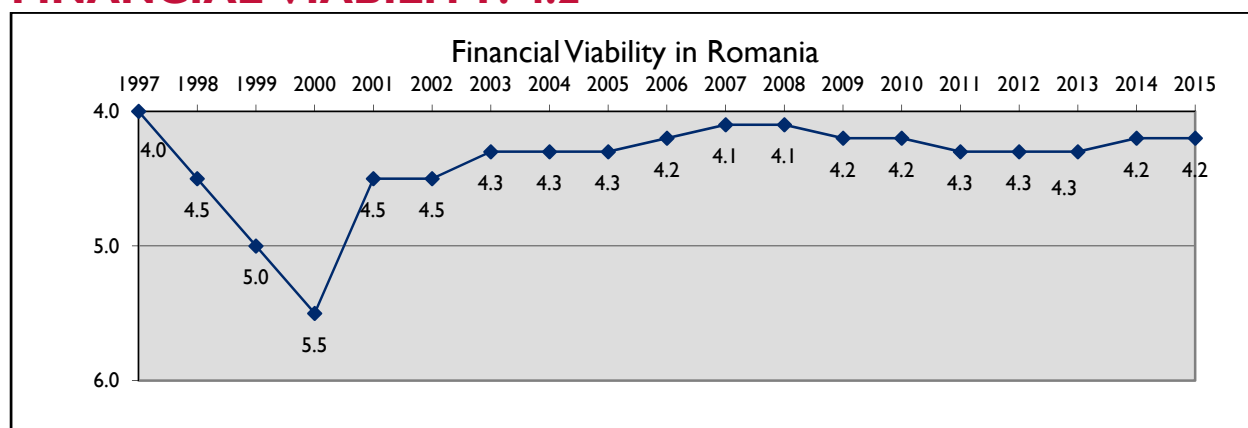
The internal management of CSOs remains largely staff driven, with little oversight or involvement of governing boards. In smaller CSOs, it is very common for boards and operational teams to overlap. In November, CSDF trained twenty-five CSOs on how to build independent and more engaged boards.

Most CSOs continue to hire staff on a project basis, and human resources in the sector are increasingly unstable. All of the 2007-2013 European Structural Funds had to be spent by the end of 2015, and most of the operational programs for the 2014-2020 financing cycle were not launched by the end of the year. Thus many CSOs relying on these funds were uncertain about the continuity of their staff. Social service providing CSOs face particular difficulties in financing their management and administrative staff since funding from local or national public budgets cannot be used to cover such indirect costs.

According to the 2015 World Giving Index, 7 percent of respondents in Romania reported that they participated in voluntary action in 2014, about the same level as in 2013.

CSOs in Romania usually have adequate office equipment and software. In 2015, the Assoclic program developed by the Romanian Workshops without Borders offered 1,000 used and refurbished computers to organizations and institutions working in education and social integration. The local World Bank office also donated over fifty used computers to CSOs in 2015. The Internet is highly accessible throughout the country, with some exceptions in rural areas.

FINANCIAL VIABILITY: 4.2



As government support for CSOs continues to dwindle, CSOs increasingly rely on and try to attract private funding. Following budget cuts in previous years, in 2015 private companies increased their corporate social responsibility budgets. Oil companies like OMV Petrom and MOL; banks like Raiffeisen Bank, BCR, and ING Bank; and mobile communication companies like Vodafone and Orange continued to be among the most active private donors in 2015. The annual philanthropic gala organized by the Association for

Community Relations (ARC) featured 170 philanthropic initiatives, which raised almost \$20 million from both corporate and individual donors, compared to \$15 million in 2014. Some corporate donors have chosen to sponsor CSOs in order to pilot and develop grantmaking programs. For example, Vodafone Foundation Romania allocated over €650,000 to implement a rural strategic investment program in partnership with four CSOs.

Individual donations also increased. Over €2.5 million was raised through SMS donations on donatie.ro, an online fundraising platform for CSOs, between May 2014 and the end of 2015. According to the 2015 World Giving Index, 24 percent of respondents in Romania reported donating to charities in 2014, compared to 21 percent in 2013. In general, CSOs operating in the social, education, and health fields more easily attract both individual and corporate donations than watchdog organizations or organizations active in fields such as human rights, democracy, or citizen participation.

A few CSOs continue to develop innovative private fundraising instruments to cultivate loyal cores of individual financial supporters. PACT Foundation, the Resource Center for Public Participation (CeRe), and community foundations throughout the country organize donor circles to stimulate community philanthropy by involving individual donors in making decisions related to donations for various causes. In addition, more organizations use annual fundraising events, such as galas, charity balls, and sports events, to cultivate and increase their donor bases. Crowdfunding platforms, such as Crestem Idei (We Grow Ideas), Sprijina.ro, We Are Here, and Pot si eu (I Can Too), also gather support for CSO projects, with mixed results.

According to the results of a survey conducted by HOSPICE Casa Speranței, EY Romania, and ARC, although 87 percent of Romanian small and medium enterprises know about the fiscal incentives provided by the Law on Sponsorship, only 52 percent of those surveyed stated that they took advantage of these benefits to direct funds to CSOs in the previous fiscal year. At the same time, 90 percent of CSOs reported being aware of the Law on Sponsorship, an increase from 86 percent in 2014.

The National Cultural Fund and the Ministry of Foreign Affairs continue to provide grants to CSOs. However, public funding programs for CSOs remain problematic. At the beginning of the year, a group of CSOs under the Coalition for Environment drew attention to suspicious allocations of over \$5 million in grants by the Environmental Fund Administration. Project selection was not transparent, with much of the funding going to CSOs with alleged political connections. The total amount of support for social service CSOs from the Ministry of Labor, Family, Social Protection, and Elderly decreased in 2015. Many CSOs also criticized the procedure through which the Ministry distributes these funds.

At the local level, CSOs have the right to access funding from local budgets. However, the availability of funds varies greatly from one community to another, in accordance with the political decisions of the local council and the mayor's administrative abilities to create a fair system for distributing these funds.

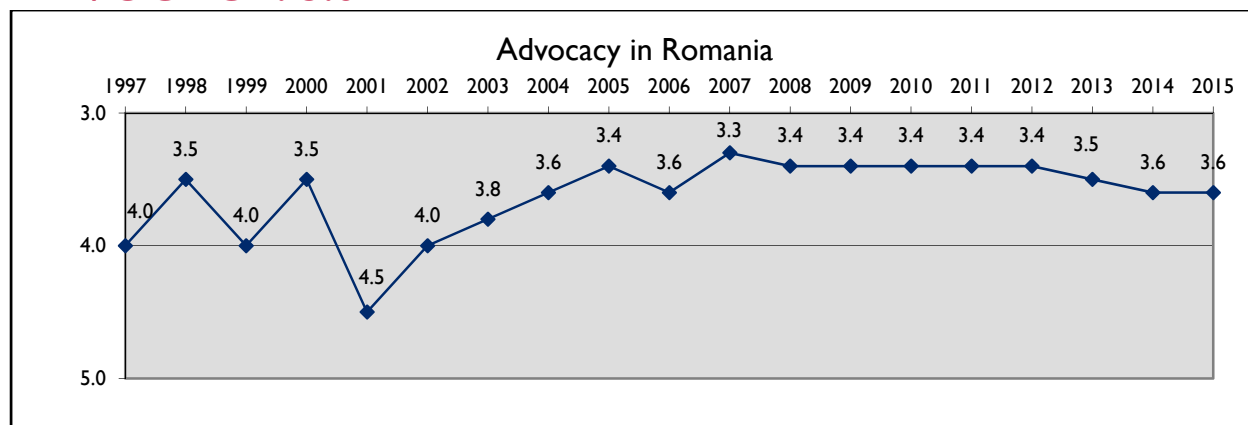
CSDF continued to manage several major grant programs in 2015. The second round of the call for proposals within the NGO Block Grant, a financing scheme within the Swiss-Romanian Cooperation Program - Thematic Fund for Civil Society, allocated over \$5 million in 2015, similar to the previous year. It funded almost fifty projects addressing social issues and environmental protection. In the second round of the NGO Fund of European Economic Area (EEA)/Norway grants, 177 projects received almost \$13.4 million during the year, a significant decrease from the \$24 million granted in 2014. The projects cover a wide range of fields, including volunteering, social issues, human rights, and capacity development for CSOs.

In 2015, the Civic Innovation Fund supported by the Romanian-American Foundation and several private companies launched a call for proposals with a total value of \$275,000. At least twenty projects will be funded throughout 2016. The Romanian-American Foundation also offers matching funds for community foundations in Romania, matching local donations with \$125,000 in 2015.

Although originally planned for 2015, the launch of several financing programs within the framework of the European Structural Funds 2014-2020 was delayed due to problems with the new management system established by the Romanian government. This delayed programs to support ethnic minorities and promote government transparency.

Some CSOs—mainly larger organizations—publish annual activity reports that include financial statements and independent organizational audit reports. However, CSOs usually only conduct independent financial audits when required to by donors, and typically on a project basis rather than at the organizational level. Similarly, only larger organizations have solid financial management systems in place.

ADVOCACY: 3.6



In 2015, CSOs intensified their campaigns and became more vocal on a wide array of topics. At the same time, however, significant legislation was passed with limited consultation and without transparency, canceling out potential gains in advocacy.

According to the Freedom of Information Act and the Sunshine Law, public authorities must publish all normative acts at least thirty days prior to their adoption. In addition, a public debate on proposed acts must be organized if a CSO requests it. CSOs' cooperation with all levels of government and legislative bodies, however, continues to be hindered by public authorities' disregard for these regulations. For example, the law regarding postal voting, meant to alleviate the long lines at polling stations that sparked protests in 2014, was passed with minimal consultation and included very limited options to cast postal votes. Similarly, amendments to Law 506/2004 regarding how public institutions can access data about private electronic communications were passed with limited public debate and in disregard of comments from stakeholders. Despite criticism from CSOs and appeals for public debate, the National Gambling Office passed a decision requiring private Internet providers to restrict access to particular websites without public consultation. Public appeals to parliament and government for transparency in the selection of the new members of the National Council for Combatting Discrimination and the Romanian Economic and Social Council were also unanswered. Such examples are believed to have discouraged many smaller CSOs from pursuing advocacy initiatives during the year.

The local Helsinki Committee, APADOR-CH, voiced concerns about the high number of emergency ordinances passed in situations lacking actual urgency, allowing the legislature to avoid the deliberations of regular parliamentary procedures. In response to such practices, at the end of the year, a group of CSOs led by APADOR-CH formulated policy options to strengthen the Ombudsman as an arbiter of such processes. The Ombudsman has the right to ask the Constitutional Court to review the constitutionality of public decisions. APADOR CH argues that the Ombudsman should contest the government's use of emergency ordinances on the grounds that they do not reflect real emergencies, as stipulated by the constitution. CSOs

also started drafting a policy proposal to strengthen access to public information under the Freedom of Information Act.

CSO cooperation with government and the parliament was successful in many other instances. OvidiuRo developed a legislative proposal to provide incentives to low-income families to enroll their children in kindergarten, after piloting this policy in partnership with the Ministry of Education. The Politics without Barriers Coalition was closely involved in all stages of developing the new electoral laws. The Coalition also successfully pushed to amend the laws to allow for political parties with only three members and lower the requirements for independent candidates. Following a public appeal from dozens of CSOs for the government to mitigate the refugee crisis, in early October the Ponta government partnered with CSOs to initiate a coalition for refugee integration. The new technocratic government continued this coalition.

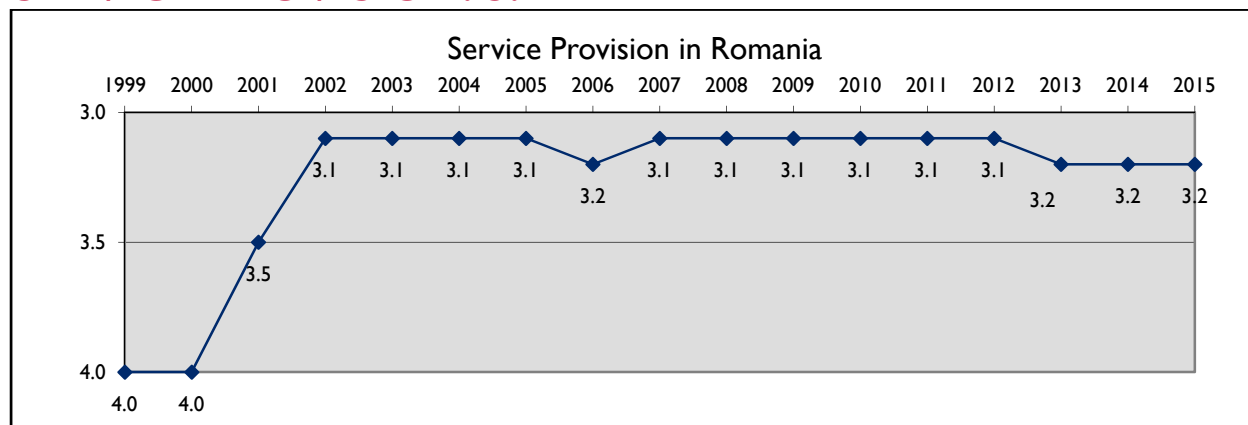
After more than two years of advocacy and public consultations that engaged more than 14,000 citizens, a civic initiative convinced local authorities to replant Linden trees in the city center of Iasi. The local Stop TTIP coalition raised 24,000 signatures demanding the EU to halt the Transatlantic Trade and Investment Partnership (TTIP) negotiations. Save the Children Romania successfully campaigned to increase the monthly state allowance for each child. Other CSOs advocated to eliminate religion as a compulsory subject in public schools, improve the law to protect domestic violence victims, and ensure fair access to decent housing.

Several important lobbying initiatives concluded in 2015. The Romanian Ornithological Society and the Nature 2000 Coalition prevented legislative changes to the Hunting Law that would have endangered the existence of several species. The Center for Legal Resources (CRJ), leading a coalition of thirty-five CSOs, introduced legal provisions for the reuse of confiscated assets for social purposes. CRJ also developed a legislative proposal, adopted by the parliament in late 2015, for an independent monitoring mechanism to ensure that the basic human rights of persons with mental disabilities committed in state facilities are respected.

Following a tragic fire in a popular Bucharest nightclub that lacked safety permits, peaceful civic protests arose in November. Up to 55,000 people gathered in Bucharest and other cities to protest the corrupt practices that led to the tragedy. As a result, the local mayor and the prime minister resigned. While appointing the new prime minister, President Iohannis consulted civil society representatives alongside the traditional consultation with parliamentary parties. During such consultations, CSOs emphasized that the new government needs to have integrity and competence. The subsequent technocratic government founded a new ministry for public consultation and civic dialogue which is led by a CSO representative, the former manager of the Institute for Public Policies in Bucharest.

Throughout the year, CSOs were involved in advocating for legislation affecting their operating environment, including the new fiscal code and the laws on social economy and public procurement.

SERVICE PROVISION: 3.2



In 2015, CSOs offered a more diverse range of goods and services. Watchdog organizations developed interactive maps, including one that compares the costs of basic municipal services and another that allows concerned citizens to report potentially illegal deforestation. Think tanks issued reports and policy proposals related to the energy market, electoral processes, and fraud with public EU funds. Social service CSOs developed social enterprises in a variety of areas, including packaging and other services outsourced by companies, computer recycling, craft shops, cafeterias, catering services and restaurants, bakeries, car washes, social farming, and fitness centers. One such social enterprise, Mesteshukar ButiQ, worked with renowned designers to blend traditional Roma crafts into marketable clothing, accessories, jewelry, and home decor.

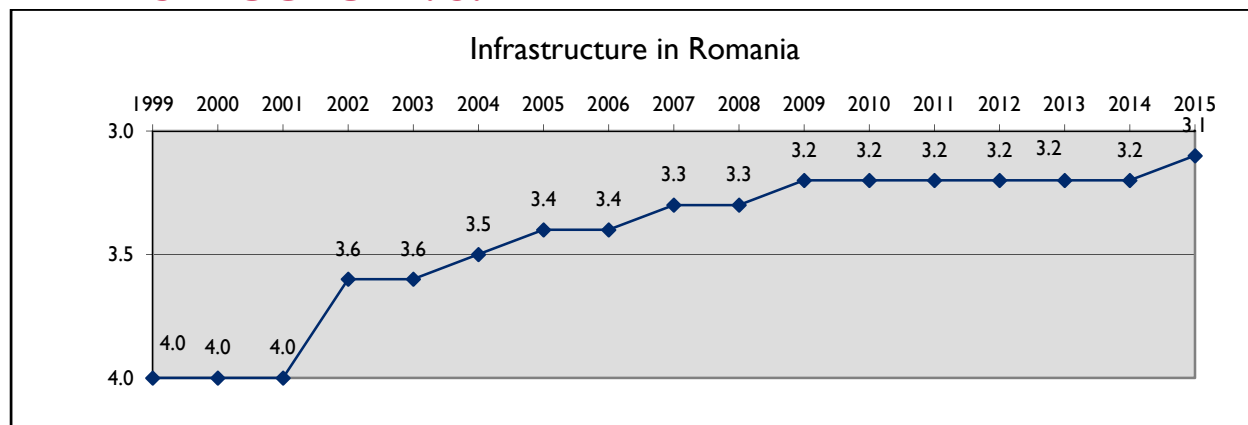
Several CSOs continue to offer legal advice and facilitate access to legal counsel to vulnerable groups and in matters concerning basic human rights. In 2015, the clearinghouse established by the Equality and Human Rights Action Center (ACTEDO) to connect CSOs and citizens with human rights attorneys expanded its network of pro bono lawyers, organized two training sessions for lawyers on addressing human rights cases, and offered legal support to the victims of the nightclub fire in Bucharest.

The diversification of goods and services helped to increase the pool of CSO stakeholders and clientele beyond traditional constituents. However, these new goods and services highly depend on grants, making their sustainability questionable. Some CSOs charge fees for the services they provide.

While CSOs seek to be responsive to their communities, they do not perform regular needs analyses or impact assessments. CSOs, even new community-based organizations, often change their priorities according to available funding programs.

Government support for CSO services decreased significantly in 2015. Besides programs financed through the European Structural Funds, CSOs providing social services depend on state subsidies for vulnerable persons. CSOs must compete for such funds annually. In early 2015, over 150 organizations publicly criticized the results of the competition organized by the Ministry of Labor, Social Protection and the Elderly. They called for more transparency and more consistent procedures and pointed to the reduced amounts made available by the ministry, as well as the narrower range of social services that received funding. In addition, despite opposition from over 250 CSOs, a government order changing the Law of Social Assistance allowed any type of for-profit company to become a social service provider and thus access the limited public funds allotted for social service provision. At the end of the year, the Caritas Confederation released a detailed policy proposal for a national public financing system for social services.

INFRASTRUCTURE: 3.1



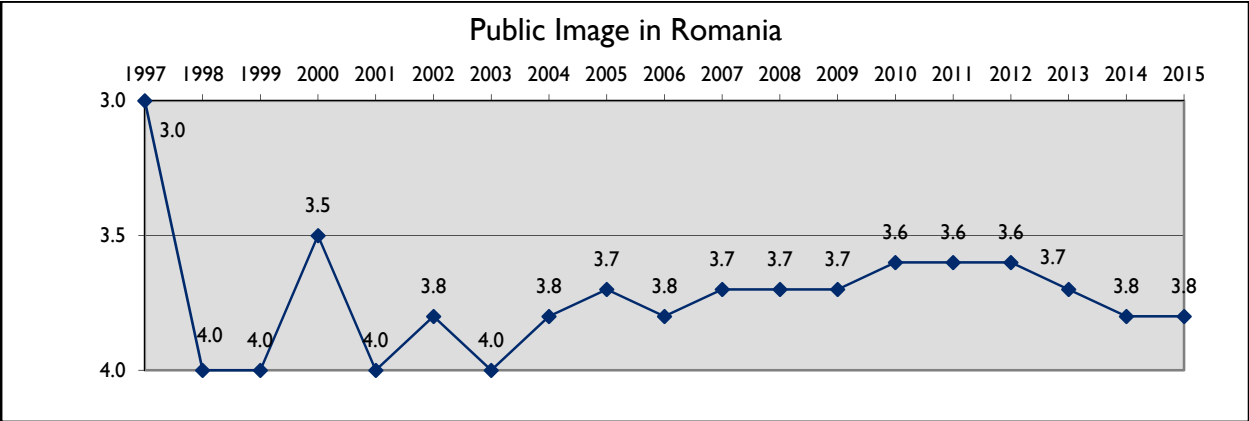
The infrastructure supporting the CSO sector improved in 2015. Resource centers support CSOs in areas related to public relations, advocacy, fundraising, volunteer recruitment, new media, and access to software. Dozens of CSOs, including CeRe, Resource Center for Roma Communities, and ProVobis National Resource Center for Volunteering, act as resource centers. Most of these are located in Bucharest and other large cities, and the range of their services depends on the availability of funding. New centers tend to offer more innovative services. The Public Center, developed by the Open Society Foundation in 2015, aims to address the needs of informal civic groups. Bridging the Gap NGO Academy, also established in 2015, offers trainings and assistance particularly for smaller organizations. CENTRAS also founded the Coalitions and Networks Resource Center during the year.

Many CSO coalitions consolidated in 2015, often with support from the NGO Fund, while new CSO coalitions have emerged at the regional level, such as the Federation of Social NGOs in Transylvania, or at the national level, such as the NGO Coalition for the Rights of NEET Youth. Nevertheless, a report by the Coalitions and Networks Resource Center regarding the general performance of CSO networks and coalitions demonstrates the weaknesses of small CSO coalitions (no more than ten members), which represent up to 30 percent of surveyed coalitions. Most of these small coalitions work with no clear management structures and are likely financially unstable.

CSO training opportunities are largely available on key issues of CSO management and development. However, most of these opportunities are offered through specific projects and are not consistently available. In addition, more experienced CSOs seeking more advanced training in areas like impact assessment or public budgets only have limited and very expensive options.

The network of community foundations, which grants funding at the municipality and county levels, grew from twelve to fifteen members. Corporate giving programs increasingly use CSO intermediaries to manage their grantmaking initiatives or pilot new ones. For example, PACT Foundation manages funding programs worth €370,000 provided by Vodafone Foundation Romania and OMV Petrom. Although this is a successful example of intersectoral partnership, such cooperation remains rare.

PUBLIC IMAGE: 3.8



Mass media demonstrated more interest in civil society related topics in 2015, although they rarely cover events organized by CSOs. More often, they seek the opinions of CSO representatives in various news and talk shows. Online media gave more coverage to CSOs, both reporting on CSO actions and allowing CSOs to publish content. A small number of journalists consolidated their support for CSOs in 2015, hosting and facilitating public events, promoting their projects, and conducting training sessions on communications for CSOs. Civic initiative groups are also becoming more visible, attracting the media with their increasing success in initiating community actions and defending local interests.

According to a survey conducted by INSCOP Research in December 2015, 30.2 percent of Romanians indicated that they trust CSOs, compared to 28.6 percent at the end of 2014. However, the idea that CSOs serve foreign interests became more visible in the media, especially after the resignation of the government in November. Such accusations were particularly fueled by the participation of CSO leaders in consultations with the president to nominate a new prime minister. In addition, the media questioned the subsequent recruitment of CSO experts in the new technocratic government, including one minister, four state secretaries, and several counselors.

At the same time, CSO involvement in the government, including the high-level appointments of former CSO experts and activists, demonstrates an improvement of governmental perception of CSOs after much tension in the first part of the year. However, it is still unclear whether this will last, especially since the technocratic government will only remain in power until the legislative elections in 2016.

The business sector is increasingly interested in working with CSOs through sustained presence on some of their boards of directors and boards of advisors, or through corporate volunteering. For example, in partnership with CSOs, staff from large corporations participated in tree planting campaigns, charity sports events, and projects to build homes for disadvantaged families.

CSOs are paying more attention to their public image and thus have invested further in developing public relations, communication capacities, and relationships with the media. CSOs are using social media tools more effectively and creating online content such as interactive maps, petitions, calls for action, volunteering, communication, and fundraising platforms. Also, throughout 2015, CSOs continued to promote their work by organizing public events, such as the Civil Society Gala, the Public Participation Gala, the Local Initiatives Gala – People Grow the Village, NGO Fest, the National Gala of Excellence in Social Assistance, the National Volunteering Gala, and the International Solidarity Gala.

Although not a legal requirement, CSOs generally consider the creation of annual activity reports to be a minimum transparency effort. However, not all CSOs publish such reports or make public the affiliation of their board members. Though various attempts have been made to draft a code of ethics or conduct for the CSO sector over the years, these efforts do not benefit from significant support or acceptance among CSOs.