

# ROMANIA



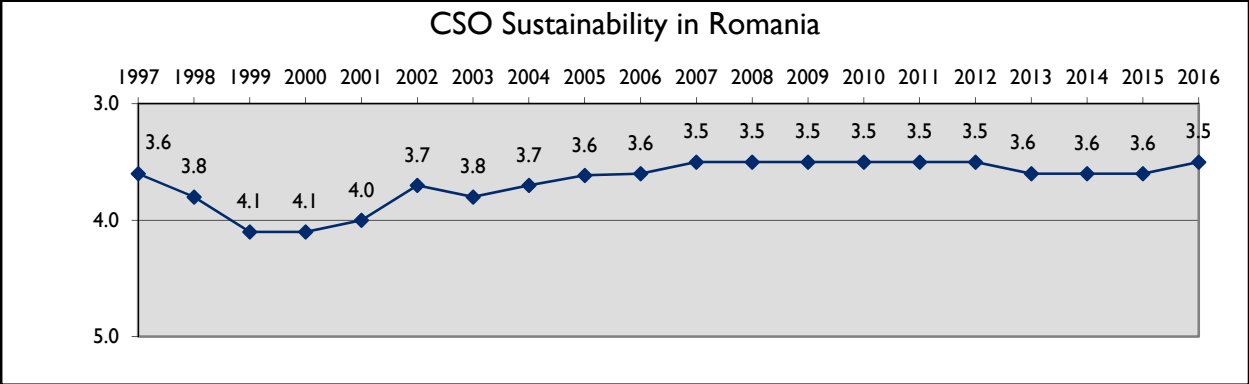
**Capital:** Bucharest

**Population:** 21,599,736

**GDP per capita (PPP):** \$22,300

**Human Development Index:** 50

## CSO SUSTAINABILITY: 3.5



In 2016, civil society in Romania was focused primarily on the reformist agenda of the acting technocratic government, which had a mandate through the end of 2016 and included many former CSO experts and activists. Reform priorities included making governmental decision-making processes more transparent and open, with notable initiatives to increase the transparency of electoral processes and to increase competition and transparency in the appointment of managers of hospitals, schools, and publicly-owned companies.

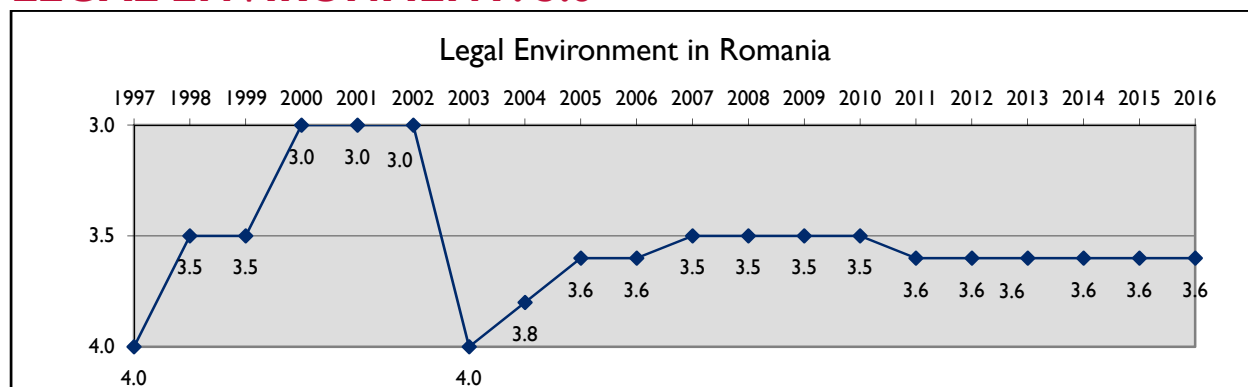
Elections were held during the year, with local elections in June and parliamentary elections in December. Significant campaign topics included corruption; George Soros' alleged promotion of foreign interests through funded CSOs; and a referendum to amend the constitution to restrict the definition of marriage to the union between a man and a woman. With a platform that included right-wing economic measures and rhetoric about protecting the national identity, the Social Democratic Party won the parliamentary elections, and also performed well in the local elections. The elections also marked the rise of the Save Romania Union,

established by a former CSO leader with a platform focused on ending corruption and increasing governmental transparency, which obtained almost 9 percent of the votes in the parliamentary elections.

CSO sustainability strengthened in 2016, with improvements noted in the advocacy and public image dimensions. CSOs significantly influenced policy, and—despite increased accusations of foreign influence—garnered a more active media presence and greater appreciation from government. In addition, the registration process became easier and CSOs’ prospects for earning income improved with the passage of some legal regulations that defined social enterprises and gained access to assets confiscated by court order.

The National Non-Governmental Organization (NGO) Register included 97,208 registered CSOs as of the end of December 2016, an increase of 596 since December 2015. However, organizations registered in 2016 might not be represented on the Register until 2017, as courts are not subject to a deadline for updating the registry. In addition, the database was reviewed in 2016 to eliminate many CSOs that had been dissolved. Most registered CSOs are associations (77,439) and foundations (17,713).

## LEGAL ENVIRONMENT: 3.6



The legal environment for CSOs did not change significantly in 2016, although improvements were noted in terms of registration and possibilities for earned income.

Registration for associations—the most common legal form for a CSO—became easier in 2016 when the minimum capital requirement was reduced by 80 percent. However, the registration process still requires significant time and involves complex procedures. Reserving a name through the Ministry of Justice can take up to twenty days and the registration process, which can only be completed by a judge at the local court of law, can take up to forty-five days. In July, the government launched a public debate on the difficulties with CSO registration and the operation of the National NGO Register. Although CSOs proposed several viable solutions, no concrete steps were taken by the end of the year to change official procedures.

Law 544/2001 regarding free access to public information was amended in July to include public utility non-governmental organizations (which can be associations, foundations, or federations) within the scope of the law. These CSOs, which number approximately 1,400, for the most part did not receive their status through a transparent application process, and are now required to provide any interested party with a very broad range of information concerning their work. This is expected to increase the transparency of civil society. In addition, following consultation with a broad range of CSOs, the government clarified inconsistencies in the implementation of the law and unified the standards for public authorities to provide public information. While CSOs in Romania view the law as a positive development, such laws are considered to be problematic in most countries and it is not yet clear what impact these changes will have.

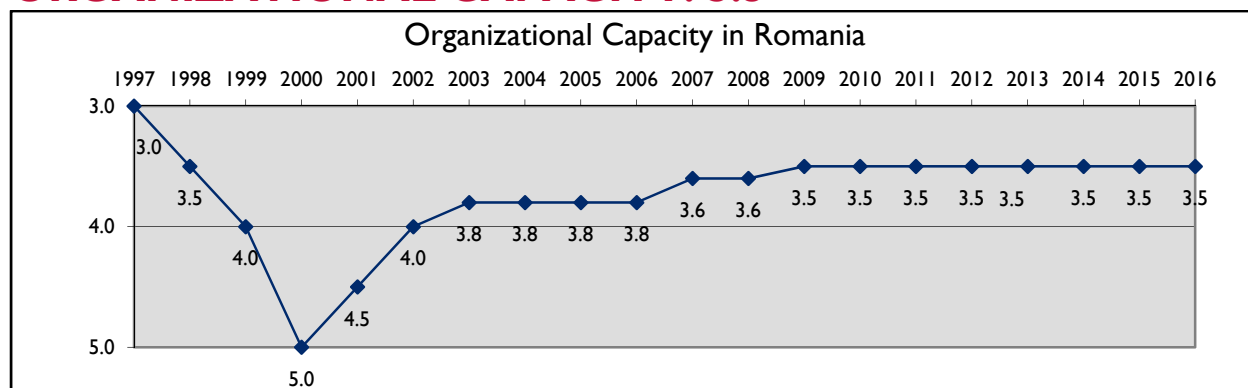
CSOs can operate freely within the law. In contrast to 2015, there were no reported incidents of harassment of CSOs in 2016.

CSOs, trade unions, and business associations are exempt from income tax up to \$20,000 in earned income per fiscal year or up to 10 percent of total tax-exempt income, whichever is lower. Revenue from grants and sponsorships is not subject to income tax. Corporate donors are eligible for a deduction 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. Individual donors can choose to direct up to 2 percent of their income tax obligations towards a CSO or church, or to an individual scholarship.

CSO prospects for financial viability improved in 2016. First, in August, implementing regulations for the Social Economy Law were adopted that defined social economy enterprises and put in place rules governing their operations. By the end of the year, the authorities had issued the first twenty-four social enterprise certificates, allowing these organizations to access dedicated European Structural Funds and business consultancy services provided by the state. Second, in response to CSO campaigns in 2015 led by the Center for Legal Resources, the government created a public agency to administer assets confiscated by court order. In December, the government passed the agency’s rules of procedure, according to which 15 percent of the managed funds will be dedicated to CSOs. Finally, in early fall, the government initiated civil society consultations on updating Law 350/2005 regarding granting from public funds, though no specific conclusions were reached by the end of the year. CSOs are allowed to compete for public funds.

Legal advice for CSOs is available but highly limited compared to the needs of the sector. For example, CSOs in the social service sector would greatly benefit from greater access to pro bono legal services to increase their clients’ access to public services. CSOs in rural parts of the country also lack access to legal expertise to address the public interest cases they encounter.

## ORGANIZATIONAL CAPACITY: 3.5



CSOs’ organizational capacity did not change significantly in 2016.

Due partly to the limited level of public trust in the sector, CSOs do not garner significant local support for their initiatives and projects. CSOs’ constituency-building efforts are not consistent, and some CSOs are not yet aware of the importance of encouraging participation in their activities. However, the Romania Country Report of the Bertelsmann Stiftung’s Transformation Index (BTI), which covers February 2013 to January 2015, notes that “with improving living standards, a burgeoning service sector and rising educational standards, a clientele and constituency for CSO work and employment is growing incrementally.” Some CSOs help to strengthen civic groups and promote models of community building. For instance, the Resource Center for Public Participation (CeRe) provided training and coaching on community mobilization to four citizens groups in Bucharest in 2016.

Many CSOs have strategic development plans, but they are difficult to implement due to the lack of continuity and predictability of funding. Smaller organizations are less able to develop strategic plans as they lack fi-

nancial resources and know how in this area. In addition, the vast majority of these CSOs are preoccupied with short-term issues, such as funding and legal compliance, rather than long-term strategies.

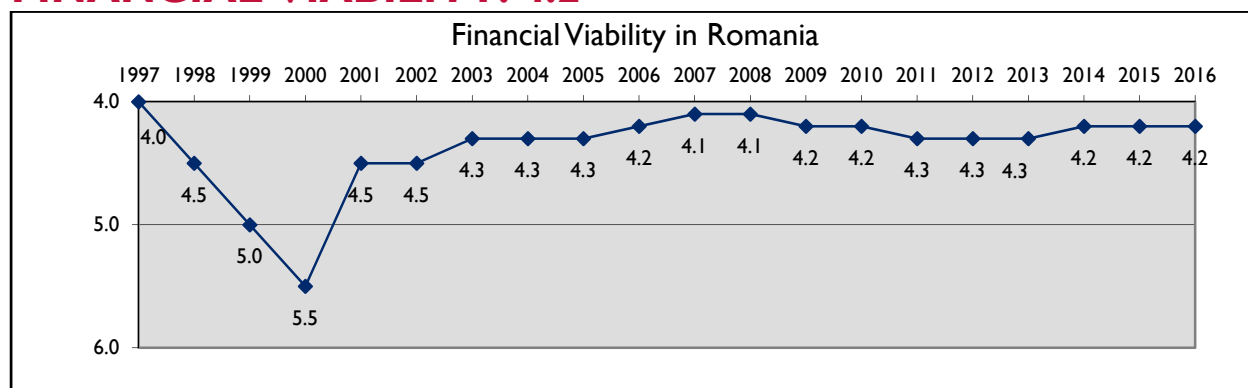
In most organizations, CSO are responsible for organizational management, without significant involvement by boards of directors. Smaller organizations do not even have boards of directors that are separate from their executive teams. Instead, board members of such organizations are directly involved in project implementation, and often serve as remunerated staff.

The majority of CSOs find it difficult to maintain permanent paid staff, especially due to the gap in European funding in 2016. In addition, some professionals left the sector for various government bodies during the year due to the productive relations between CSOs and the technocratic government.

According to the 2016 World Giving Index, only 7 percent of respondents reported in 2015 that they had participated in voluntary action in the past month, the same level as in the two previous years. However, there is potential for growth in this area: in 2016, according to the Volun Federation guide, 69 percent of a limited sample of very active CSOs reported that during the previous three years, the number of volunteers involved in their activities increased. Moreover, 76 percent of responding CSOs reported having monitoring and evaluating procedures for their volunteers.

While CSOs generally have the office equipment they need for their current activities, according to a 2016 TechSoup study, CSOs would need to double the number of computers they currently own for optimum operation. Between 2014 and 2016, CSOs were able to purchase equipment under the 390 projects financed by the NGO Fund of the EEA/Norway Grants and ninety-four projects under the Civil Society Participation Fund of the Swiss-Romanian Cooperation Program. In addition, some institutions and companies, such as the World Bank and Telekom, donate new or used equipment to CSOs. For instance, Renault donated 500 computers, which the Romanian Workshops without Borders refurbished and gave to CSOs and educational, social, and cultural institutions.

## FINANCIAL VIABILITY: 4.2



CSOs' financial viability remained the same in 2016, with private funding mitigating the absence of traditional funding sources, such as the EEA/Norway Grants and the European Structural Funds. While CSOs have diverse sources of funding, most funding continues to be project-based, which limits their financial stability.

CSOs have two ways of accessing public funds allocated by the central government: grants from national and European funds, and subsidies for social services provided by CSOs. According to a report by the Ministry for Public Consultation and Civic Dialogue, in 2016, both kinds of funds decreased: through September 2016, \$45 million had been allocated for grants to CSOs, compared to \$53 million in 2015, while \$4.3 million was allocated for subsidies, compared to \$4.9 million in 2015.

While the situation varies from one community to another, CSOs generally receive limited funding from local government budgets. In 2016, the city of Iasi launched an annual grant program for local public projects proposed by CSOs, with a total budget of \$430,000. The city council of Piatra Neamt allotted \$250,000 for a similar initiative. In many other communities, however, no information on CSO funding levels is available. CSOs delivering social services are more likely to obtain support from local budgets than those focused on developing civic participation, or working in cultural and educational areas.

According to a study by the Association for Community Relations (ARC), in 2015 revenue from local individual and corporate philanthropy constituted over 75 percent of the annual budgets for 21 percent of CSOs; and under 10 percent of the annual budget for 37 percent of CSOs. In addition, the report finds that in the last year, 63 percent of adults made at least one financial donation to a CSO, church, school, hospital, or individual, but only 22 percent of them donated to CSOs. This figure is consistent with data from the 2016 World Giving Index, which reports that 21 percent of Romanians reported that they donated to charities in the previous month in 2015, compared to 24 percent in 2014.

According to the National Agency for Fiscal Administration, in 2015 about 1.8 million out of 6.1 million taxpayers used the 2 percent mechanism, which allows individuals to donate 2 percent of their income tax obligations to a not-for-profit organization, religious institution, or scholarship, when filing their fiscal year 2014 taxes. As a result, 27,956 entities benefitted from \$36 million in allocations from this mechanism. Because of the time required to process these allocations, CSOs started receiving these funds in late 2015.

Private companies continue to be important sources of funding for CSOs. ING, Raiffeisen Bank, OMV Petrom, Kaufland, Vodafone, and Orange continue to support CSO activities. For instance, Kaufland provided 75 percent of the funds Hospice Casa Sperantei needed to open a new pediatric ward with integrated palliative care in Bucharest. Google offers individual Romanian CSOs the opportunity to earn up to \$10,000 a month for using Google AdWords. In 2016, the annual philanthropic gala organized by ARC featured 270 philanthropic initiatives that raised almost \$23 million from both corporate and individual donors, compared to \$20 million in 2015.

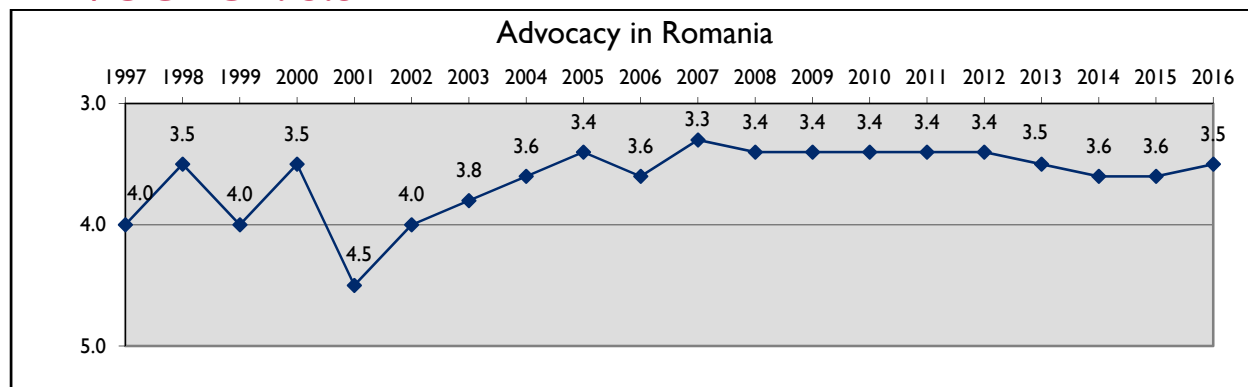
CSOs had less access to traditional sources of funding in 2016. The European Structural Funds 2014-2020 have not begun to be distributed yet, although several calls for proposals were launched and applications were under review at the end of the year. All the projects financed through the NGO Fund of the EEA/Norway Grants were completed in April 2016. The total value of financed projects was over \$31 million. In 2016, the EEA and the EU renewed agreements for another EEA financial mechanism for the 2014-2021 programming period; the allocation for Romania will be about \$524 million, an increase of \$204 million compared to the 2009-2014 period. Out of this amount, more than \$48 million will be allocated to CSOs. Based on the previous experience with this program, the first call for projects is expected to be launched at the beginning of 2018.

In 2016, forty-nine projects valued at over \$5 million were selected for funding from the Thematic Fund for Civil Society-NGO Block Grant, a financing scheme within the Swiss-Romanian Cooperation Program, and began implementation. The purpose of the Thematic Fund for Civil Society is to promote the contribution of CSOs as important actors in the development of society and to strengthen civic participation. Furthermore, as in the previous year, 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. The program has two components: civic innovation and civic mobilization to advocate for improved energy access in vulnerable communities or groups. About twenty projects will be funded under the program and will begin to be implemented in 2017.

Some CSOs supplement their income through revenue earned from providing services or selling products. For instance, “Pentru Voi” Foundation maintains two sheltered workshop facilities that employ people with

disabilities. In 2016, these sheltered workshops generated about about \$1.3 million, or 67 percent, of the Foundation’s total income. However, this level of income generation is very rare among Romanian CSOs. Broadly speaking, CSOs operate in a transparent manner regarding their sources of financing. Most CSOs publish annual reports which include financial figures. CSOs also engage independent financial audits, in particular of grant-funded expenditures to meet donor demands.

## ADVOCACY: 3.5



Advocacy improved in 2016, as cooperation with central government expanded, leading to a number of advocacy and lobbying successes.

Throughout the year, the central government demonstrated its openness to consulting with CSOs. In March, the Ministry of Public Consultation and Civic Dialogue, established at the end of 2015, adopted an official memorandum that mandates increased transparency in the government’s work. This led other authorities to publish legally required public information more accurately and in an accessible manner.

The government capitalized on CSO expertise in the development of a number of policies in 2016. For example, more than half of the forty-seven policy actions included in an anti-poverty policy package related to projects already piloted by CSOs. In the middle of the year, the government adopted a new Anti-Corruption Strategy (2016-2020), which relied on several CSO consultations. The Romanian presidency also launched a national debate concerning education and research, with a two-year period to define national objectives in a participatory manner.

Nevertheless, the government continued to pass important decisions through emergency orders— avoiding the more lengthy but transparent regular procedures. In addition, the transparency of local authorities did not improve much in 2016, and even decreased in some localities. A report launched in December by Active-Watch Association indicated that the Bucharest General Council only advertised for debate seven of the 149 proposals it considered in the second half of the year.

Several CSO advocacy initiatives successfully influenced policy in 2016. Thanks to advocacy by the Constanta Students’ Association, the National Student Council, and Save the Children Romania, the government provided the necessary funding to fully reimburse pupils’ travel costs to school (a commute that is sometimes more than thirty miles). Teach for Romania successfully convinced the government to provide incentives for teachers to work in schools with highly vulnerable students and high drop-out rates, while Save the Children Romania successfully advocated for funding for the purchase of hospital equipment for the care of newborns. In response to proposals by a group of CSOs led by the World Wildlife Fund, the Ministry of Environment and Climate Change launched an app allowing citizens to verify the legality of any timber transport. Following sixteen years of campaigning against an open-pit gold mining project in Rosia Montana, in 2016 the Ministry of Culture initiated the process of registering the mining site on the UNESCO World Heritage List, which would render the mining project impossible.

Likewise, the National Student Council succeeded in lobbying for the adoption of the Pupil's Statutes, which regulate student obligations as well as rights, such as the right to be consulted on curriculum or to provide anonymous feedback about teachers. A legislative proposal to establish a Child's Ombudsman, a longtime CSO suggestion to enforce children's rights, was formulated in the parliament and was pending debate at the time of writing.

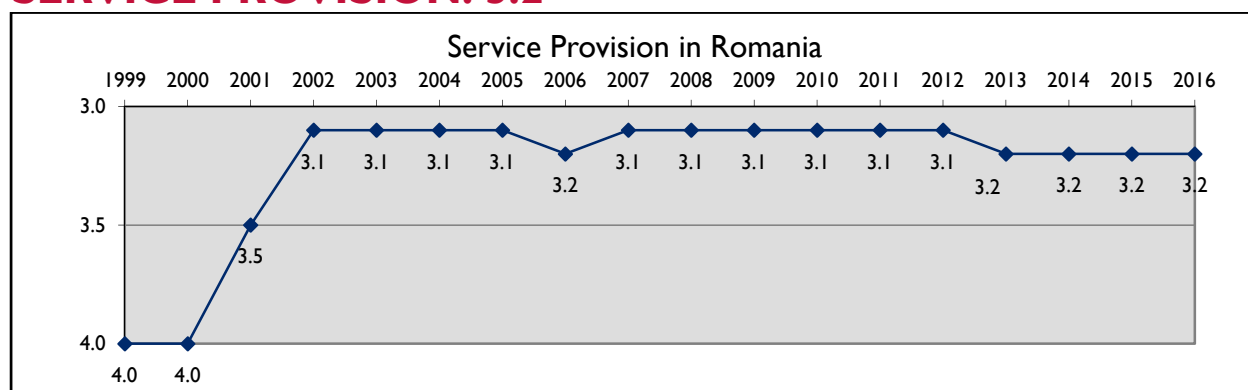
A citizen legislative initiative with close to three million signatures was submitted to the parliament in May. The initiative, supported by thirty organizations and the Orthodox Church, proposes a national referendum to amend the Romanian Constitution to include a more restrictive definition of marriage as the union of a man and a woman, instead of the union of two consorts, as it currently specifies. Even though common law does not allow gay marriage in Romania, a number of national and international human rights and anti-discrimination organizations considered the proposal to violate the rights to privacy and to marriage. After the Constitutional Court validated the initiative, the parliament admitted it and will debate the issue in 2017.

Watchdog organizations made significant contributions to monitoring the local and parliamentary elections in 2016, and made recommendations to improve the current election law for local offices. For example, mayors are elected through a single round of voting, which can result in a mayor being elected with very few votes. CSOs have proposed a two-round system, with a run-off between the two front runners from the first round, which would allow more citizens to have their votes reflected in mayoral elections. Human rights organizations expressed strong criticism of the National Liberal Party's extreme rightist nominee for the Mayor's Office of Bucharest. Following this pressure, the party withdrew the candidate and made a new nomination.

In 2016, Greenpeace and Bankwatch sued the government to prevent abusive expropriations in Runcurel village, and APADOR-CH repeatedly sued the Health Ministry about an access to information issue related to its response to the tragic Colectiv nightclub fire in 2015. No decisions had been reached in either of these cases by the end of the year.

CSOs also advocated for legal changes to improve their operations. In November 2016, the Law for Reducing Food Waste was passed, encouraging food traders to donate food that is close to its expiration date to CSOs or social enterprises.

## SERVICE PROVISION: 3.2



CSO service provision did not change significantly in 2016. CSOs provide services in a variety of fields, including basic social services such as health and education, and other areas such as economic development, environmental protection, governance, and empowerment. There are still significant disparities in terms of the number of CSOs providing services in rural versus urban areas. Although CSOs rarely conduct specific needs assessments at the community level, CSOs deliver relevant services to vulnerable groups and address issues on the public agenda.

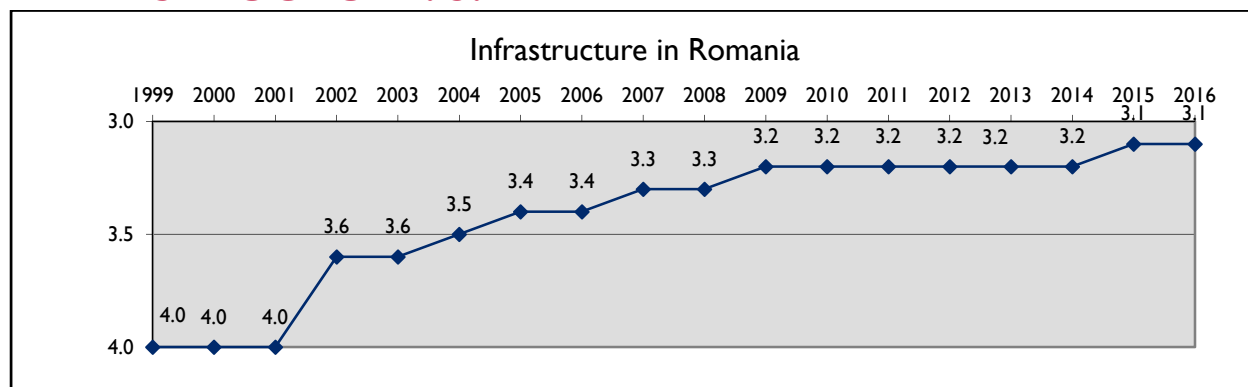
Think tanks monitor the allocation of public funds. For instance, Expert Forum monitored the award of public contracts in the pre-electoral periods, while ActiveWatch monitored public spending by the Bucharest Mayor's Office. The Romanian Academic Society analyzed the allocation of public funds to higher education institutions and formulated recommendations for a less discretionary funding mechanism. The Romanian Academic Society also ranks the integrity of public universities in Romania and offers legal advice to students and professors in order to facilitate the reporting of illegal and non-transparent practices in public universities.

CSOs providing social services help various vulnerable groups by protecting their fundamental human rights and ensuring special protective measures to facilitate their social integration. For instance, in 2016, sixty-three teachers trained by Teach for Romania Association began teaching in over thirty schools in vulnerable communities in ten counties in Romania. In 2016, Carusel Association opened a temporary shelter in Bucharest with fifty beds to help the homeless during the winter. Environmental CSOs focus on preventing illegal logging. Greenpeace Romania launched a platform that allows citizens to directly report any case of deforestation suspected to be illegal.

Some CSOs charge fees for the services they provide. Trainings, which a large number of organizations provide, are one of the most common examples of this. A growing number of CSOs have also created social enterprises in order to charge fees to raise income to benefit their target groups. For example, Alaturi de Voi Foundation in Iasi developed UtilDeco, an enterprise that includes archiving solutions, a print house, a travel agency, and an industrial tailor.

During 2016, the technocratic government closely cooperated with civil society, recognizing the value of CSOs in the provision and monitoring of social services and providing CSOs with more opportunities to participate in decision-making processes. For example, the government founded the Anti-Poverty Coalition, which includes forty-six CSOs and public institutions, to improve existing poverty reduction programs and their implementation. While public funding of CSO services decreased in 2016, CSOs still have access to a range of public grants and subsidies, as described above.

## INFRASTRUCTURE: 3.1



The infrastructure supporting the CSO sector remained the same in 2016. While traditional CSO coalitions are not as active, informal ones are picking up the pace. CSO resource centers and local grant-making organizations exist, but still cannot meet all the needs of the civil society sector.

Dozens of CSOs, including CeRe, Resource Center for Roma Communities, and ProVobis National Resource Center for Volunteering, act as resource centers and provide support to CSOs on a range of topics. Most of these organizations are located in Bucharest and other large cities; CSOs in smaller communities therefore have more limited access to their services. The services of these centers largely depend on available funding. Gaps in funding from EU sources affected the services they provided in 2016.



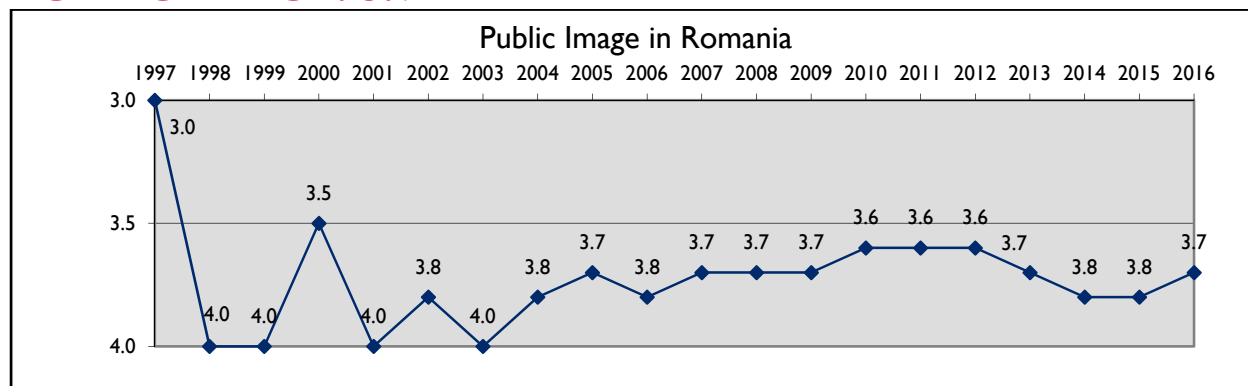
In 2016, the network of community foundations increased by one member to sixteen organizations, all of which raise funds locally in order to finance and implement community projects. In 2016, the Stiintescu (Science Guy) Fund, supporting science teachers in their efforts to encourage students to engage in their fields of study, operated in four locations around the country. The Fund was managed by local community foundations, with support from the national secretariat of the Romanian Community Foundations Federation. In general, however, grant accessibility at the local level is still limited, especially in rural areas.

Some formal CSO coalitions were less active in 2016, partly due to the conclusion of dedicated funding programs. Also, due to CSOs' improved relationship with the government and the opening of more direct channels for advocacy, many organizations felt less need to work together to advance their objectives. At the same time, however, informal coalitions got stronger. For example, in the spring, thirteen civic groups from different neighborhoods within the capital established the Bucharest Civic Network to promote public participation and the accountability of local authorities. Also, several partnerships such as the Common Front for Housing Rights, active in Bucharest and the northern city of Cluj-Napoca, worked informally to strengthen the right to decent living conditions.

CSOs have access to training opportunities, including online offerings. In 2016, a diverse range of free webinars was organized for civil society. Topics included fundraising, financial planning, project writing, organizational management, policy advocacy, and communicating the needs of people with disabilities. TechSoup also continued its training program in digital skills at the NGO Digital School.

Some CSOs increasingly acknowledge the advantages of working in partnership with different professionals, such as investigative journalists or IT experts specialized in app design and data mining. The most visible intersectoral partnership in 2016 was with the central government, through the Anti-Poverty Coalition. Through the Coalition, CSOs and the government met regularly, with CSOs providing feedback and proposals on governmental policies targeting poverty, with a focus on streamlining policies into funding priorities for the new EU structural programs.

## PUBLIC IMAGE: 3.7



CSO public image, particularly government perception of the sector, improved in 2016. However, accusations by political parties that CSOs act as foreign agents undermined the public perception of CSOs, tempering this improvement somewhat.

According to 2016 data from INSCOP, public confidence toward CSOs increased slightly during the first half of the year, with 32.6 percent of respondents expressing “much” or “very much trust” in CSOs in March 2016, compared to 30.2 percent at the end of 2015. However, the level of trust in CSOs is still quite low compared to other social and private institutions included in the analysis, such as universities, mass media, and churches. Furthermore, this improvement was negated by the emergence of Soros funding as an electoral

campaign topic, which CSOs believe damaged the public perception of civil society, particularly among those who rarely or never interact with CSOs.

With the increased presence of former CSO activists in the government and the state's openness to public consultation, the government perception of CSOs improved. The prime minister attended high-profile civil society events, such as the Civil Society Gala and the Central and Eastern Europe Civil Society Forum in Bucharest, while the Minister for Public Consultation and Civic Dialogue was the first Romanian minister to attend the Bucharest LGBT Pride festival.

Improved government relations led to increased media coverage of CSO projects and activities, especially in the first half of the year. The various initiatives involving partnerships between the government and CSOs garnered the interest of mainstream media, both television and print, contributing to an increased understanding of the role of civil society. Nevertheless, this improvement was cancelled out by the characterization of CSOs as agents of foreign interests during the election campaign season. Popular journalists widely repeated this rhetoric, propagated especially by politicians seeking to disparage political opponents who had any CSO background. Stories related to this topic, even if unverified, trended easily, especially online.

CSOs continue to promote their work results online, both on their websites and through social media, as well as through various public events. The Public Participation Gala, the NGO Fest, the National Gala of Excellence in Social Assistance, the National Volunteering Gala, and the International Solidarity Gala are just some of the annual national events that took place during 2016. CSOs also promote their achievements through local events, such as the NGO fairs in Brasov and Mureş counties.

Many, but not all, CSOs publish annual activity reports, mainly to satisfy donor requirements as they are not legally required to do so. Though various attempts have been made to draft a code of ethics or conduct for the CSO sector over the years, these efforts have not benefitted from significant support or acceptance among CSOs, and no progress was made in this regard in 2016.