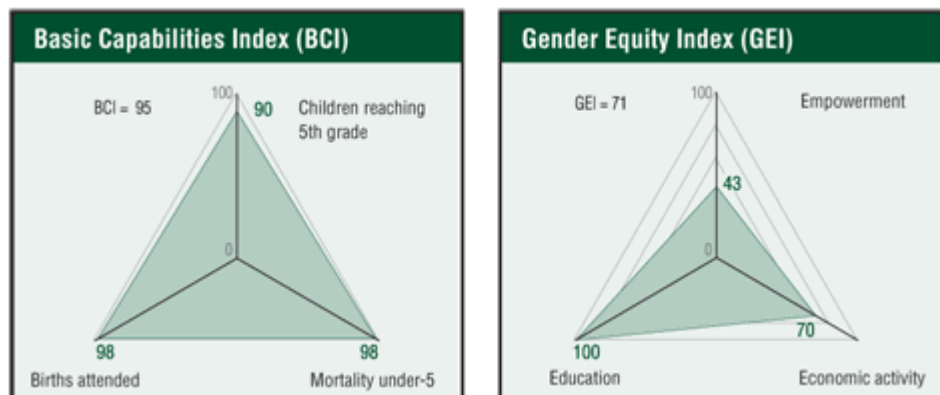


## Working to develop capacity at the service of those most in need

Valentin Burada

Fundatia pentru Dezvoltarea Societatii Civile (Civil Society Development Foundation)

***Throughout the difficult transition period, Romanian NGOs have provided vital social services with the help of international funding. When Romania joins the EU in 2007, these foreign donors will withdraw, making state funding crucial for the survival of NGO social service programmes. EU membership will also require Romania to step into the role of donor country itself, and the NGO sector has contributed significantly to addressing this new field of international cooperation and humanitarian aid.***



Since 1989, after the fall of the Communist regime, Romania has undergone a difficult transition to new political institutions and a new economic framework. The transition increased poverty and the risk for larger categories of people to become marginalized. Romanian NGOs, with the support of international institutions and other foreign donors, have worked to alleviate the negative consequences of the transition.

On 1 January 2007, Romania is expected to join the European Union. As such, it will have to align with EU development cooperation policies and move into the position of donor state. This transformation poses a double challenge: on one hand, although Romania will be an EU member, its domestic socio-economic conditions remain very difficult. Over the last decade, civil society organizations have built, developed and maintained a wide range of social services for vulnerable groups. This has been possible with the support of foreign donors, particularly through EU programmes. It is generally recognized that the social services provided by non-governmental agencies offer higher quality, standards and responsiveness to community needs than public ones. State funding, however, is directed almost exclusively to public social services. With the expected withdrawal of most of the foreign donors, the social services provided by NGOs will face serious difficulties, with their very survival being threatened. Therefore, we believe that public budgets should be adapted to ensure that the services developed by NGOs will continue to be provided. Likewise, civil society organizations need to play a greater role in influencing the national budgeting process, at both the local and central level, to ensure that the local funding available to social services is allocated in the best interest of the communities, providing the highest quality services with the most efficient allocation of resources.

On the other hand, by becoming an EU member, Romania has the opportunity to become more involved in the global arena. It needs to commit more resources and build capacity to

act as a donor of assistance to poorer countries. International development cooperation is a recent preoccupation for both the Government and NGOs.

### **Social services and the role of NGOs**

The domestic context, in socio-economic terms, continues to be a serious concern. According to government statistics, almost one in three Romanians lives in poverty. The situation is worse in rural areas, where wages are far below Romania's average of USD 140 per month. Economic restructuring has led to social exclusion, and certain regions of the country, such as mono-industrial centres and rural areas, have been hit even harder.

Although the official unemployment rate was around 6% in the first quarter of 2006, a higher percentage of the population is under-employed, and attractive employment options remain limited. Over 40% of the population is engaged in agriculture, most on small subsistence plots. Moreover, many young, educated workers continue to leave the country in search of better opportunities elsewhere, particularly in EU countries. Over the last years, because of the absence of adequate social services, remittances from family members abroad have become an increasingly important means of support for vulnerable social groups.

The poor living conditions of such a large share of the population are not caused only by the limited resources available, but also by the way these resources are distributed and redistributed. To some analysts, the social policy promoted over this period has had an overly narrow focus on the objective of development and placed too little emphasis on social benefits, leaving large fields and sectors of the population excluded and socially marginalized while at the same time privileging others (Marginean, 2005).

Although a series of social policy legal provisions have been adopted in Romania over the last 15 years, the system of social policies has remained rather incoherent, with insufficient linkage among its various dimensions and actors (Marginean, 2005). Moreover, Romania remains one of the lowest ranked among EU member states and accession countries in terms of social spending. Since 2000, public social expenditure, including expenditure on education and housing, has increased, but throughout the transition period it has not exceeded 17% of gross domestic product (GDP), compared to over 25% in the majority of western European countries.

The public budget has been considerably diminished by a decrease in the number of taxpayers and by the fact that many companies and individuals avoid paying their due share of taxes. The recent adoption of a new Fiscal Code and of a 16% flat tax for salaries and profits aims to increase the rate of tax collection by encouraging fiscal discipline and offering incentives for increased investments. However, this move is only expected to have consequences for national social policies in the medium and long term.

It is considered that the social security and social services systems in Romania have been more adversely affected than other European countries' systems by globalization, demographic transition and migration of the population. Additionally, previous analysis has proven that many administrative units lack both the competence and the resources to provide the social services required in their area of activity (Chivu, n.d.). At the same time, the national social services system has had to contend with institutional fragmentation at both the central and local levels. Similarly, despite their efforts and the support of international donors, NGOs involved in social service provision are unevenly distributed across the country, with many areas not covered. Most of the extensive rural areas lack both public and non-governmental services.

The current legislation in Romania offers a general framework for the organization and administration of social services. However, a large number of problems persist, such as the uneven distribution of services; the wide differences between regions and counties and between urban and rural areas; gaps between the needs of beneficiaries and the available resources; the absence of any strategic community planning; the various differences among the categories of beneficiaries; and the poor management structures and lack of qualified personnel (Chivu, n.d.).

The individual initiatives of the Ministry of Labour and Social Solidarity and of other specialized central authorities in elaborating the legislation, as well as the poor cooperation among them, resulted in a series of incoherent regulations in the social services sector and an overlapping of attributions, procedures and methodologies, as well as legislative gaps. NGOs have repeatedly drawn attention to these incoherencies and overlaps.

In December 2005, the Government adopted the National Strategy for the Development of Social Services, accompanied by an action plan for its implementation in the period 2006-2013. Civil society actors have criticized the National Strategy for a number of reasons. They maintain that instead of bringing greater coherence to the social services system, it creates more confusion by proposing the adoption of 22 new pieces of legislation by 2010, including a Social Services Code. Moreover, the strategy was not based on an adequate analysis of the context: it did not include information on the economic and social situation, the resources within the system, or the actors interested in developing the system. Most importantly for NGOs, the new strategy failed to address the externalization of social services provision, which could help guarantee a more efficient use of public money and a viable solution to existing social needs.

As mentioned earlier, NGOs have built, developed and maintained a wide range of social services for vulnerable groups over the past decade with support from international institutions, particularly through EU programmes. In view of the expected withdrawal of the major foreign donors in the social field (the European Commission, World Bank, USAID) after Romania's scheduled accession to the EU in 2007, the funding policy for this field has to be carefully revised. The Government must provide more support to social services created and provided by NGOs, which have developed high quality standards, expertise and considerable knowledge of their beneficiaries' needs.

In fact, the public has acknowledged the positive contribution made by NGOs to social services. In a survey conducted by the Civil Society Development Foundation and the ISRA market research centre, as part of the CIVICUS Civil Society Index project, Romanian citizens were asked for their opinion on the effectiveness of different institutions in responding to marginalized people's needs. NGOs were given a rating of 56%, scoring second only to international organizations (62%) and higher than the Church (54%) and the business sector (48%). The state scored lowest, as only 43% of interviewees believed that it is able to respond properly to people in need.

Research has also shown that the provision of social services through NGOs has promoted increased solidarity with disadvantaged sectors of the population, as well as a change in attitude toward persons with disabilities (Balasa, 2004). Most of the activity of social services NGOs is directed to particularly vulnerable groups, such as the physically or mentally disabled, people living with HIV/AIDS, institutionalized children and the elderly.

### **The involvement of civil society organizations in the national budget process**

In the last few years, civil society organizations have become more aware of the need for greater involvement in national and local budgeting processes.<sup>[1]</sup> However, research carried out by the Civil Society Development Foundation in 2005 found that civil society activity in influencing the overall national budgeting process is very limited and focuses only on specific budget components.

In theory, trade unions and employers' organizations are in a better position to influence the drawing up of the national budget because they participate in the Economic and Social Council (ESC), a tripartite body made up of government, trade union and employers' representatives that was established in 1997 to play a consultative role. In practice, however, the ESC has proven to have little impact on key issues like the national budget. According to the 2004 Annual Report, the ESC had been consulted on only 38% of all the laws and policies adopted that year, and its opinion or observations were only actually taken into account in the case of 48% of the laws on which it had in fact been consulted. And of all the draft laws analyzed by the ESC in 2004, a mere 6% were related to the national budget.

NGOs have sought to have a greater impact on the *local budgeting process*. There have been several important projects aimed at empowering citizens and building capacity for local NGOs to influence local budgets. In 2004, the Governance Reform and Sustainable Partnerships programme promoted the organization of public hearings and consultations on draft budgets.

In 2003 and 2004, the Pro-Democracy Association carried out the DIALOG Programme, aimed at involving citizens throughout the country in the debate over local decision making and local budget adoption, while since 2001 another organization, the Institute for Public Policy (IPP), has elaborated reports and offered expertise in this field.

However, NGOs have had little impact on the *national budgeting process*. Think tanks such as the Romanian Academic Society or IPP have sometimes criticized national government budgets and suggested proposals for improving the taxation system and changing expenditure priorities and the way public money is spent. The only visible way in which NGOs have managed to influence the national budgeting process is indirectly, through the modifications in the New Fiscal Code that allowed for the adoption of the "2% Law".<sup>[2]</sup>

A recent publication by the AnA Society for Feminist Analyses notes that gender budgeting has not been a priority for the Government (Grünberg, Borza, and Vacarescu, 2006). On the other hand, NGOs have been involved in sharing experiences at the international level on good practices in gender budgeting, and are interested in working on this issue.

### **International development cooperation and humanitarian aid**

International development cooperation and humanitarian aid is rather a new preoccupation for the Government and NGOs. Although activities in this field have been carried out in the past, it has only recently started to become a distinct field of policy and intervention, primarily in the context of Romania's upcoming EU accession.

In compliance with the commitments made in the EU accession negotiation process and the recommendations in the European Commission's 2003 and 2004 Regular Reports on Romania's progress towards accession, Romania has begun to elaborate a national policy for development cooperation. In line with EU member state practice, development cooperation will be financed from the national budget, specifically through the budget of the Ministry of Foreign Affairs, which will be responsible for managing the policy. Romania, like

the other new EU member states, will be expected to increase its expenditure on official development assistance (ODA) to 0.17% of gross national product (GNP) by 2010, and 0.33% of GNP by 2015. Romanian ODA is currently estimated at 0.04% of its GNP.

At the same time, NGOs have become more involved in specific initiatives at the European level and have started to develop the capacity to operate in the field of development cooperation. Although until very recently there has been no structured legal and institutional framework for Romania's international development cooperation, the non-governmental sector has gained significant experience in the context of the domestic socio-economic transition, which can be transferred to development cooperation projects.

Since 2005, NGOs have been involved in the process of developing a Romanian platform of non-governmental development organizations (NGDOs), within the framework of TRIALOG, a project of the European NGDO platform CONCORD (the European NGO Confederation for Relief and Development). Throughout 2005 and 2006, NGOs were involved in the elaboration of the National Strategy for Development Cooperation drafted by the Ministry of Foreign Affairs (MFA).

The priorities for NGOs in this respect are to ensure that the Government meets its commitments with regard to ODA expenditure levels, and that ODA spending is based on genuine partnership with communities in the beneficiary countries, addressing their specific needs and respecting their concerns. Another focus is on building capacity for civil society to become more aware and to engage more actively in the field of international development and humanitarian aid. Due to the lack of previous interest in this area, a considerable amount of effort has to be dedicated to increasing public awareness through development education campaigns.

## References

- Marginean, I. (2005). *Necesitatea reorientarii politicilor sociale in Romania*, in *Calitatea Vietii* XVI, No. 1-2.
- Chivu, L. (n.d.). *New strategy promoted for social services*, at European Industrial Relations Observatory on-line. Available from: .
- Balasa, A. (2004). "Contributia sectorului neguvernamental la realizarea unor obiective ale politicilor sociale si la ameliorarea calitatii vietii populatiei". *Calitate Vietii*, XV, No. 1-2.
- Civil Society Development Foundation (CSDF) within CIVICUS Civil Society Index process. (2005). *Dialogue for Civil Society. Report on the State of Civil Society in Romania – 2005*. Available from: .
- Grünberg, L., Borza, I. and Vacarescu, T. (2006). *The Black Book of Equal Opportunities between Women and Men in Romania*. Bucharest: AnA Society for Feminist Analyses. Available from: <[www.anasaf.ro/en/index.html](http://www.anasaf.ro/en/index.html)>.

[1] The observations on the national budgeting process are drawn from a study carried out by the Civil Society Development Foundation (CSDF) within CIVICUS Civil Society Index process. (CSDF, 2005).

[2] The 2% system enables individual taxpayers to allocate 2% of their income tax to a non-governmental organization. Essentially, this system allows citizens to tell the state how a part of their taxes should be spent. These funds are not considered donations, but rather a part of the state budget allocated by individual citizens to the non-government sector. NGOs that provide social services to vulnerable social groups are expected to benefit the most



from this legal mechanism, but so far, its impact on the financial sustainability of NGOs has been extremely limited. See: .