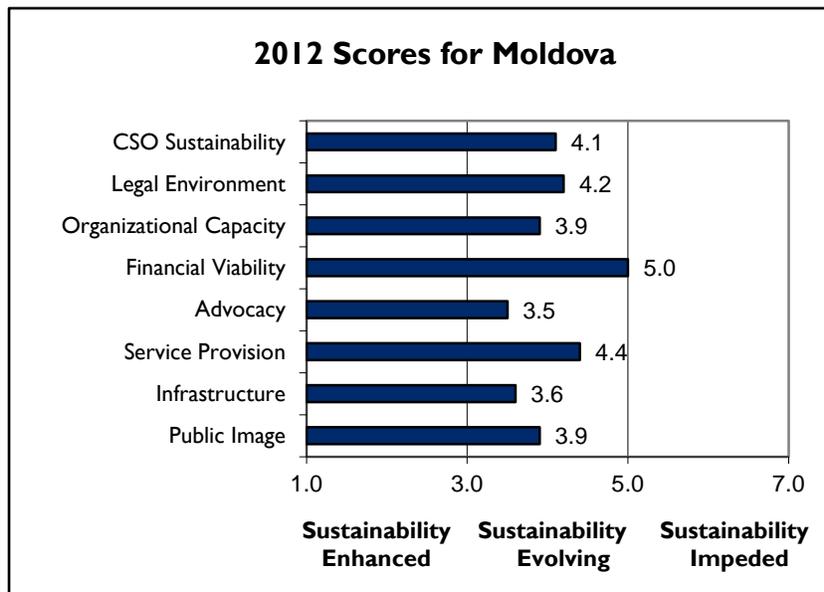


MOLDOVA



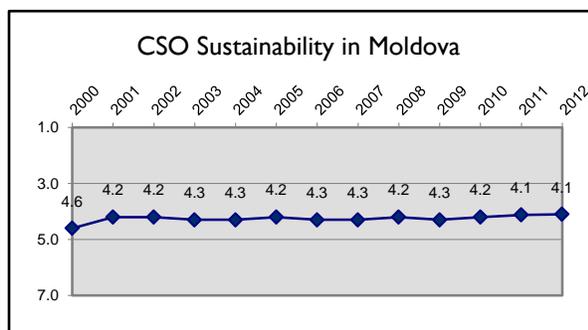
Capital: Chisinau

Population: 3,619,925

GDP per capita (PPP): \$3,500

Human Development Index: 113

CSO SUSTAINABILITY: 4.1



On March 16, 2012, the Moldovan Parliament finally elected a president, thus putting an end to a political crisis that had plagued the country since April 2009. In September, parliament approved the Civil Society Development Strategy 2012-2015, as well as an action plan for its implementation. The strategy is an important step in creating an enabling environment for civil society to contribute to the country’s democratic development, social capital, and social cohesion. The strategy was developed with the involvement of a wide group of stakeholders, including parliament, key

ministry representatives, the State Chancellery, and CSOs. Despite the increase in political will to develop a favorable legal framework for CSOs, however, legislative provisions that should facilitate fiscal benefits for CSOs, such as the CSO public utility status mechanism, have not been put in practice yet by authorities.

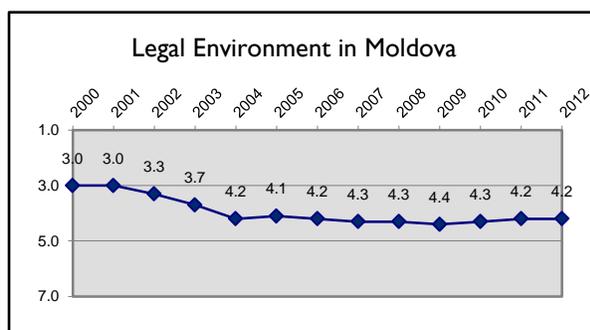
CSO advocacy efforts matured in 2012 and have already had a positive effect on the country. Organizational development is becoming a priority for both local and national-level CSOs. CSO financial sustainability, on the other hand, is stalled as the economic downturn in the country limits the success of grassroots fundraising efforts.



Civil society development in the breakaway region of Transnistria did not improve after the new president came to power in 2011. CSOs still struggle to survive in a hostile environment in which authorities harass and ignore them. Transnistrian CSOs continue to rely on foreign funding, although they increasingly demand support for their activities from public authorities.

According to the Registry of Non-commercial Organizations, there are 6,884 CSOs registered at the national level in Moldova, an increase of 699 over the past year. The total number of Moldovan CSOs, including those registered locally, is over 9,500, a quarter of which are estimated to be active. Approximately 2,500 CSOs are registered in Transnistria, but only 500 of these are estimated to be active.

LEGAL ENVIRONMENT: 4.2



Moldovan CSOs still find the processes for registering and revising their bylaws to be problematic, despite improvements over the last few years, such as making registration templates available online and providing training to registration officials. Nationally-registered CSOs must wait thirty days to register their new bylaws. If the Ministry of Justice determines that any information is missing, no matter how insignificant, the CSO must start the registration procedure from the beginning and wait another thirty days to find out if

the bylaws are accepted. In 2012, the State Registry of Non-commercial Organizations was posted on the Ministry of Justice's website, making it available to the public.

The procedure of registering a CSO at the local level became more difficult in 2012. While a CSO could previously register with the village administration or town hall, district councils are now responsible for examining documents. After the district council completes its review, it forwards the documents to the Ministry of Justice in Chisinau to make the final decision on registration. In some cases, the process of registering a CSO at the local level takes several months.

CSOs in Moldova can apply for public utility status, which makes them eligible for certain fiscal benefits and state support. For instance, only organizations with public utility status can compete for contracts to provide social services. The process of obtaining a Public Utility Certificate, however, remains burdensome.

On September 28, 2012, parliament approved the Civil Society Development Strategy 2012-2015, a comprehensive policy document that outlines the government's objectives for the legal and fiscal regulation of CSOs. The strategy includes concrete steps to complete legal reforms that have already been started, such as developing a mechanism to award contracts to non-state actors to provide social services and follow-up regulations to implement the Law on Volunteering. It also incorporates new policy objectives, including the introduction of a state structure to promote cooperation between the state and CSOs and innovative funding mechanisms, such as tax assignments. Most importantly, the Strategy is accompanied by a detailed Action Plan, which identifies the timeframe, responsible parties, sources of funding, and indicators.

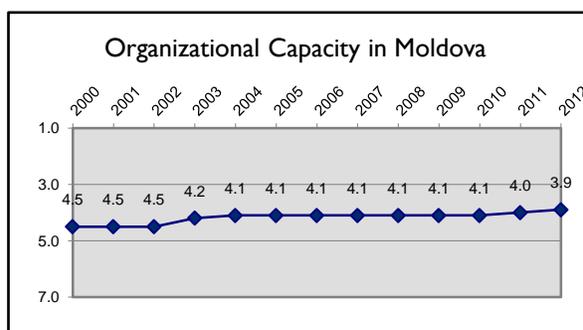
The government did not take any action in 2012 on the amendments to the Law on Public Associations and the Law on Foundations developed in 2011.

In July 2012, the Tax Code was modified without any public discussion. These changes extend income tax exemptions to all non-commercial organizations; previously, these benefits were only available to organizations with public utility status. In order to get this exemption, a CSO must submit a request, approved by the Ministry of Finance, to the local subdivision of the tax authorities.

The legal environment in which CSOs operate in Transnistria did not change in 2012. In 2011, the newly elected president promised to improve cooperation between CSOs and public authorities, but these promises have not yet materialized.

ORGANIZATIONAL CAPACITY: 3.9

CSO organizational capacity improved in 2012, largely as the result of an increase in donor support. A shift in donor focus towards local CSOs continued to shrink the gap between CSOs in the capital and the regions. Donors have also become stricter about funding CSOs that are mission-driven and have good internal management procedures. For example, the Swedish Organization for Individual Relief (SOIR) representative office in Moldova requires CSOs to attach copies of their strategic plans and organizational charts to their funding applications. Soros Foundation and USAID grantees must follow strict requirements including mandatory audits and procurement processes.



Donors are also increasingly implementing initiatives intended to strengthen CSOs' organizational capacities. In 2012, more CSOs in the regions received funds to revise their human resources and financial policies, develop strategic plans, and improve organizational governance. The SOIR representative in Moldova provided support to eight disability rights CSOs to develop training and development plans. The USAID-sponsored Moldova Civil Society Strengthening Program (MCSSP) provided targeted assistance to sixteen CSOs and also assessed and tracked their organizational capacities through an organizational development assessment tool (ODAT).

An increasing number of organizations changed their bylaws and revised their strategic plans in 2012. CSOs formulated clearer and more constituent-focused mission statements, optimized existing team structures, and allocated resources more efficiently and strategically. CSOs started to write proposals based on their strategic priorities, as opposed to changing their missions according to donor priorities.

CSOs now pay more attention to constituency building and analysis. Some CSOs developed feasibility studies to better understand the needs of their constituencies, while some donors required an analysis of beneficiaries' needs in project proposals.

The Law on Civil Associations requires CSOs to delineate the responsibilities of their governance and executive bodies. As a result, the majority of CSOs have assigned these bodies separate roles and responsibilities on paper, although few organizations have active boards in practice.

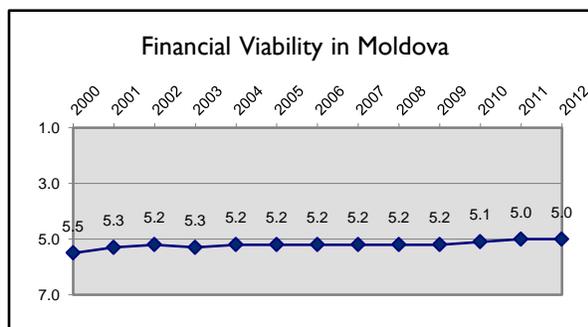
CSO organizational development is still hindered by high staff turnover, which has increased considerably because of the financial, economic, and social decline of the country. Emigration to more developed countries increased over the last several years, directly impacting the human resources available to CSOs. In addition, most CSOs rely on project funding and are therefore only able to hire staff for specific projects. As a result, many employees leave CSOs for more stable jobs.

Voluntary organizations are becoming more skilled at managing and coordinating volunteer relationships. The Regulation of Volunteer Recruitment, which implements the Law on Volunteering, was approved in March of 2012. The regulation establishes the rights and obligations of host organizations and volunteers and provides extended benefits for volunteers, including employment records in labor books and academic credits for organized volunteering.

Moldovan CSOs are generally well-equipped with functional office equipment, including relatively new computers and software. High speed Internet is available throughout the country.

The organizational capacities of Transnistrian CSOs increased slightly during 2012. More CSOs engaged in strategic planning, although few implement these plans. An increasing number of CSOs complain about the lack of professional staff. Staff turnover remains high as people prefer better paid and more stable jobs. In most organizations, the staff is composed of family members or relatives. The culture of volunteering remains weak.

FINANCIAL VIABILITY: 5.0



Financial viability remains one of the weakest dimensions of CSO sustainability. CSOs have limited ability to attract local funds; therefore, any success in obtaining government, corporate, or individual support is considered significant. According to a 2011 study by Contact Center, Moldovan CSOs receive 92 percent of their support from foreign donors. Income from services accounts for 6 percent of CSO budgets, and other sources, including membership fees and individual donations, account for just 2 percent.

New sources of financing emerged at the ministry level in 2012. In addition to the well-established Environment Fund operated by the Ministry of Ecology, the Ministry of Youth and Sports launched its first grant competition in January 2012, awarding small grants to thirty-five CSOs. The Ministry of Culture is also launching a grants program.

On the other hand, local government funding to CSOs is declining as local public administrations (LPAs) are facing an acute financial crisis. Nevertheless, many rural CSOs manage to secure some funding from LPAs. For example, the Neumanist Association, a regional CSO that works with the elderly, received 40,000 lei (approximately \$3,300) in 2012, 25 percent more than it initially requested.

Many CSOs have developed strategies to diversify their funding, but have yet to implement them. According to Contact Center, CSOs are uninterested in pursuing local funds because such efforts are labor intensive and generally result in insignificant resources.

Social service CSOs continue to be the most successful at grassroots fundraising as they are better at communicating the benefits of their activities to local communities. Many social service providers organize special events during public holidays and CSO donation boxes can be found in supermarkets, banks, and other public places.

CSOs are increasingly interested in social entrepreneurship, but few have tried to implement such activities professionally or regularly. Many CSOs are now developing feasibility studies and assessing their readiness for social entrepreneurship. Certitude, a youth CSO from Balti, launched its first social entrepreneurship activity several years ago, but only earned its first profit in 2012.

CSOs' interest in exploring new financing mechanisms remains high. During 2012, CSOs participated in several discussions with the Ministry of Finance on the possibility of developing a percentage law in Moldova, under which individuals and legal entities would be able to assign 2 percent of their income taxes to the CSO of their choice.

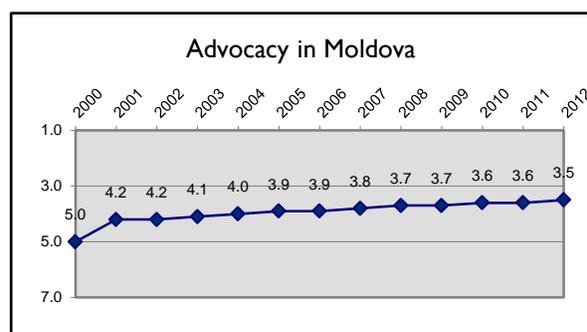
CSOs increasingly understand the concepts of transparency, accountability, and financial management. In 2012, CSOs attended financial courses organized by donors, including those offered through MCSSP in

coordination with the Ministry of Finance. In 2012, Contact Center launched the *Gala of Good Practices* aimed at promoting transparency in Moldovan CSOs. Nevertheless, the number of CSOs that make their financial reports public remains insignificant.

Transnistrian CSOs depend largely on limited grant support from the few foreign donors active in the region. Banks in Transnistria require CSOs to pay additional commissions on international grant funds. In 2012, CSOs developed a legislative initiative to allocate funds from regional budgets for small, local level initiatives. Although this initiative has not yet been approved, more social CSOs received small grants and in-kind support from LPAs during 2012.

ADVOCACY: 3.5

The level of activism, dialogue, and cooperation between Moldovan CSOs and public authorities increased significantly in 2012. The National Council for Participation (CNP) serves as a platform for dialogue and consultation between CSOs and the government. In 2012, CNP amended its internal regulations to increase the transparency of the selection process for new members. As a result of these reforms, the CNP now involves new members representing rural CSOs. Throughout 2012, the CNP provided input and expertise to the government on draft laws and policy briefs such as the National Development Strategy Moldova 2020 and the reform of law enforcement agencies. In addition, the CNP organized debates and workshops on different topics, and expressed the views and concerns of civil society through mass media.



CSOs actively engaged in various advocacy initiatives throughout the year. CSOs played a crucial role advocating for the anti-discrimination law, which was adopted by parliament in May 2012. CSOs were also actively involved in the development and promotion of the Civil Society Development Strategy, which parliament adopted unanimously. The Institute for Human Right (IDOM) won a case against the Ministry of Health for violating patients' right to privacy by listing their diagnoses in medical certificates.

The National Center for Child Abuse Prevention (CN PAC) contributed to the reform of public policy and practice in the area of child rights. As a result of its work, a new provision was introduced to the Moldovan Criminal Procedure Code that stipulates separate requirements and regulations for court hearings where juvenile witnesses are involved.

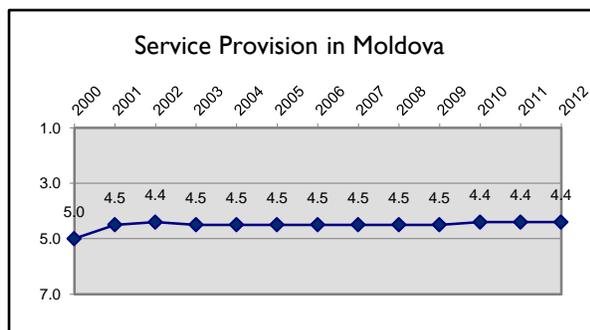
Pilgrim-Demo, Transparency International, and other CSOs protested against the introduction of courses on orthodox culture and ethics in schools in the Gagauz region, arguing that it discriminates against people belonging to other religious denominations. Due to the CSOs' protests, the courses were not introduced.

This year, authorities' interest in CSO expertise increased significantly. Public authorities both at the national and local levels frequently asked CSOs to offer their expertise. For example, the LPA from the Causeni region invited the Association of Psychologists from Tighina (API) to assist them in developing local and regional policies. During a parliamentary hearing on the freedom of press held in June 2012, the Association of Independent Press (API) and IJC were invited to present reports. This was the first time in its history that the Moldovan Parliament invited nonprofit media organizations to present reports on press freedom in Moldova.

On several occasions, however, public authorities were not open to feedback from CSOs on important issues. For instance, the 2013 state budget was made public late in the process, thereby limiting the possibility for CSOs to provide qualitative feedback.

The advocacy capacity of Transnistrian CSOs remains weak. While CSOs in the environment, youth, and social fields engage in advocacy, these processes are largely driven by international organizations that offer technical assistance. Authorities from Tiraspol only tolerate advocacy initiatives if they do not deal with sensitive issues like human rights, democracy, and citizens' and community empowerment. CSOs that organized flash mobs to demonstrate their disapproval of the authorities' actions during the year were fined, intimidated, and accused of acting without official permission.

SERVICE PROVISION: 4.4



CSO service provision improved slightly in 2012. Moldovan CSOs continue to provide services actively, primarily in the social assistance and education fields. Water Users' Associations are now being created in many communities to find water supply solutions for local populations.

LPAs award contracts to CSOs to develop feasibility studies and strategic and socio-economic development plans and to provide other services. ProComunitatea, a CSO specialized in developing socio-economic

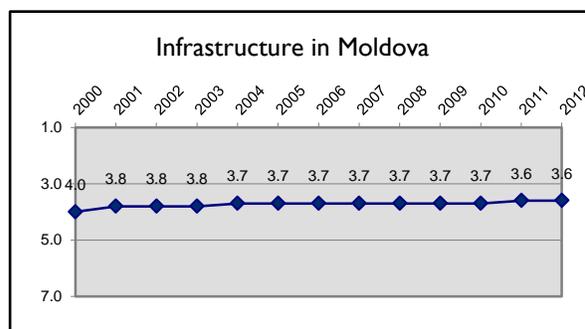
strategic plans for LPAs, registered an increased number of requests in 2012 compared to 2011. The LPAs from the Stefan-Voda and Straseni districts contracted the educational center Prodidactica to conduct trainings for school teachers. Some CSOs offer LPAs expertise in exchange for office space or other in-kind donations. Local CSOs are increasingly convincing LPAs to fund the salaries of staff involved with social service projects.

In conjunction with CSOs, the Ministry of Labor, Social Protection and Family is developing implementation mechanisms for the 2010 Law on Social Services. In 2012, the Law on Accreditation of Social Service Providers and the Regulation on National Accreditation Council were adopted. In December 2012, a working group consisting of legal experts and CSO representatives developed draft amendments to the existing procurement law.

The range and quality of services offered by Transnistrian CSOs did not improve notably in 2012, although more local CSOs have started to seek training opportunities to increase the quality of their services.

INFRASTRUCTURE: 3.6

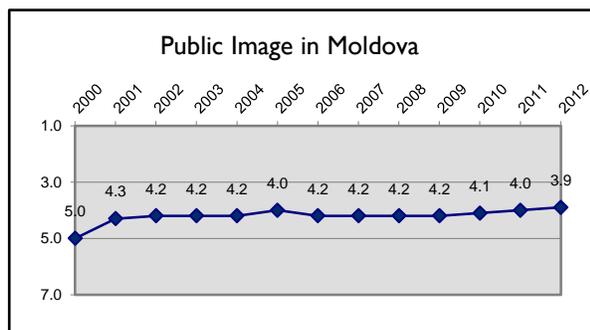
Infrastructure has improved slightly over the past year, but not sufficiently to influence the score for this dimension. In addition to the approximately ten resource centers in the country that offer services to all CSOs, there are resource centers that offer services specifically to CSOs from a certain field, such as youth or people with disabilities. Resource centers slightly improved the quality of the services they offer as a result of donor programs financing CSO capacity development. Nevertheless, resource centers face a shortage of experts capable of providing professional expertise in areas such as procurement and CSO legislation. CSOs have access to training on a variety of organizational development topics, including strategic planning, human resource management, good governance, project management, fundraising, and financial management.



MCSSP organized a series of events aimed at sharing information among CSOs in 2012. Contact Cahul periodically organizes a cluster club, a platform for CSOs, LPAs, and experts in the southern region of Moldova to address regional developments. MCSSP also developed an online database of local resource persons - trainers, experts, and journalists - who offer services to CSOs on various topics.

Only two of the five community foundations created in Moldova in 2007 are still active. The community foundations in Ungheni and Cahul use innovative methods to raise funds from their communities, including lotteries, fairs, movie screenings, and karaoke nights. In 2012, the Cahul community foundation raised 50,000 lei (approximately \$4,000) from corporate and individual donors and the Ungheni Community Foundation financed twelve community-based projects.

PUBLIC IMAGE: 3.9



The public image of Moldovan CSOs continued to improve in 2012. Many CSOs started to actively use social media tools and web-based platforms such as Facebook, www.civic.md and www.dezvoltare.md to promote their services or recruit staff and volunteers.

In 2012, MCSSP sponsored two CSO fairs in order to increase the visibility of CSOs by showcasing their activities, services, and results. Approximately seventy CSOs participated in the fairs, which were based in Chisinau and Balti, and over 1,500 citizens attended the

events. Many participating CSOs were contacted by citizens who asked to become volunteers or offered assistance.

MCSSP also organized four Civil Society Press Clubs in 2012 to increase the interest of journalists in civil society issues. As a result of these meetings, thirty articles were published on topics such as philanthropy, donations, hot lines, human rights, CSO transparency, and the participation of women in public life.

Despite this increase in the public visibility of CSOs, the Public Opinion Barometer 2012 indicated that society's trust in CSOs decreased slightly in 2012. This decrease in trust could be related to the increased visibility of the sector, which is striving to make its activities more public, thus making people more critical and demanding.

The Code of Ethics for CSOs remains in draft form and no initiatives were undertaken to finalize or promote it widely within the CSO sector during 2012.

The image of Transnistrian CSOs did not improve in 2012, although CSOs put more effort into promoting their images through social networks, web pages, and blogs. The public continues to have little trust in CSOs. West Vanguard, a youth organization working with Transnistrian authorities, continues to damage the image of active and independent CSOs. On April 24, 2012, West Vanguard organized protests intended to defame the image of the CSO Vzaimodeistvie on the day it celebrated its tenth anniversary. In order to improve CSOs' image in Transnistria, Centrul Media is publishing an independent newspaper called The Civil Society newspaper. Up to 1,000 copies are regularly disseminated in the Transnistrian region.