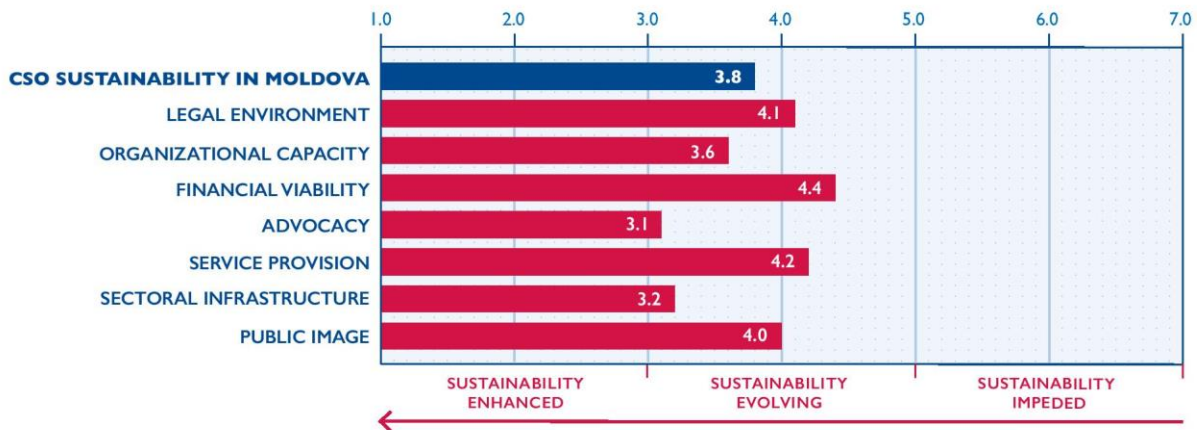


MOLDOVA

Capital: Chişinău
Population: 3,437,720
GDP per capita (PPP): \$6,700
Human Development Index: High (0.700)
Freedom in the World: Partly Free (61/100)

OVERALL CSO SUSTAINABILITY: 3.8



In June, the Chisinau Court invalidated the victory of opposition leader, Andrei Nastase, as mayor of Chisinau because both candidates for the position had used social media to address voters after the official end of campaigning. In response, thousands of citizens protested, both in the capital and in other countries. US and European Union (EU) representatives also harshly criticized the decision and the EU suspended its macro-financial assistance. Until local elections are held in 2019, however, Chisinau City Hall continues to be headed by an interim mayor.

Overall CSO sustainability did not change in 2018. The sector’s financial viability improved slightly due to growth in crowdfunding; funding through the 2 percent mechanisms, which allows individual taxpayers to direct 2 percent of their income tax to an accredited CSOs; and the development of social entrepreneurship. Sectoral infrastructure strengthened with increased sub-granting and the growth of intersectoral partnerships. At the same time, the public image of CSOs worsened slightly as government propaganda continued to be used to attack CSOs.

According to Article 180 of the Civil Code of the Republic of Moldova, nonprofit organizations can take one of three forms: associations, private institutions, and foundations. Associations are the most common form and account for about 95 percent of the total number of CSOs in the country, with public associations accounting for about 80 percent of the total registered CSOs. Foundations account for about 4 percent of all CSOs, and private institutions just 1 percent.

The powers to register CSOs and the management of the State Register of Not-for-Profit Organizations were transferred to the Public Services Agency (PSA) in 2018. As a result of the transfer, the register was not available for much of the year. A temporary version of the register was published at the end of the year, but contains less comprehensive information than the previous register. For example, the temporary register does not specify the areas of activity for each CSO. According to the new register, there were 12,681 non-commercial organizations registered in December 2018, including 11,633 CSOs. During 2018, 419 new CSOs were registered, including 335 public associations, 20 unions of legal entities, 18 religious cults, 14 foundations, 11 private institutions, and 21 CSOs of other forms. According to a statistical analysis developed by the Eastern Partnership Civil Society Facility at the request of the EU Delegation in Moldova, there were 4,671 active CSOs in Moldova in 2017.

The Transnistria region, a breakaway region in the eastern part of Moldova, has enjoyed de facto independence since 1992. According to Nations in Transit, its government and economy are heavily dependent on subsidies from Russia and political competition in the region is limited. CSOs in the Transnistrian region generally operate in a

very restricted environment. A new Law on Non-Governmental Organizations (NGOs) entered into force in May, which placed the work of CSOs under even more control, including by prohibiting CSOs from engaging in so-called political activity, which is defined broadly. At the same time, however, the self-proclaimed authorities in the Transnistrian region showed greater openness to working with civil society in certain areas, such as the provision of medical services, development of social programs, environmental protection, and access for people with disabilities.

There are approximately 3,000 registered CSOs in the Transnistrian region, but only about 100 of them are currently active. Transnistrian CSOs also have the option of registering with the PSA of Moldova. Approximately thirty-seven Transnistrian CSOs have done so, of which approximately twenty are active. There are approximately 500 registered CSOs in the Autonomous Territorial Unit (ATU) of Gagauzia¹, only a few dozen of which are estimated to be active.

LEGAL ENVIRONMENT: 4.1



The overall legal environment governing CSOs in Moldova did not change in 2018, with several positive and negative developments canceling each other out.

As part of the Central Public Administration Reform, which began in 2017, parliament adopted a law transferring the powers for registering CSOs from the Ministry of Justice to the PSA in March 2018. As a result, the PSA is now responsible for maintaining the State Register of Not-for-Profit Organizations. The PSA has territorial offices, which are responsible for the registration of CSOs locally. In addition, the law reduced the term in which a CSO's registration application must be processed from thirty to fifteen days. Although CSOs experienced some minor problems and delays with registration during this transition, there is a great deal of

optimism that ultimately registration will be more efficient, the register will be more accurate, and public servants will be better prepared to respond to CSOs needs' once the transition period has passed.

To prevent and combat money laundering and the financing of terrorism, since August 2018, all legal entities, including CSOs, have been required to submit statements on their individual beneficiaries, including their names. This information must be submitted when registering and whenever the information changes. While the actual beneficiary of a company can be determined fairly easily, this is not always possible for CSOs, especially those that work for the public benefit, such as think tanks. In such cases, CSOs therefore need to indicate the president or executive director as an actual beneficiary, even though this does not correspond to reality. CSOs fear that this could increase mistrust in the sector, enforcing the belief that CSOs either work for their own benefit or represent foreign interests, as opposed to working for the benefit of the public.

On March 29, the Moldovan Parliament approved the national Civil Society Development Strategy, the core policy document and strategic framework for civil society development for the period 2018-2020. The Strategy contains three general objectives: strengthening the framework for civil society to participate in developing and monitoring the implementation of public policies, strengthening the financial sustainability of civil society, and developing an active civic spirit and volunteering.

CSOs that criticized certain governmental decisions were subject to denigrating rhetoric during the year. For example, Amnesty International Moldova was criticized by authorities and several affiliated media outlets after it condemned the detention and forced deportation of seven Turkish citizens working for the private Lyceum network Orizont. The day before it presented the report of its Observation Mission on the New Local Election, a

¹ Gaguzia (Gagauz-Yeri) is an autonomous territorial entity within the Republic of Moldova with a special status that includes additional rights of self-determination.

person forcibly entered the offices of Promo-LEX Association and threatened its employees with imprisonment and physical abuse. In March 2019, a consortium of CSOs published the *Radiography of Attacks against NGOs in the Republic of Moldova*, which documents the actions of public officials, civil servants, bloggers, and affiliated media to discredit and denigrate CSOs in 2018 in order to draw attention to the danger of orchestrated attacks on the operation of CSOs and to determine the public authorities, private institutions and individuals supporting those attacks to stop them.

On May 3, the Moldovan Parliament passed the Law on Not-for-Profit Organizations in the first reading. The Law, which has been under development for several years with substantial input from CSOs, limits arbitrary interference by authorities in the activity of nonprofit organizations, clarifies the terms and conditions for the registration of CSOs, abolishes arbitrary foreign funding restrictions, and clarifies the ways in which CSOs can be involved in political activities. The Law had not yet been adopted in the final reading by the end of 2018.

The tax treatment of CSOs did not change in 2018. CSOs may be exempted from income tax if they meet requirements specified in the Tax Code. Also, some CSO projects are exempt from value-added tax (VAT). Individuals can direct 2 percent of their income tax to an accredited CSO. The new Civil Society Development Strategy 2018-2020 contains some specific objectives focused on amending the budget and tax policy to make it more favorable to CSOs, for example the establishment of a mechanism to exempt public benefit CSOs from VAT payment on the purchase of goods and services.

The existing legal framework allows CSOs to earn money through statutory economic activity, social entrepreneurship, and the provision of social services to central and local public authorities. However, the mechanism for public administration bodies to contract social services is unclear and needs to be improved.

Local legal capacity remains rather limited. The majority of experienced lawyers work in the capital, where more than 60 percent of CSOs are located, and other large urban centers. Until 2018, CSOs could seek basic legal consultations on the work of CSOs in local mayors' offices as these authorities were responsible for registering CSOs; after the registration powers were transferred, however, this service was transferred to the district centers where the PSA's territorial offices are located, making it less accessible for CSOs.

A new Law on Non-Governmental Organizations (NGOs) entered into force in the Transnistrian region in May. The new Law prohibits CSOs from engaging in so-called political activity, which is broadly defined as "the organization and conduct of public manifestations in the form of meetings, demonstrations, picketing and others, organization and conduct of public debates, discussions, speeches, public appeals to the unrecognized Transnistrian authorities, to persons holding senior positions and other actions influencing these bodies, including those aimed at amending or repealing laws and other regulatory acts." Several CSOs in the Transnistrian region were harassed during the year for allegedly carrying out political activity with foreign funding after the new Law on NGOs came into force. For example, the de facto Prosecutor's Office in the region asked the Apriori Center in Tiraspol to submit documents regarding its activity after it organized an exhibition about the media and an event to present a study on the mixed electoral system, both of which were suspected of being political activities. In November, the authorities in the Transnistrian region further increased pressure and control over CSOs with the passage of amendments that require CSOs to report to the de facto regional tax structures information on the amount of their funding, as well as the programs and actions they plan to implement in the Transnistrian region.

ORGANIZATIONAL CAPACITY: 3.6

Although the CSO sector's organizational capacity did not change significantly in 2018, CSOs are increasingly focused on organizational development, in part because donors are gradually shifting their support towards individual CSOs' needs. There is still a large gap between the level of organizational development of CSOs in the capital and those in the region, where most organizations remain very fragile.

The relationship between CSOs and their beneficiaries has improved over the past two years, largely due to the introduction of the 2 percent mechanism. To persuade people to direct 2 percent of their owed income tax to them, CSOs have developed campaigns to promote and involve constituents more actively in their work. As a result of these efforts, in 2018, 13,513 taxpayers who were not required to submit income statements chose to do

so in order to support a particular CSO; this accounts for 46 percent of the total number of designations made during the year. Many umbrella organizations try to involve member organizations in their activities as much as possible. The National Youth Council of Moldova (NYCM), for example, developed a new strategy in 2018 that is expected to be implemented with the direct involvement of their sixty-three member organizations.

A growing number of CSOs develop missions and visions and publish them on their websites or social media pages. The number of organizations that acknowledge the need to engage in strategic planning processes to ensure their sustainability and, in some cases, to comply with donors' requirements, is also growing. In particular, donors encourage strategic planning among organizations that they work with over a period of several years.

Although various legal forms of CSOs have different internal structures, as a general principle CSOs have at least three internal bodies: a governing body, the executive, and a control body. CSOs specify the division of responsibilities in their bylaws. For public associations, the law specifically states that members of the governing body cannot be members of the control body. Various USAID-funded projects aim to develop the internal management structures of CSOs. For example, in 2018, the Media Enabling Democracy, Inclusion and Accountability in Moldova (MEDIA-M), which is implemented by Internews, launched an organizational development component for media CSOs. Over the course of four years, six media CSOs will benefit from individualized support and organizational capacity building under this program. Similarly, in 2018 the High Value Agriculture Activity in Moldova project began working to strengthen the institutional capacities of five associations of farmers and four rural irrigation CSOs. The Moldova Partnerships for Sustainable Civil Society (MPSCS) project, which focused extensively on building the institutional capacities of CSOs, came to an end in 2018.

In 2018, the Swedish International Development Cooperation Agency (Sida) provided capacity-building support to Moldovan CSOs through several different projects. Nineteen CSO projects valued at a total of \$4.1 million were supported, with the majority of the funds supporting the implementation of activities identified in the beneficiary organizations' strategies.

CSOs have limited capacity to attract and retain qualified staff, a problem that is exacerbated by the exodus of people abroad. CSOs often have to post their employment announcements several times in order to find qualified candidates. CSOs continue to attract volunteers by offering volunteer cards, nationally-recognized documents that confirm work experience. In 2018, CSOs issued 312 volunteer cards. In addition, another thirty-one institutions were granted the status of institution hosting volunteering activities, bringing the total number of accredited entities that can issue volunteer cards to 149. According to the Charities Aid Foundation's 2018 World Giving Index, only 13 percent of respondents said they had volunteered during the reporting period in 2017, down from 17 percent in 2016.

CSOs often have outdated equipment as few donors offer institutional grants that would allow them to update their equipment. In 2018, thirty-five local CSOs received donations of furniture and equipment following the completion of the MPSCS project.

According to the Public Opinion Barometer of November 2018, 47 percent of the country's population, including CSOs, use the Internet every day. Social networks such as Facebook and Instagram are very popular, while other networks such as Odnoklassniki are losing popularity. A major challenge for CSOs, especially youth CSOs, is the lack of spaces in which they can carry out their day-to-day activities. The Ministry of Education, Culture and Research (MECR) is attempting to address this problem through a support program for youth centers launched in 2017.

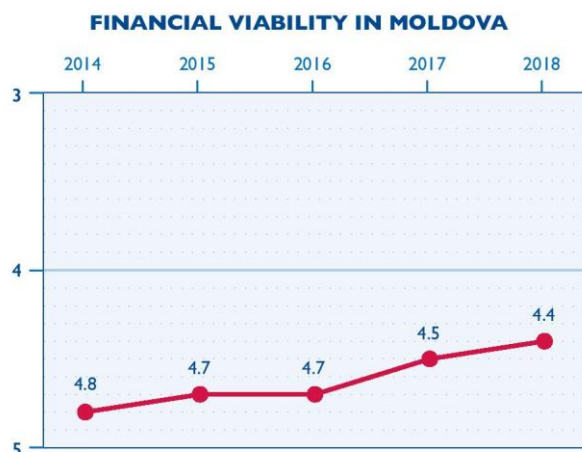
CSOs in the Transnistrian region have much lower organizational capacities. Local organizations have limited knowledge of Romanian and English languages, which makes it difficult for them to successfully apply for donor funding or access information and organizational development tools. As there are no local activities focused on

ORGANIZATIONAL CAPACITY IN MOLDOVA



developing organizational capacities, CSO representatives from the region must travel to the capital or other regions of Moldova in order to benefit from these activities.

FINANCIAL VIABILITY: 4.4



The financial viability of CSOs improved slightly in 2018 due to continuing growth in crowdfunding and the development of social entrepreneurship. In addition, CSOs collected twice as much funding through the 2 percent mechanism in 2018 than in 2017.

According to the analysis conducted by the Eastern Partnership Civil Society Facility at the request of the EU Delegation in Moldova, in 2017 the total reported revenue of the CSO sector was EUR 108.4 million. More than half (54 percent) of this revenue was in the form of grants, 33 percent was from economic activities, and 13 percent was from membership fees.

According to the study *Mechanism of Direct Funding of CSOs by the State: Realities and Options*, produced in 2018 by the Institutum Virtutes Civilis Association, more than

75 percent of the budgets of the twenty-eight surveyed organizations comes from international donors. The study also found that the share of public funding is still quite small, and for half of the surveyed organizations, tax designations account for less than 1 percent of the total annual budgets.

The EU continues to be the largest donor to civil society in Moldova. In 2018, the EU contracted twenty-one CSOs to implement projects worth a total of EUR 17.2 million. Other main donors include USAID, United Nations Development Program (UNDP) and other UN agencies, Sida, and the Swiss Agency for Development and Cooperation (SDC). Embassies, including those of the United States, United Kingdom, and Slovakia, also provide financial support. Private international donors supporting CSOs in 2018 included the Soros Foundation Moldova, the East Europe Foundation, the IM Swedish Development Partner, and People in Need.

In 2018 the amount collected through the 2 percent mechanism increased to MDL 5.6 million (approximately \$335,181), more than twice the amount collected in 2017. Of this amount, 8 percent was channeled to religious groups and their components. The number of taxpayers taking advantage of this option increased by 34 percent compared to 2017, reaching 28,388 people. In addition, the number of CSOs accredited to benefit from this mechanism increased from 484 in 2017 to 594 in 2018. There is still significant potential for growth in the 2 percent mechanism; in 2018, only 2.4 percent of eligible taxpayers exercised this right.

In 2018, the state budget included approximately \$2.9 million for CSOs. Some of this money was channeled directly to CSOs representing different categories of individuals, such as the Association of the Blind of Moldova, the Association of the Deaf, and the Society of Disabled People, while the rest was awarded through relatively transparent and competitive grant programs. MECR provided \$346,500 to twenty-three youth CSOs to implement national, regional, and local projects focused on youth participation, youth services, economic opportunities for young people, and strengthening the youth sector, slightly less than the \$361,700 provided in 2017. MECR also provides direct financial support to the National Network of Local Youth Councils of Moldova to develop the capacities and interests of young people to participate in the decision-making process. In 2018, MECR also allocated \$236,500 for its grant program focused on culture, a significant increase from \$117,000 in 2017. In 2018, the Diaspora Relations Bureau (State Chancellery) directly funded projects by public associations and initiative groups for the first time.

CSOs continued to raise funds through crowdfunding and other online platforms in 2018, even though the legal framework governing these issues has not kept pace with such trends. CSOs use both international platforms, such as www.indiegogo.com and www.patreon.com, and local platforms, such as www.guvern24.md. In 2018, a new crowdfunding platform—www.sprijina.md—was launched. In 2018, the thirteen local associations created with the support of the Migration and Local Development project, implemented by UNDP Moldova with the assistance of

the government of Switzerland, raised over \$60,000 from approximately 3,400 citizens who had left their settlements; each settlement raised more than the expected amount by 280 percent. According to the 2018 World Giving Index, 24 percent of Moldovan respondents said they donated money for charitable purposes in 2017, the same as in the previous year.

Corporate philanthropy continues to be underdeveloped, in part because of the lack of an enabling framework. In October, the Ministry of Justice launched a public consultation process on the development of a draft law to amend Law No. 1420 of 2002 on philanthropy and sponsorship. The Contact Center, the coordinator of the working group that developed recommendations to improve the regulatory framework for philanthropy, publicly presented civil society's proposals at the conference Future of Philanthropy in Moldova, held in June 2018. Further steps should be taken in 2019 to approve the amendments, including the creation of a national coalition for philanthropy development.

CSOs increasingly earn money through statutory economic activity. Likewise, a growing number of social enterprises have been created since the adoption of the Law on Social Entrepreneurship in 2017 and the approval in 2018 of the accreditation mechanism for social enterprises. Throughout the year, the East Europe Foundation supported nine social enterprises, providing each of them with funding of approximately \$35,000 to develop social business ideas.

CSOs' internal financial management systems are still very weak. According to the results of the online assessment tool developed by FHI 360, financial management and human resource management are the most vulnerable organizational components among the CSOs that completed the assessment.

The financial viability of CSOs in the Transnistrian region continues to be much weaker than that of CSOs in the rest of the country. As local sources of support do not exist, most CSOs rely on funding from foreign donors. Organizations that are registered both with the authorities in the Transnistrian region and with the Ministry of Justice of Moldova have better chances of accessing donor funding. The donor community has also created flexible practices to respond to the funding challenges in the region, such as using cash transfers or funding through partnerships with non-state organizations from the right bank of the Nistru River. Since 2013, the Organization for Security and Cooperation in Europe (OSCE) has organized a forum to facilitate networking and partnership building between CSOs in the Transnistrian region and donors and development partners.

ADVOCACY: 3.1

CSO advocacy did not change significantly in 2018.

CSOs in Moldova are becoming more mature and active in monitoring policies and holding authorities accountable. However, there are some signs that the space for civil society to operate is narrowing. CSOs' relationship with authorities is still tense following authorities' verbal attacks on the sector in 2017, which continued in 2018, and the central public administration (CPA) is no longer as open to cooperating with civil society as it was in previous years. In 2018, the CPA disregarded or rejected many petitions or appeals from CSOs, alleging that CSOs that criticize the government represent the interests of the extra-parliamentary opposition.

Despite this, there were some positive examples of collaboration between the authorities and CSOs in 2018. For example, the working group for the improvement of media legislation continued to be active in 2018. Established in June 2017, the working group is a permanent mechanism for communication and cooperation between the parliament and representatives of media outlets, international institutions, and media organizations. With the active involvement of this working group, in June the parliament approved the National Media Development Concept, which aims to establish a regulatory framework for media, to strengthen the economic and financial sustainability of media outlets, and to create a process for



professionalizing the media field. The General Police Inspectorate (GPI) asked the National CSO Council to delegate seven civil society representatives to the GPI's Strategic Council and to participate in decision-making processes related to public order and public security. In addition, the first strategic objective of the new Civil Society Development Strategy is focused on developing the framework for advocacy activities, including the creation of a government structure responsible for cooperation with civil society and the improvement of the cooperation mechanism between CSOs and the parliament.

In general, local public administrations (LPAs) do not have sufficient resources to involve civil society in solving local problems. For this reason, CSOs show limited interest in working with LPAs to develop joint projects or services for the benefit of local communities. However, with the support of international donors like FHI 360, a series of advocacy trainings were held over the last few years that contributed directly and indirectly to the emergence of more than fifty local initiatives throughout the country.

There were also some other examples of CSOs and LPAs working together productively in 2018. For example, the Institute for European Policies and Reforms (IEPR) and the LPA of Chisinau jointly discussed several issues related to local development, such as parking in the city and the process for issuing construction permits. In addition, the action plan for the Civil Society Development Strategy includes plans to develop methodological instructions to ensure transparency of the decision-making process by LPAs. In 2018, the State Chancellery developed these instructions, which are expected to be approved in 2019.

The National Participation Council (NPC) is tasked with promoting the participation of CSOs in decision making. Several members of the NPC publicly declared that the NPC should not exist because it does not have the necessary tools to influence the public agenda. Given the lack of interest from the NPC's members, no donors were interested in supporting the platform's operations. As a result, the body was largely inactive by the end of the year.

After the draft Law on Not-for-Profit Organizations was withdrawn from discussions in September 2017, work on the abandoned draft law resumed early in 2018 when a new minister of justice was appointed. The working group that helped develop the draft law was called in for final consultations; the draft law was then sent to the government and the parliament and was passed in the first reading at the end of March. CSOs have some concerns that parliament could amend the draft law, making it difficult for civil society to intervene. The draft law was still pending at the end of the year.

After the new Law on NGOs was adopted in the Transnistria region, CSOs engaged in significantly less advocacy, for fear that it would be considered political activity. At the same time, at a meeting held in Tiraspol in July, the de facto executive authority of the region announced that it was preparing a law on "public control" providing for the creation of "public councils" within each ministry and other public bodies that would include CSO representatives.

SERVICE PROVISION: 4.2



CSO service provision did not change significantly in 2018. CSOs continue to provide services in a wide range of areas including legal assistance, social assistance to disadvantaged people, capacity building, and education. According to national legislation, CSOs can provide services and conduct economic activities that are directly related to their statutory objectives. For any other services and economic activities, CSOs have to create separate commercial entities.

In general, CSO services respond to the needs of their beneficiaries. According to the analysis conducted for the EU Delegation, the main target groups for CSOs are youth (33.9 percent), children (28.1 percent), and citizens and others (26.8 percent).

According to the study *Mechanism of Direct Funding of CSOs by the State: Realities and Options*, the existing legal framework provides sufficient conditions and possibilities

for central and local public authorities to contract social services through CSOs. At the same time, there is inadequate funding for social services. The current legislation only sets out the sources that can provide funding for social services—including the state budget, LPAs' budgets, and other sources—but does not guarantee that adequate funding will be provided. In practice, a small percentage of the public budget is allocated for social services.

In addition, there is relatively little information and interest among CSOs to provide public services in the social field. In 2018, the Ministry of Health, Labor and Social Protection signed only two contracts with CSOs for the provision of social services. Both contracts were with the Association La Strada International Centre, one to run a child helpline and the second for a hotline for victims of violence.

Many CSOs' services comply with the legislation and quality standards. However, the government and LPAs do not contract these services for various reasons. CSO representatives hope that once the National Program for Deinstitutionalization of People with Intellectual and Psychosocial Disabilities is approved, and Regional Social Service Centers in the north, south, and center of the country are created, contracting and development of care services will be encouraged as the funding of social services is expected to switch from the LPAs to the regional centers.

Despite the existing administrative barriers, some organizations do provide critical medical and health-care services at the local level. For example, in 2018 the public association CasMed, one of the largest organizations in the north of the country, provided home-care services in sixty-five settlements in partnership with LPAs, making 120,765 home-based social and medical visits. However, the CPA and its subdivisions contracted only 4 percent of all visits made by this organization.

The National Health Insurance Company is one of the few state authorities that contract social services from CSOs. Funding is provided through two different funds: the Fund for the Payment of Current Medical Services and the Fund for Preventive Measures. In 2017 and 2018, four CSOs received contracts within the Outpatient Specialized Medical Assistance sub-program, three organizations received contracts within the Hospital Medical Assistance sub-program, and eleven CSOs were contracted to provide services within the Community Medical and Home Care sub-program.

CSOs also provide services to beneficiaries through social enterprises. Since January 2018, with support from the EU, the East Europe Foundation in partnership with several organizations started implementing the project *Local civil society contributes to economic and social development*. Part of this project involves the creation of fifteen new social enterprises and support for existing social enterprises.

In November, the 4th National Conference for Social Entrepreneurship was held. At the conference, over forty participants discussed direct government funding mechanisms for social enterprises; analyzed European policies, models, and practices; and identified viable solutions for the development of a social economy in Moldova.

Business support is often sought to carefully analyze the costs and to ensure the sustainability of social enterprises. For example, the East Europe Foundation has contracted a consortium of companies with business expertise to support the fifteen social enterprises that will be created.

Service provision in the Transnistrian region depends almost entirely on donor support as the purchasing power of citizens is very low. The de facto authorities in the Transnistrian region encourage CSO service provision in the social and medical fields, but discourage educational services focused on such issues as human rights and democracy.

SECTORAL INFRASTRUCTURE: 3.2

In 2018, the infrastructure supporting the CSO sector improved slightly.

Intermediate support organizations (ISOs), including national umbrella networks, regional centers, and various thematic networks, cover all regions of the country and almost all areas of operation. Some of the most active ISOs include the Contact Centers, People in Need, the Solidarity Fund, and some regional associations such as Pro Regional Cooperation and Casmed. These organizations offer CSOs various services, such as information, training, consulting, and even small grants for the development of local initiatives.

The MECR Development Program for Youth Centers 2017-2021 continued in 2018. A basic component of this program involves financial support for the development of regional and municipal grant programs for youth initiatives and youth organizations. In 2018, MECR signed partnership agreements with another eleven districts, bringing the total number of districts involved in the program to twenty.

Local projects are increasingly funded through large national CSOs with strong institutional capacity, rather than directly by foreign donors as was the case in the past. This has had a positive impact on the development of CSOs' capacities to manage grants and monitor their impact.

In 2018, the East Europe Foundation set up youth entrepreneurial funds in ten districts of the country. These structures, which were established and are coordinated by young people, will contribute to the development of the entrepreneurial climate and provide direct funding for the best business ideas in these regions. Previously established Youth Funds also provide funding for local youth projects. Ialoveni Youth Fund, for example, has already organized a total of seventeen rounds of funding for youth in Ialoveni, two of which took place in 2018.

CSOs continue to cooperate and communicate with each other through coalitions and platforms. The National CSO Council remains the most representative structure. In April, it organized the IX Forum of Non-Governmental Organizations and elected members to manage the Council over the next two years. Two national platforms continue to focus on EU-Moldova relations: the Eastern Partnership National Platform and the EU-Moldova Civil Society Platform, a consultative body under the EU-Moldova Association Agreement.

A number of intersectoral partnerships were established and strengthened throughout 2018. In December, the LEADER National Network Association of the Republic of Moldova was set up, bringing together all the Local Action Groups (LAGs) created over the last several years. LAGs are partnerships between CSOs, enterprises, and LPAs in which no single party holds more than 50 percent of the decision-making power. In May, more than sixty representatives of LPAs, private interest groups, and CSOs created the National Rural Network of Moldova. The main objective of this network is to improve the relevance and implementation of agro-rural development policies in the country.

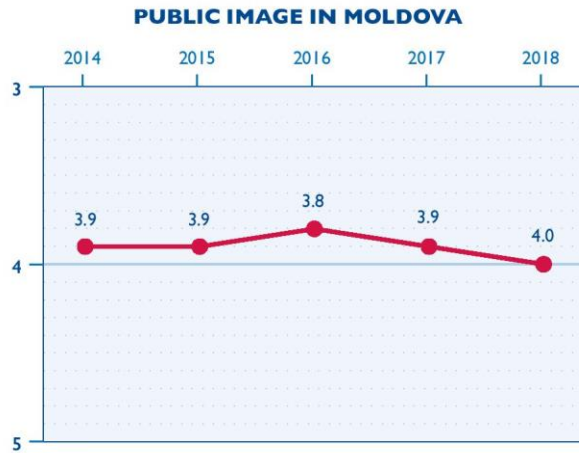
The infrastructure supporting CSOs in the Transnistrian region is very weak, with few ISOs or other platforms that offer subgrants or other kind of assistance. Several donors are more concentrated on supporting the sector in the region. For example, the OSCE mission in Moldova concentrates on building the capacity of CSOs and civic initiatives in the Transnistrian region, as well as promoting partnership and cooperation between CSOs on both banks of the Nistru River.

SECTORAL INFRASTRUCTURE IN MOLDOVA



PUBLIC IMAGE: 4.0

The public image of CSOs worsened slightly in 2018. Government propaganda against CSOs continued to be a prominent feature of public speeches. Trolls and media outlets controlled by the current regime regularly attack CSOs for being supporters of the opposition. During the year, CSOs that took critical positions on legislative initiatives such as tax amnesty and the introduction of the mixed electoral system were targeted by hate speech, criticism, and accusations. In July, Ilan Șor, Mayor of Orhei and president of the Political Party Șor, published a video message on Facebook in which he alleged that 98 percent of CSOs are scammers and that if he was elected to power, he would adopt a law on foreign agents and outlaw CSOs' work in the area of human rights. The accusations from political parties, opinion leaders, and politically-controlled media outlets further reduced the perception and confidence of people in certain types of CSOs, particularly those focused on fields such as human rights, democracy, and the rule of law.



Despite this, CSOs and civil society representatives were quite visible and present in the media in 2018. Recent amendments to the media laws require each media channel to broadcast at least eight hours of their own content instead of simply broadcasting material from other international channels; many talk shows and programs invite CSO representatives to participate in this programming.

The government's attacks seemed to affect only part of the CSO sector and did not have an impact on the overall public perception of CSOs. According to the Public Opinion Barometer conducted by the Institute of Public Policy in November 2018, 19 percent of respondents said they trust CSOs, a 2 percent improvement compared to November 2017.

In 2018, the second year in which taxpayers could designate a percentage of their income taxes to an eligible CSO, the number of designations grew by 38 percent to nearly 29,000, indicating that the reputation and visibility of CSOs increased among the population. However, 42.5 percent of the total funds received went to just three organizations: the Association of the Ministry of Internal Affairs Veterans (30 percent of funds collected); the "Miron Sor" Foundation, which is connected with Ilan Shor, the mayor of Orhei who was condemned to eight years of imprisonment for laundering money (8.4 percent); and the Association of the National Tax Service Veterans (4 percent).

Several political leaders in the country have established foundations whose philanthropic work is closely tied to their founders' public image. Some of these individuals have been accused of money laundering, worsening the image of CSOs in general, as the public does not distinguish between different types of CSOs.

Communication and cooperation between CSOs and the business sector continues to grow. In December, the Center for the Rights of Persons with Disabilities, in partnership with other organizations and state institutions, organized the IV RemarkAbility Gala, which celebrates and awards employers with positive employment practices for people with disabilities.

CSOs continue to promote their activity and messages through websites and social networks, as well as public events. The Fair of CSOs was once again held in June to promote the achievements of CSOs and raise citizens' awareness of the importance of civic engagement. The event presented the work of approximately forty of the most active CSOs from different regions of the country. Other events of this kind, such as the National Volunteer Week and the Youth Festival, were also held in 2018.

Many CSOs do not understand the need and importance of observing ethical principles and rules in their activity. For this reason, the Platform for Active Citizenship and Partnership for Human Rights organized three workshops in the northern, central, and southern regions of Moldova, where participants discussed the need for the Principles of Ethics of CSOs and the identification of sub-principles for the eight ethical provisions of the Istanbul Principles.

Organizations seeking contributions through the 2 percent mechanism became more transparent and published their financial reports on their websites and online pages.

CSOs in the Transnistria region continue to suffer from a predominantly negative public image. Local television often presents defamatory stories about CSOs both from the region and the rest of the country. In 2018, several derogatory articles and reports were broadcast by the main "official" media channels of the Tiraspol de facto administration. These articles presented Promo-LEX Association, a CSO from the right bank that publishes monitoring reports on human rights in the region, as trying to destabilize the situation in the region, noting that the association receives funds from National Endowment Fund (NED). NED itself is presented as being responsible for many attacks on the sovereignty of different states, including the Arab Spring.

Disclaimer: The opinions expressed herein are those of the panelists and other project researchers and do not necessarily reflect the views of USAID or FHI 360.