



Center for
Strategic Studies
and Reforms

Republic of Moldova

Study on possibilities of stakeholders' involvement in TACIS programming documents, including civil society

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Introduction

The period of transition has been a difficult time for the Republic of Moldova and its population. The construction of the state after the declaration of Moldova's independence (1991), the difficult transition from central planning to the market economy and the complex processes of democratization of social life provided the general background to the transformation. The division of the country's territory after the armed conflict of the spring – summer 1992, which resulted in the separation of the Transnistrian region, with its negative social and economic consequences, added a further complication. The crisis of production, increasing unemployment, steep fall in the population's incomes and reduction in the state budget resources for social assistance that accompanied the above mentioned processes have caused a sharp expansion of poverty. In spite of the resumption of economic growth in 2000 and 2001, and of the maintenance of macroeconomic and financial stability, the Republic of Moldova continues to occupy one of the last places in Europe in terms of per capita income.

In December 2001, the Government approved the Strategy of Socio-Economic Development of the Republic of Moldova till 2005 (the main reference of which is maintenance of sustainable economic growth). The Interim Poverty Reduction Strategy Paper (PRSP), drawn up in coordination with the international financial organizations (IMF and World Bank), was approved in April 2002.

Moldova benefits from considerable financial and technical assistance, but its effectiveness is weakened by the contradictory and inconsequent character of the reforms, frequent changes of government, lack of social consensus regarding the substance of reforms and insufficient involvement of civil society in their realization. Along with this, there were defects in substantiation of spheres, subjects of technical assistance and realization of projects.

The present study on the possibilities of involvement of civil society into the processes of TACIS activity programming in the Republic of Moldova has been carried out between June 28th and July 19th, 2002. The working group was formed by EU expert João P. C. Guimarães (Institute of Social Studies, The Hague, The Netherlands) and local experts Anatoly Gudym and George Balan (Center for Strategic Studies and Reforms, NGO). The TACIS – Moldova office provided all necessary documentation, information and facilitation. The members of the working group had in excess of 20 meetings and interviews with representatives of donor organizations (World Bank, European Commission, Soros Foundation) and civil society organizations – NGOs, trade unions and mass media.

The study is intended to accomplish two related tasks: to assess the Moldovan experience in strengthening the role of civil society in policy formulation, and to identify ways and mechanisms through which civil society could be more closely involved in the programming and implementation of TACIS activities in Moldova. It is divided into five sections, in addition to the present introduction. Section 1 gives a brief overview of the socio-economic situation in the Republic of Moldova, discusses some of the most important problems it has experienced during the transition process, draws some lessons from the experience with that process, and indicates a number of key problems for public policy that will have to be solved if the country is ever to enter a process of sustained and relatively problem-free development. Section 2 then provides a brief description of civil society in Moldova. It deals with the main types of civil society organizations, with their development since independence and with their relations with the State and with each other. This is followed, in section 3, by a short review of the efforts made until now by TACIS-Moldova to support the development of civil society organizations in Moldova and to strengthen its role in contributing to policy formulation and implementation. Section 4 then identifies and discusses some of the main problems affecting

the possible development of positive, constructive relations between the Government (and also the business sector), on the one hand, and civil society, on the other, as well as the problems that may hamper attempts to involve civil society more widely and deeply in the programming and implementation of TACIS activities. Finally section 5, taking into account the problems and constraints dealt with in preceding sections, provides advice on how civil society organizations can be more closely involved in the programming and implementation of TACIS activity in Moldova, both at the broad level of policy formulation and at the more concrete level of policy and project implementation.

1. Country analysis: socio-economic situation, lessons of transition, key problems for public policy

The Republic of Moldova is a young European state, whose consolidation after the declaration of independence (1991) and adoption of the new Constitution (1994) takes place against a dramatic background: territorial breaking up of the country (as Transnistria separated from the rest of the Republic of Moldova), abrupt contraction of the economy (by 2/3 in relation to the level of 1989), contradictory and inconsequent character of reforms, sharp reduction of state budget resources for health care (to 3.0 per cent of GDP) and education (to 5.0 per cent of GDP), and an expansion of poverty. Largely due to the lack of a strategy of reforms recognized and accepted by the population and to the lack of sustained action by the short-lived governments, external debt became a heavy burden for the country (US\$1.5 billion, to which must be added an internal debt of 2.4 billion MDL, itself the result of a 10-fold increase – see *Table 1*). The political elite, the bureaucracy and the scientific and professional classes signally failed to provide a satisfactory solution to the tasks of the transformation of the state, the economy and society.

Moldova has had nine governments since 1991; the results of their activity were mostly unsatisfactory (see *Table 2*). Only in 2000-2001, after ten years of experiments with reforms, did Moldova at last manage to stop the decline. During this period, GDP fell by 63 per cent in relation to the level of 1990. This compares with a corresponding decline, in all the CIS countries, of 50.5 per cent, while in CEE countries the decline amounted to 22.6 per cent.

Moldova: macroeconomic and social indicators

	1994	1995	1996	1997	1998	1999	2000	2001
GDP dynamics, %	-30,9	-1,4	-7,8	1,6	-6,5	-3,4	2,1	6,1
GDP per capita, USD	322	400	463	529	463	321	354	406
Export, mil USD	618	739	823	890	644	469	477	580
Import, mil USD	672	794	1075	1238	1032	597	783	890
Trade balance, mil USD	-54,0	-55	-252	-348	-388,1	-128,0	-306,6	-310,0
Direct foreign investments, mil USD	18	73	23	71	86	34	128	120
Inflation (at the end of the year), %	104,6	23,8	15,1	11,2	18,3	43,7	18,4	6,3
Exchange rate (at the end of the year), MDL/1 USD	4,27	4,50	4,65	4,66	8,32	11,59	12,38	13,09
Natural increase of the population, per 1 thou pers	2,5	0,8	0,5	0,7	0,4	-0,7	-1,1	-1,0
Medium life interval of men, years	62,3	61,8	62,9	62,9	64	63,7	63,9	
Medium life interval of women, years	69,8	69,7	70,4	70,3	71,3	71	71,2	
Expenditures for healthcare, % of GDP	6,22	5,79	6,68	6,02	4,31	2,91	2,95	2,85
Expenditures for education, % of GDP	8,75	8,89	10,25	9,97	7,02	4,67	4,50	4,86
External debt, mil USD	636	840	1031	1293	1447	1487	1562	1548
Internal debt, mil MDL	270	477	737	984	1572	1910	2022	2400

Taking into consideration both the positive and the negative experiences of transformation, by the end of the 90s agreement gained substantial ground in the Republic of Moldova (among Government, public and research organizations) that it is time, at last, to put an end to the experiments and shift from the tactics of survival to the strategy of sustainable development. This requires, as a starting point, *a national idea*, easily understood and recognized by the majority of the population.

One such idea, capable of generating the necessary consensus and of motivating the population, is the strengthening of Moldova's statehood, based on a modernization of the economy (along the lines of the "small open economy" model) and on the politics of civil consent, based on the country's centuries-old tradition of living together in a multi-ethnic community. Thus the country will take its place among the community of nations as a civilized European state – politically stable, neutral, and open to international cooperation.

Looking back upon the transition period, it is useful to note some of the lessons of the transformation, important for the Government in its cooperation with business and civil society, and for determining future solutions:

- It is necessary to ensure a *social consensus* with respect to the content of reform and the inter-relationships between its components. The state needs to *find a compromise between vital public needs and long-term development programmes*, between the interests of different social groups and the national interest, between freedom and the necessary control.
- The population needs a *strong and effective state* that is capable to uphold legality and provide institutional support to the socially oriented market economy and to sustainable human development. The weakness of state bodies elicits noncompliance with laws and norms and stimulates corruption.
- It is in the general interest to *restore the territorial and economic unity of the state*, organizing relations between the Republic of Moldova and Transnistria on the basis of the European standards of regional self-administration.
- The vicious circle of recession can be broken only through an increased *attention to the real sector of the economy*. This requires the creation of incentives for economic units; improvement of corporate administration of privatized enterprises; guaranteeing the respect for investors' rights and the transparency of tenders; and protecting the SME sector, as it is on the basis of this sector that the middle class – the main source of support to the reform process – is forming. The fight against corruption and against attempts by different business groups to "take over" the state also belongs with these goals.
- Concerning reforms, it is important to realize that the *social responsibility of the state* did not decrease at all in the course of transition from the centrally planned economy to a market one. Rather, it is regulation methods in the social sphere that have changed. Of primary importance for Moldova are now issues of poverty eradication based on private sector stimulation, reform of social insurance, health care and education systems. The main challenge for the reform of the social sector lies in the need for the new arrangements to be both socially just and economically balanced, which is hard to achieve given the limited financial resources of the state.

And, finally, the success of the reforms depends directly on *the extent to which their political, social and economic components are effectively combined*. Moldova's experience of the transition, both positive and negative, clearly shows the connection between the progress of transformation and political stability. Political risks and disordered policies of the state are an enemy of reforms.

The future of the Republic of Moldova depends mainly on the state of its economy. This affects not only state security and the welfare of citizens, but also the possibility of introducing positive changes aimed towards future European integration.

Moldova has switched from a state-socialist economy to a mixed economy in the short space of one decade. This process is irreversible and it may be anticipated with a fair degree of confidence that in the near future the socio-economic evolution of the country will take place within the framework of a mixed economy with the following tendencies: increasing efficiency of every system functioning within its own niche, without which it will be impossible to overcome depression and move on to sustainable development; correction of the hypertrophy of the shadow economy (about 40% of GDP, as compared to 5-10% in EU countries) and its “legalization”; return – but on a market basis – to guaranteeing constitutional rights of citizens to protection in such spheres as employment, education, health care, culture and social welfare. It may also be expected that the private sector will continue to expand (its share of GDP in 2001 was 75%). The relative weight of the state sector will continue to decrease, but more slowly than in the 1990s. Given the conditions favorable for investors, the share of joint enterprises may be expected to grow to 10-12% of GDP by 2005.

Moldova’s mid-term development scenarios are conditioned by at least three sets of circumstances: the *demographic situation* (characterized by falls both in aggregate population and in the share of economically active population, and mass labor emigration); *obsolescence of capital assets* in conditions of low investment activity; and, finally, compounding the effects of the other two sets of factors, considerable *state debt*, both internal and external.

These constraints mean that there is only one option left for the Republic of Moldova and its government: to stop the economy decline, *provide for a radical improvement in the socio-economic situation* and achieve at least 5% GDP growth. Even if that happens, however, according to estimates, Moldova will remain an outsider in comparison with CEE countries. The “movement towards Europe” scenario will require a leap to 7-10% GPD growth per year, which in turn will demand strong political will and well coordinated actions aimed at legal, economic and organizational reforms directed towards the country’s transformation.

That would be *an optimistic scenario* for Moldova’s overcoming the crisis. It would require the introduction of dynamic reforms and public consent, generalized acceptance of the primacy of the national interest over corporate, group or regional interests, and decreasing pressure upon the state by certain social and political forces, all in turn requiring extra efforts, resources and time. And much time has already been wasted.

A pessimistic scenario is also possible. Parliament may fail to create a legal basis for the “second wave of reforms”, the President and the constantly changing governments will become prisoners of circumstances, and will be kept permanently busy with emergency actions. Since attempts to reintroduce administrative control of the economy will soon reveal their limitations, governments may adopt the strategy of a gradual and indeterminate realization of the inevitable structural reforms, thinking that it is possible to combine a slow rate of social compensations and economic restructuring with an acceptable rate of inflation and unemployment for a sufficiently long time. Meanwhile, the reserves of export-oriented enterprises in sectors that had earlier been seen as the engine of the recovery will become exhausted. The deficit of the trade balance will increase. Exports will remain smaller than imports, and the share of food and consumer goods (rather than modern equipment and technology) in total imports will grow. Obsolescence of the production capabilities will continue due to the lack of investment, and the private sector and the population in general will still not entrust their savings to the national banking system. The budget crisis will

gradually intensify, production will remain stagnant, state incomes will drop while, at the same time, pressure upon state expenditures will increase. Public consensus on the need for a balanced budget will crumble, the pressure of lobbyists upon the budget will grow and the maintenance of financial stability in the country will become increasingly problematic. Within the framework of such a scenario, even the most skilful macroeconomic maneuvering is bound to fail eventually.

International experience indicates that such economic policies may last up to 7-10 years. Ultimately, however, the situation is bound to move beyond control and replacement of the economic policy paradigm becomes inevitable. Likely spontaneous developments under such a scenario include a dangerous hypertrophy of the shadow and criminal economy and extremely severe social costs and inequalities, which may ultimately lead to the destruction of the state. As a palliative, the establishment of an emergency regime using violent methods to stabilize the socio-economic situation is not improbable. In that case, Moldova's movement towards eventual European integration will remain problematic for an indefinitely long period.

The next few years may be the most dramatic for the Republic of Moldova. During the '90s, social hardship was to some extent compensated by political freedom and by expectations of forthcoming changes for the better. Also, the population's welfare was partly maintained in the face of economic recession by consuming the national wealth accumulated earlier, during socialism. Now, however, a decade of sustained crisis has resulted in the exhaustion of resources of the productive sector, stagnation of science and education, deterioration in the general state of health and destruction of the social infrastructure.

If the Republic of Moldova (constitutionally oriented as it is towards democracy, political pluralism, civil collaboration and market economy) wishes to initiate a process of sustainable development, its authorities, business and civil society must, at long last, *come to a common consent around a strategic vision concerning the kind of state Moldova should be and its long-term interests.*

2. Civil society in Moldova: a brief description

Civil society is a new notion that has been taking root in the life of the Moldovan state and society since the mid 90s. It is becoming increasingly established. In a broad sense, civil society embraces all types of social activities that take place between the public environment and the individual citizen. It comprises a rich *diversity of NGOs, trade unions, creative unions, professional associations, mass media, religious organizations and political movements*. The development of the network of voluntary associations, in which citizens can participate in order to uphold certain socially significant goals, cooperating with government without being under its direct control, is both the criterion and the prerequisite of formation of a democratic civil consciousness.

The most of NGOs now active in Moldova were created and registered in the post-Soviet time, but there are some organizations which survive from the "old days". Among these are the so-called *creative unions* of writers, artists, architects, composers and musicologists, and journalists. By the Resolution of Parliament entitled "On the Order of Rendering Help to Creative Unions of Moldova" (May 1998), they are granted a certain financial support from the state budget, which places them in an advantageous position compared to other NGOs. Among the creative unions, perhaps the Union of Journalists should be singled out for the active role it plays in asserting and defending the freedom of the media and in lobbying for progressive legislation on the protection of honor and dignity of professionals in the sector.

Trade unions are another important player within the third sector. An important change in the trade union movement was the constitution in December 2000 of the ‘Solidarity’ Federation of Trade Unions and the reform of the pre-existing federation. These changes represent a significant step in reinforcing the trade union movement and moving it closer to becoming a movement at the service of members and their class interests. As a result of these changes there are now two large trade union federations— the Federation of Trade Unions and the Solidarity Federation. Both are important social partners of the authorities. They advise on drafts of laws that may somehow affect their activity or the welfare of their members, and collaborate closely with all branches of the central power. Despite these encouraging signs of life, the trade union movement in Moldova does not seem to be very active or characterized by great autonomy in relation to the state. Also, interaction of trade unions with other players in the third sector remains weak, mainly due to poor information, to attitudes and the fact that NGO activities remain little known.

Also worthy of notice is the development, since independence, of pluralistic mass media, some of which are independent while others align themselves with particular political tendencies or even political parties. According to the National Human Development Report for that year, in 2000 there existed in the country 13 private radio stations, 53 private television stations, about 10 independent information agencies and 294 registered newspapers and magazines. Although some of these are published only sporadically and others have ceased publication altogether because of financial or technical difficulties, the information sector remains characterized by considerable diversity and pluralism.

An important area of activity within the third sector that is still insufficiently appreciated for its public benefits is that of *religious cults*. At present, there are 20 religious cults registered in Moldova. In cooperation with the state and NGOs, they contribute considerably to social assistance, humanitarian aid, education, civil peace, protection of the environment, etc. *Political parties* are also part of civil society, but tend not to collaborate very well with the rest of the sector, mainly due to the lack of contacts and the difference in goals. *Mass-media* are another active participant of the third sector. Their existence is one of the most important characteristics of democratic society, as they reflect social life and often play an important role in bringing about democratic transformations.

In a society like Moldova, going through economic and structural changes, when the state has to make non-routine choices and try out diverse strategies of political action, an important role of citizens’ associations is to transfer feedback from the population to the state government. The NGO sector is already rather strong and continues to grow in strength, accumulating human, financial, material and institutional resources, as well as a potential for civil action. Unfortunately, during the last decade the state has lacked and still lacks a strategy for using this growing potential to best advantage.

NGO activity helps bridge the gap between state and society, reduces social tension and, if there is communication between the authorities and the third sector, may direct public discontent towards a constructive approach of collaboration with the state bodies, aimed at the solution of identified problems, rather than towards protests. Due to their experience of the ten years since independence, NGOs represent considerable human and intellectual resources that can contribute to drawing up and improving state policy in many spheres. NGOs, civil control and education have the potential to contribute significantly to the construction of a state based on the primacy of the law, protection of human rights, fight against corruption, and transparency in decision-making - these being the most urgent problems that hamper the country’s development at present. Third sector support can help increase transparency, strengthen the belief of citizens in state bodies and increase their involvement into the

decision-making process.

Many Moldovan NGOs work closely together. This is mainly due to the fact that they have common tasks and face common problems, have insufficient financial resources to be able to achieve their goals separately, and have faster reactions, better communications and greater transparency in their actions and decisions than other institutions.

Relationships between the third sector and state bodies have been rather distant as authorities tended to underestimate the importance of NGOs, ignored their potential and refused dialogue with them. It was only in March-April 2002 that the President of the Republic of Moldova, understanding their role in the society as a factor of stability has initiated a dialogue with civil society organizations as regards conclusion of a social agreement. The nongovernmental sector plays a useful role of permanently monitoring events, and is ready to enter a permanent dialogue with the authorities in order to identify the best solutions and maintain social stability. In this way it functions as a connecting link, facilitating communication between citizens and the state.

The legal framework regulating the third sector in Moldova includes, in addition to the Fiscal Code, the Constitution of the Republic of Moldova (1994), the Law on Philanthropy and Sponsorship (1995), the Law on Public Associations (1996), and the Law on Foundations (1999). The new Civil Code has been approved by Parliament very recently and the Law on Non-Commercial Organizations is currently being considered by Parliament. Together, these instruments provide a legal basis for the activities of the third sector and for activities that can help its development. The Law on Foundations provides a definition of “socially useful foundations” and regulates the funding of such entities. It also stipulates that public finance can be used to support activities run by associations or foundations only on a competitive basis.

The right of association is not specifically mentioned in the Constitution of the Republic of Moldova (there is only a reference to political parties and trade unions, in Articles 41 and 42), but since Moldova ratified both the Universal Declaration of Human Rights and the Council of Europe Convention on Human Rights, these documents, which recognize the right of association, have become a part of national legislation.

Article 1, Paragraph (1) of the Law on Public Associations puts forth the following definition of *public associations*: “A public association is a voluntary, independent, self-governing organization, arising as a result of free and conscious will of citizens, joined together on the basis of common professional and other interests of their members for mutual realization of economic, social and cultural rights; it is not intended to produce financial gain.”

The definition of *foundations* is provided in Article 1 of the Law on Foundations: “Foundation is a noncommercial organization which has no membership and is established on the basis of a constitutive document by one or by several physical and/or juridical persons, possessing property which is separate from the property of its founders, and designed for accomplishing noncommercial objectives prescribed by Statute.”

The definition of *philanthropy and sponsorship* is provided in the Article 1 of the Law on Philanthropy and Sponsorship: “In the Republic of Moldova philanthropy and sponsorship are supported, encouraged and stimulated by the state. Philanthropy should be understood as a voluntary impartial and unconditional rendering of welfare or free services to a person (a group of persons) without any recompense, payment or execution of obligations and any profit. Sponsorship is done voluntarily at the instance of the user (a natural or juridical

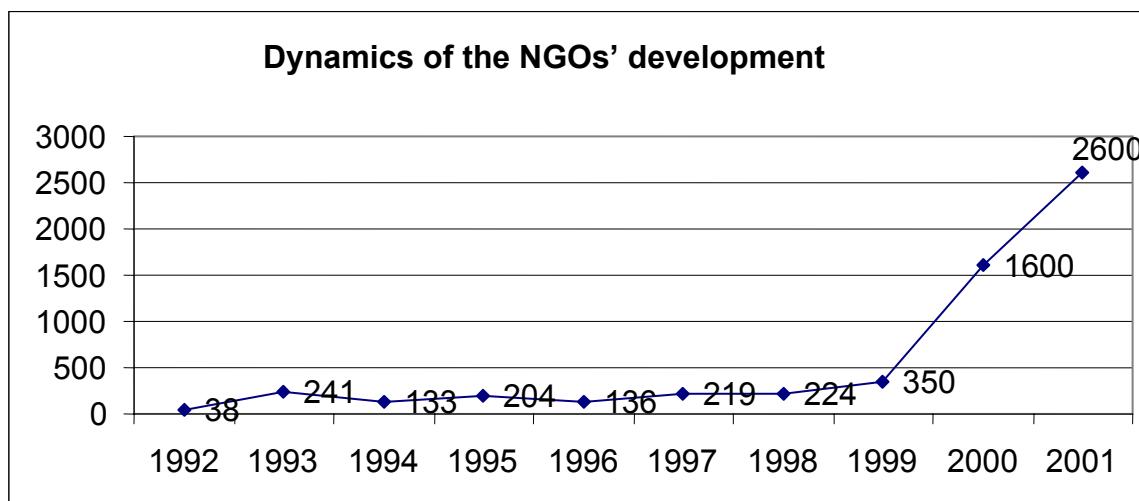
person) and is based on providing the latter with financial and material means, with a view to support socially important actions.”

According to the existing legislation, public associations can be founded as any of the following *legal forms*: public movement, public organization, public institution that includes foundations. The most widespread and favorite form is *public organization*, with 91% of the total NGOs. Other forms are: *public institution* with 4%, *foundation* with 3%, and *public movement* with 2% of the total.

Also according to the relevant legislation, registration of an NGO is in principle rather fast. Sometimes, however, independently of the attitude of the staff of the Ministry of Justice, it is more difficult to register an NGO than to register a commercial firm, since it is impossible to use a standard set of documents because each NGO has its own specific traits. Besides, the procedure of registration, preparing a seal pattern and so on, requires a minimum of US\$50-60, which is a considerable sum for many of those who wish to set up NGOs. Legislation concerning the regulation of NGO activity and their taxation remains relatively unclear.

There were no cases of liquidation of an NGO by the state due to political causes or arbitrary decisions, which seems to indicate that the legislation in force protects the activity of NGOs and does not hamper it. Yet, there are problems concerning the regulation of financing of and donations to nongovernmental organizations, as well as the regulation of the provision by such organizations of services for a fee.

Once the old system collapsed, the number of NGOs began to rise, and their activities became more diversified. The first NGOs in Moldova had the possibility to register in 1992. At that time NGOs were a totally new phenomenon in Moldova, and thus during the first year only 38 organizations were registered. Although the number of NGOs has been growing relatively fast, their total number is nevertheless too small by the standards of developed countries, according to which it should be several times larger. It must be pointed out that not all the 2600 NGOs registered as of 2001 are active: hundreds of organizations exist only on paper. This still leaves a large number of organizations, of different sizes and with different areas of expertise, making up a lively and diverse sector. According to the data of the Ministry of Justice, NGOs have grown in numbers as indicated in the following figure:



Source: Ministry of Justice, 2001

It should be noted that this growth has not only been characterized by quantity and by geographical expansion: many of the NGOs currently active in Moldova have shown

remarkable talent, capacity and effectiveness. The realization of three editions of the NGO Forum – in 1997, 1999 and 2001 – and the creation of a National NGO Council are clear indications of the growing maturity of the NGO movement.

The *main fields of activities of NGOs* are as follows : *education, research* - 26%, other education-related areas, including sports - 13%, *health* - 11%, *culture, arts, leisure* - 10%, *economic and community development* - 8%, *social services* - 6%, *human rights protection* - 6%, *environment* - 5%, *ethnic minorities* - 3%, *mass media* - 3%, *interests of the aged* - 3%, *business and professional interests* - 2%, *philanthropy and voluntary activities* - 2%, *religion* - 1%, *international relations* - 1%. Unfortunately, there is only a small number of NGOs that focus their activity on political or economical aspects, quality of government (corruption), and similar subjects.

The majority of *NGOs* is *concentrated* in urban areas: the municipalities of Chisinau and Balti alone account for 66%. This is caused by the availability in cities of a developed private sector, a large number of educational institutions, highly qualified staff and access to information. There was nonetheless a considerable growth in the proportion of NGOs in regions (34% of the total number of 2600 NGOs, as compared to 4.7% in 1996 or 15% in 1999). This rise in the share of rural NGOs can partly be explained by the reorientation of financial resources towards regions.

As regards *financing of NGOs*, a survey carried out by the "Contact" Center indicates the following sources: membership fees, grants, income from services rendered, contribution of founders, sponsorship, allocations made by the state organizations, incomes brought in by enterprises created by the NGO.

The three most widespread *sources of financing* are grants, sponsorship and membership fees. Of course, foreign funding has a huge importance for NGO development in Moldova. Some Western countries often prefer to provide means to the non-government sector, expecting greater effectiveness than in the government sector. As regards funds from the central administration, experts indicate the desirability for the state to provide funds for third sector development on a competitive basis. They consider that the state might use the already secured resources from the state and local budgets for giving funds targeting the development of sports, environmental protection and work with children and youth, to NGOs, which can transparently manage those funds.

Theoretically, the state can participate financially in the development of the third sector. In this case, according to the legislation the public resources should only be allocated on a competitive basis. NGOs have also certain tax concessions. For instance, the Fiscal Code stipulates that NGOs are exempted from income tax; this, however, does not apply to the commercial activities of those organizations.

The legislation encourages legal entities that are ready to sponsor NGOs. In case funds are transferred by private legal entities or physical persons to the account of an NGO, the taxable income of the enterprise or person is correspondingly decreased. However, such an exemption only applies to a maximum of 7% of the taxable income of the grant maker. Unfortunately, however, this provision does not seem to have the expected effect, mainly due to the widespread nature of the shadow economy and of dual accounting systems in the country; under these conditions, 7% appears too small as an incentive.

Finally, although not normally considered a part of civil society, it is also relevant to mention the existence of a decentralized system of local administration and local government, in line

with the principles of the European Charter of Local Self-Government, ratified by the Republic of Moldova in 1997. The main laws that introduced the new system – on administrative-territorial organization, on local public administration and on local public finance – were adopted in 1998-99. The importance of these laws, and of the reform they introduced, lies in the fact that the existence of local authorities endowed with democratically constituted decision-making bodies and possessing a wide degree of autonomy plays a key role in strengthening civil society. By bringing decisions closer to the citizens directly affected by them and by facilitating their participation, individually or in groups, in the preparation and implementation of such decisions, decentralization and local self-government contribute to realize the principle that citizens have the right to participate in the conduct of public affairs – a principle of key importance for the development of civil society. The close connection between local self-government and civil society is implicitly recognized by TACIS when it includes the co-operation between local and regional authorities from EU and NIS among the forms of co-operation it supports under its ‘Support to Civil Society and Local Initiatives’ programme.

The Republic of Moldova enjoys large amounts of technical assistance provided by international organizations and donor-countries. During the 90s alone, TACIS brought into the country more than 70 million euro of financial resources for technical assistance. A new phenomenon of the period after 2000 is an active attempt to involve the NGO sector in the realization of projects carried out in Moldova by the World Bank, TACIS, USAID, SIDA, Soros Foundation and other donors. This increases the transparency of programming and implementation of projects, limits the monopolism of central bodies as regards the technical assistance administration.

3. TACIS-Moldova experience in strengthening the role of civil society in contributing to policy formulation and implementation

TACIS, as a special kind of ambassador of the European Union, has begun collaborating with the Republic of Moldova in the first year of its independence – 1991. Technical assistance rendered by TACIS in association with its financial assistance and the orientation of projects has been active and varied during the following years. The total amount of the assistance that TACIS attracted to Moldova during the 90s (1991-1999) is about 70 mil euro. The existing indicative TACIS program till 2004 is valued at 50,0 million euro.

The current collaboration between TACIS and the Republic of Moldova covers the following main areas:

- *Implementation of the Partnership and Cooperation Agreement (PCA) between the Republic of Moldova and the European Union;*
- *Alleviation of the social consequences of the transition* – the problem for which a solution is provided in the Poverty Reduction Strategy Paper (PRSP), a common document of the Government and the international organizations active in the country;
- *Quality of governance* – legal basis and development of the judiciary; institutional strengthening, including strengthening the regional public administration, corruption and domestic affairs;
- *Maintenance of macroeconomic stability* – policy advice to the Prime-Minister’s office and the Ministry of Economy;
- *Property reform* – post-privatization aspects, SME sector development, corporate management of enterprises;
- *Structural reforms* – agriculture, energy sector, transport and telecommunications;
- *Human resources development* – education and training, language training;

- *Environmental issues* – particularly those that follow from the land reform.

Recognizing the need to involve the population into the realization of reforms, by the end of the '90s TACIS, as well as other international organizations and bilateral donors working in Moldova, started actively to try to involve NGOs in the realization of projects. At first, this was done predominantly in the projects in the sphere of social services (aimed at protection of the poor and children, etc.), citizens' rights and social solidarity, local administration and environmental issues.

The European Commission has a program of grants to support NGOs in Moldova (with a total budget, this year, of Euro 200,000). This program normally funds small projects presented by NGOs, predominantly in the fields of social development (education, health), strengthening of democracy and human rights. In addition to the specific objectives of each project, these programs also make an important contribution to the strengthening of the organizations involved, and of the civil society of which they are a part.

TACIS also provides support to NGOs through its *Institution Building Partnership Program* (successor to the TACIS *Lien* program), which aims, among others, to support institution-building through partnership co-operation between NGOs and not-for-profit professional organizations from the European Union with their counterparts in Moldova. The grants under this program should range between 100,000 and 200,000 Euros, and the projects must last between 18 and 24 months. The main activities envisaged include: training, particularly in topics related to management, fund raising, public relations and lobbying; transfer of know-how, study visits and temporary placements, seminars, exchange of experiences on best practices and other human and institutional capacity building activities; awareness-raising meetings; and the procurement of equipment essential for project implementation. Currently this program's total budget is euro 0.5 million. The program has not yet started to be implemented in Moldova.

As for the contribution of civil society to policy formation and implementation, there has, in the past, been some consultation of some elements of civil society (especially NGOs) during the process of preparation of the various documents which regulate and determine the co-operation between TACIS and the Republic of Moldova: *Country Strategy Paper, Indicative Program and Action Program*. This consultation seems, however, to have taken place on a rather '*ad-hoc*' basis, without a systematic effort to identify and involve a substantial number of organizations, in order to ensure a relatively ample representation of the points of view of civil society. This may have been partly because of the very close relations of support and co-operation that exist between TACIS-Moldova and the Government of the Republic of Moldova, which is undeniably the main direct beneficiary of the TACIS support.

Experience of the involvement of civil society organizations in contributing to TACIS policy formulation concerning its activities in Moldova, or improvement of the coordination of these activities with those of other donors, is rather inconsiderable until now. On the whole, over the period of the TACIS activity in the country, not more than about a dozen nongovernmental organizations were involved to realization of its projects. The prevalent form of cooperation with them was to involve them in participation in various conferences, symposia and workshops. This situation is not unique: in general, cooperation between different international organizations active in the country and civil society organizations has been insufficient.

Meanwhile, there is need for such cooperation, both at the national level and at the level of districts and municipalities. One of the first positive experiences in this area was a seminar on

“Analytical Skills Related to Aid Coordination and Project Monitoring” carried out on the initiative of the TACIS-Moldova and the Ministry of Economy in July 2002.

A more active involvement of civil society organizations in TACIS activity programming and project implementation will improve practices and facilitate the correction of a series of chronic deficiencies in the area of technical assistance utilization. Likely improvements include putting an end to the tendency of central state agencies to monopolize utilization of the aid resources; enlarging the contingent of the projects’ executors; strengthening control and increasing transparency during realization of projects; elimination of incentives for corruption in connection with grant distribution, staff recruitment and realization of the work. In this way, not only will NGOs be involved in the solution of concrete problems as regards collaboration with the Government, but the ultimate goal of reaching sustainability of results and organizations will also be advanced.

4. Main problems for constructive partnership between civil society, Government and business sector, as well for widening of the process of Civil Society participation in the TACIS programming

We may classify the main problems in the way of establishing constructive partnerships between government and civil society under at least three broad kinds of reasons: ignorance, attitudes and interests. Oversimplifying a little, we could say that *government authorities* do not know much about civil society organizations and what they stand for, sometimes resent the posture of moral superiority adopted by many civil society organizations and often feel that their interests are directly threatened by the action of such organizations.

Civil society organizations, on the other hand, may know better what government and the private sector do, but often criticize it, sometimes in very sharp terms; they also do not like government attitudes towards them, or the way in which they tend to be treated by government; and they often see the government (and the business sector) as serving interests with which they deeply disagree. Given these antagonisms, dialogue and cooperation are not always easy.

Ignorance about civil society is not very surprising, given the fact, already mentioned in section 2 above, that independent civil society organizations have a relatively short history in Moldova. One consequence of this is that until recently such organizations tended to be ignored by the state authorities, or to be seen in uniformly negative terms as ‘troublemakers’. Despite the potential usefulness of the nongovernmental sector’s role of monitoring events and policies, it is sometimes easy even for well-intentioned authorities to feel that all they hear is criticism, to discount the usefulness of this connecting link between citizens and the state, and to refuse dialogue.

It must also not be forgotten that ignorance works both ways. NGOs and other civil society organizations are often much too quick to criticize the government, and such criticisms frequently show little awareness of the constraints under which government policy is formulated and implemented.

Attitudes are a second main source of difficulties for a constructive partnership between civil society and the government in the Republic of Moldova. Some government authorities regard civil society organizations, and particularly NGOs, at best as opponents, at worst as enemies. They tend to dismiss their proposals for lack of realism and for ignoring the constraints under

which the government is forced to operate. They also question the NGOs' democratic legitimacy and representativeness, and suspect the motives of organisations that are often overwhelmingly dependent on foreign funding for their financial viability. These suspicions become stronger when the NGOs in question apparently owe their existence to the intervention of foreign-based foundations or co-financing agencies, particularly if those foundations or agencies have clear and well-known political convictions, and if these do not coincide with those of the government.

Government also tends to resent any criticism of its policies as serving the interests of the political opposition and accuses its critics, despite their protestations to the contrary, of covertly playing politics. It must be added that this sort of misinterpretation happens more or less everywhere, even in countries that may be described as mature democracies, and it is therefore not surprising to find it also in countries that have only recently become democratic. Many NGOs, on the other hand, tend to regard the government with blanket suspicion as uniformly inefficient and corrupt, and to pass judgement on its actions and decisions without the careful analysis that would be necessary and desirable. It does not help, also, that NGOs, many of whose members have strong beliefs and commitment, tend to claim the high moral ground as naturally belonging to them, and often behave with what others perceive as arrogance and condescension. Differences, real or imagined, in salary scales or side benefits between government functionaries and NGO employees with similar levels of training do little to improve the atmosphere.

Ignorance and attitude problems frequently hide the fact that the interests of the government and of the nongovernmental sector are often closely aligned, or even coincident. Of course, civil society acts as a counterbalance to the state and its bodies, but it is clear from an analysis of the fields of activity of NGOs, mentioned in section 2, that many NGOs have objectives – relating to, say, education, health, social services, development, environmental protection, and good governance – which are, or should be, shared by the government and the administration. Of course, there may be disagreement concerning what priorities to assign to various objectives, and some corrupt or incompetent politicians and functionaries may feel genuinely threatened by NGOs dedicated to good governance and combating corruption. Broadly, however, most of the objectives of NGOs and other civil society organizations are similar or identical to those of the government, and those organizations can sometimes play an extremely positive role supplementing government activity, providing government with useful feedback and generally serving as a conduit of information between citizens and government.

A reserve that is still used to a small extent in Moldova is attraction of the civil society organizations to realization of public programmes on the basis of contracts with public authorities or business groups. Such approach can facilitate a more constructive interaction of these parts of the Moldovan society. At that, it is important that independence of positions of NGOs is guaranteed.

The unfortunate attitudes of suspicion and mistrust mentioned above must be overcome if Moldovan society is to derive full advantage of the development of civil society that has taken place in recent years. Experience in many countries shows that, rather than competing, state and civil society are often complementary in such a way that by collaborating they increase each other's efficiency and effectiveness. For this reason, it is important to create opportunities and incentives for dialogue and co-operation between state and civil society organizations, at the levels of both policy formulation and policy implementation.

The TACIS initiative to involve civil society organizations in the programming and implementation of its activities in Moldova, on a more systematic basis than hitherto, provides

an opportunity for the necessary dialogue, and for both state and civil society organizations to become aware of the benefits of such dialogue. The same is true, albeit at a different scale, of the participation action framework and plan currently being developed by the World Bank, in connection with the Poverty Reduction Strategy Paper for Moldova.

5. Methods and mechanisms for the involvement of Civil Society in programming and implementation of TACIS activity: some recommendations

5.1. General opinion

This section contains a number of recommendations aimed at strengthening the involvement of civil society in the formulation, programming and implementation of TACIS activities in Moldova. Three preliminary observations must be made at this point.

First, we consider it very important, indeed crucial, that all the suggestions and recommendations contained herein be presented to and discussed with a broad sample of representatives of civil society organizations. Equally importantly, some form of consensus should be reached with them concerning the forms and mechanisms through which civil society is to play a role in the programming and implementation of TACIS activity in Moldova. In this sense, the recommendations below represent the point of departure for an open-ended discussion that, like all such discussions, may reach results that differ – maybe even substantially – from what is proposed here.

Secondly, it is equally important, in the preparation and launching of such a discussion, to avoid creating excessively high expectations on the part of civil society organizations. Such expectations are bound to lead to disappointment; at worst, that disappointment may in turn lead to a refusal, on the part of civil society organizations, to be involved. Both these outcomes are clearly undesirable. For this reason, care must be taken, when informing NGOs and others about the ideas of involvement of civil society and inviting them in for a discussion, also to stress the constraints under which TACIS works, the fact that the Government will remain TACIS's main interlocutor, and its implications. In this way, expectations of the process will be less likely to be unrealistic.

In third place, it must be pointed out that the World Bank delegation in Moldova is currently involved in the development of a participation framework and a participation action plan in connection with the PRSP being prepared by the Government with the help of the IMF, World Bank and others. A broad process of participation is envisaged, involving not only the organizations of civil society but also local government, care groups at the grassroots level, groups at risk (such as women, youth, older people), etc. Interestingly, that participation process will include an explicit spatial component, to avoid limiting the participation to the capital and two or three other large cities in the country. The team expects to be able to conclude the framework and action plan in approximately three months. The results of this exercise are clearly of the utmost interest for TACIS, and care should be taken to keep a close watch on it, and to stay in contact with the World Bank representation in the country.

Still at the level of general observations and recommendations, we consider that TACIS may have a special interest in establishing privileged contacts with two particular organizations, within the wide range of possible organizations in civil society:

- (i) *The Contact centre.* This is an NGO with a special position as a service organization for other NGOs. Its position and role mean that it provides support to and maintains contacts with a wide range of other organizations, both in the capital

and in the rest of the country. As a consequence of this, the Contact centre is probably one of the best informed organizations in Moldova about which NGOs organizations are active, who does what and where, etc.

(ii) *The National Council of NGOs.* This council has been elected by the NGOs that participated in the National Forum of NGOs – a biannual event, the last of which took place in November 2001. The council is supposed to maintain a certain degree of communication and co-ordination among the NGOs and to organise the next National Forum. It is the closest thing to a representative structure of the NGO sector, although its members are very careful to stress that they do not represent all NGOs in Moldova.

It also seems important for TACIS to involve *local governments* in the process of formulation, programming and implementation of its activities in Moldova. Even if local governments are not normally seen as part of civil society, they are important for its preservation and vitality, and their involvement is likely to strengthen their position. At the same time, they are definitely stakeholders, with their own legitimacy, derived from a different electoral process than that of central government, and it is important that they should be heard.

5.2. Specific recommendations

The recommendations presented below try to balance the two most important requisites of a process of participation: *effectiveness and broad representativeness*. The first of these requisites is associated with the fact that resources – including time – are scarce, as a result of which even participation processes have to be well organized and well run, if they are not to become unacceptable expensive and time-consuming. The second is rather self-evident, and has to do with the very goals of the involvement of stakeholders in a participation process. In order to recommend forms and mechanisms of stakeholder involvement it is necessary to distinguish some main stages in the process of programming and implementation of TACIS activities in Moldova. There are two main kinds of country programmes: *indicative programmes*, valid for 3-4 years, which identify priorities and areas of cooperation, and shorter-term *action programmes*, which set out the projects to be supported and allocate funding to them. In addition to this, TACIS activity also comprises the launching and monitoring of the implementation of the projects selected.

Taking into account the TACIS programming process, a multi-stage process of stakeholder involvement would seem to be advisable, with different numbers of stakeholders involved, and different kinds of involvement, in each stage. The stages in which stakeholders could be involved are:

- a) *an initial stage* of information collection, reviewing the situation, identifying needs, setting priorities, etc., *before* the indicative programmes are prepared, and as an input into that preparation;
- b) the stage of collecting feedback on the *draft indicative programme*;
- c) *the stage of project identification and determining the scopes of projects as an input into the preparation of the action programme*;
- d) the stage of collecting feedback on the *draft action plan*; and, finally,
- e) *the stage of launching and subsequently monitoring the progress of concrete projects of cooperation*.

Each of these stages may benefit from the involvement of stakeholders; however, their different natures imply that stakeholder involvement may have to be different in each of them.

For stage a), we envisage two main types of activity aimed at stakeholder involvement: first, the resident TACIS mission can organize some meetings with civil society representatives and

other stakeholders, in the process of collecting basic information for the people in charge of drawing up the indicative programme. Secondly, when those people come from Brussels to Chisinau, the resident TACIS mission organises some other meetings between them and stakeholders. In order to combine manageability with broad representativeness, all such meetings should be organised with groups not exceeding 15 to 20 people. Both types of meetings should be structured so as to maximise participation as well as the usefulness of the information collected. One format that has proven useful is that of starting with a broad discussion, identifying a number of questions that seem especially important, then dividing the meeting into working groups to discuss the questions. Each working group has a rapporteur charged with summing up the interventions in the group, and works for a fixed period of time. This followed, after a short break, by a resumption of the plenary meeting, where the group rapporteurs read their reports, following which there a period of general discussion.

It is, at this stage, advisable to hold some meetings in the regions, with representatives of local governments, local NGOs and other stakeholders.

For stages b) and d) (i.e. the stages of collecting feedback on drafts), it may be preferable to have a permanent, standing committee that TACIS sends the draft programmes to. The members of these committees are then given some time to analyze the drafts, after which they are invited for one or two meetings during which they express their opinions on the drafts, suggest modifications, etc. These committees should have no more than 10 – 12 people, and should meet predominantly in plenary sessions. In order to structure the feedback somewhat, questions could be distributed to the members of these committees in advance, and the discussion could follow the order of the questions – although it should not, of course, be confined exclusively to those questions.

The most important activity in stage c) is the identification and formulation of the concrete projects that will be funded by TACIS. For this kind of work, smaller groups of stakeholders more directly involved in each of the sectors are more likely to be effective than large groups where some of the participants may have little idea about those sectors. The general principle here would be to select people or organizations for their expertise or experience (or involvement in similar exercises). Their meetings should be aimed at drawing up recommendations about projects that should be taken up, or even at an initial formulation of such projects.

In order to identify which organizations or people to involve in these smaller working groups (particularly from the NGO sector, since the other stakeholders are more clearly identifiable), a good starting point would be the database of NGOs developed and maintained by the Contact centre. To this would of course be added TACIS's own contacts and information about the sector. The smaller groups envisaged would involve maybe 4 or 5 people from organizations active in a particular sector (or sometimes in a particular part of the country) in the identification of projects in that sector or that part of the country. Gradually, the database of the Contact centre could be supplemented with TACIS's own database, where the usefulness of contacts is assessed, in order to avoid wasting time with useless contacts and increase the reliance on the most useful ones.

Finally, stage e) also requires much of the same kind of expertise of stage c), and is also likely to benefit from work in relatively small groups, again selected for their knowledge and experience.

5.3 Some closing observations

In addition to the scheme for the involvement of stakeholders put forward in the preceding section, *it seems useful to formulate a few principles that should regulate* whatever process is finally chosen for this involvement.

First, meetings with the mass media – an important part of civil society - should be held separately from meetings with NGOs and other sections of civil society. This relates to the dual role of the mass media in such meetings, both as a potential source of feedback, and as journalists. If these journalists are worth their salt, they will also report on the proceedings to a wider public. This creates the danger that individuals or organizations might try to use meetings where journalists are present for posturing, for making political statements, for propaganda and other ends broadly incompatible with those that this process is intended to serve. Trade unions, local government and professional organizations, on the other hand, can be included together with NGOs.

A second important principle that TACIS should make clear at all times is that it reserves the right to choose the participants in the feedback process. This is a process of broad consultation, but it is not a democratic process, in which representativeness and legitimacy are more important than the substance of particular contributions. True, the individuals or organizations invited to take part should come from as broad a spectrum of opinion as possible, but they are not invited as *representatives* in a democratic sense, since no one gave them such a mandate. There is, of course, a danger inherent in this: that TACIS would consciously bias the sample of people it involves. That, however, is a danger that can to some extent be avoided, by adopting transparent criteria for the selection of participants, without for that reason giving up the right to make such a selection. As to the members of standing committees from which feedback on the TACIS programming documents is requested, it is important that – in line with what is done in other organizations – they be appointed for limited periods, with a limited possibility of being reappointed once. This will avoid the risk of these people acquiring, and then exploiting, a role of permanent brokers of the benefits distributed by TACIS. Here, again, it is important that the rules be transparent and strictly adhered to.

TACIS must consider the possibility of using facilitators for most or all of the meetings proposed above. A good facilitator increases the effectiveness of a meeting without biasing its course or the conclusions it reaches, and may make the difference between a meeting where people participate eagerly and with a sense of purpose, and one where they do not. In the smaller meetings aimed at the identification and formulation of projects, the facilitators may be trained in project formulation (e.g. using the logical framework approach in one of its many variants), and provide support to the groups in that respect.

Finally, it seems useful that the representatives of civil society organizations involved in the TACIS programming process be remunerated as an incentive for reading the papers and attending meetings. Remuneration may be different for different functions: for instance, members of a standing committee, who have to read and criticize documents in addition to attending meetings, may receive a different remuneration from that given to someone who simply attends a meeting with no preparation. Two general principles should guide the remuneration given to participants: first, they should constitute an *incentive* for people to read documents, participate in the meetings, etc, *without becoming the main reason* why people do those things; second, they should be broadly *in line with what is done elsewhere* in Moldova (e.g. by other donors, foundations, etc).

The scheme of participation proposed above is far from complete. This may, however, be seen as a virtue rather than a defect, if these proposals are to be subjected to a discussion with the stakeholders themselves. From that discussion may emerge a consensus around these proposals, suggestions for change or even a radically different participation scheme. Such is the nature of open processes – and participation should always be an open process, even if that openness must necessarily be constrained by certain rules of the game.

Conclusions

Ten years of the TACIS presence in the Republic of Moldova – from the first year after the declaration of the country's independence – already has certain traditions, successes and problems. Traditions consist of that TACIS programmes have a stable reference point – to contribute to Moldova's "return" into Europe both through realization of the Partnership and Cooperation Agreement between the European Union and the Republic of Moldova and introduction of European know-how into key areas of state administration, economy and social life.

Successes are formed by a large scale of activities and their positive efficiency in such areas as: legislation harmonization, assistance for implementation of a market oriented policy for agricultural and energy sectors, support for SME, human resources development, education and training, environmental programme. There have been realized the Democracy Programme and LIEN Programme in collaboration with the civil society organizations.

Problems are caused by political instability and insufficient continuity in actions of alternating governments, lack of social consensus as refers to contents and methods of realization of reforms. This gives rise to difficulties during determination of the projects' goals, selection of local partners, coordination of technical assistance rendering, and securing vitality of projects at all stages of their elaboration and realization.

Unfortunately, public participation is not a part of government culture in Moldova yet. Civil society's input into the governmental policy is weak and NGOs, trade unions and business associations do not have efficient mechanisms for active and sustainable participation in policy-making. In most cases, they limit themselves to criticism of the Government, which usually ignores it.

Given such circumstances, international assistance organizations can help reinforce the civil society and its ability to interact with the government. Beginning from the mid-90s, TACIS, UNDP, USAID, Soros Foundation and SIDA have already accumulated experience of NGO/think tanks involvement into realization of projects, organization of public discussions, seminars, etc. This contributed to overcoming the monopolism of executive bodies in technical assistance utilization, strengthening of transparency of its practical implementation.

At present, the Government proceeds to elaboration of a series of mid-term programmes for socio-economic development of the country, SME sector support, poverty reduction, restructuring of certain sectors of the economy, public administration improvement. Most of them will be corroborated by international organizations, including TACIS. At that, Poverty Reduction Strategy Paper will be a key document for the Government during the nearest years. Involvement of NGOs, local administration, trade unions, and mass media into the process of the TACIS job programming for 2004-2006 will facilitate a better interaction and mutual understanding between the Government and civil society.