

THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA

and

**UNITED NATIONS DEVELOPMENT PROGRAMME
SOROS FOUNDATION MOLDOVA
MOLDOVA SOCIAL INVESTMENT FUND**

**Increasing financial sustainability of
Civil Society Organizations
in the Republic of Moldova**

Executive Summary

The present project is designed to assist the Government of the Republic of Moldova, Civil Society Organizations and private sector to create an enabling environment – legal and institutional - for increasing financial sustainability of civil society organizations by promoting individual giving, corporate giving, social entrepreneurship and service provision.

Providing activities targeted to the Ministry of Justice, Ministry of Finance, Tax Authority, CSOs and private sector the project will contribute to development of their institutional capacity, transparency and effectiveness in mobilizing resources for the poor.

Section I - Narrative

Part I. Situation Analysis

The Moldovan NGO sector works within a challenging environment in a country that is small but diverse with little recent tradition of trust, self-determination and community responsibility. The last ten years have witnessed deep social and economic difficulties that have penetrated all aspects of everyday life and are characterized by slow economic reform, environmental problems, weak social welfare and health systems, corruption and crime, poor educational systems and widespread poverty. Marginalized people particularly have been severely affected.

1. Size and scope of the sector:

Civil society in Moldova is active but still quite weak. Since independence, the number of NGOs has grown to reach more than 3200 NGOs registered by December 2004¹, but only about 35 percent of them are working at the local level.

Based on the CONTACT Center's 2002 Study on the Development of Non-Governmental Organizations in the Republic of Moldova, only 53% of registered NGOs declared themselves active, primarily those located in the larger cities. This geographical concentration can be explained by the fact that NGOs in these communities have benefited to a greater extent from access to resource centers and donor support. The areas of activity mostly covered by NGOs are: health (11%), culture (10%), sport (10%), economical and community development (8%), human rights protection (6%), social services (6%), ecology (5%). There is a lack of Community Foundations and private foundations in general.

2. The legal and tax framework:

The basic legislation of the Republic of Moldova that regulates NGO activity involves: The Law on Public Associations (1996), The Law on Foundations (1999), The Law on Philanthropy and Sponsorship (2002), The Civil Code (2003) and the Fiscal Code. The procedures for the creation and registration of NGOs are clear, and they are the same for both national and local NGOs.

The only tax benefit that NGOs in Moldova enjoy remains the exemption from income taxes. Other taxes are paid by NGOs at the same rate as private sector companies.

NGOs may carry out commercial and economic activities, according to the Law on Public Associations, though a well developed mechanism that would encourage NGOs to earn income from the provision of goods and services, does not exist. The Public Benefit Certificate, which is an official document proving the public benefit of the given organization and serving as grounds for total or partial exemption of certain taxes and state fees, is not deemed to be effective.

3. The state of relationship with businesses and government sectors:

According to the CONTACT Center's 2002 Study on the Development of Non-Governmental Organizations about 60 % of active NGOs established relations of cooperation with the private sector, but 53% of them are not satisfied by their cooperation. The main reasons for dissatisfaction are: the imperfect legislation, lack of cooperation tradition, insufficient training of the private sector, lack of efficient communication skills, insufficient financial opportunities of the private sector, lack of knowledge about NGOs and their activities. The main fields of cooperation are sponsoring the NGO activities (22%).

¹ Ministry of Justice, January 2005

Only 18 % of active NGOs have common projects with Local or Central Public Administration, the same number is advised in various problems, and only 14 % of NGOs are contracted for special services or activities. Even less organizations (11%), mostly mass media and ethnic minorities NGOs, participate together with LPA in decision-making. More than a half of NGOs aren't quite or at all satisfied by the cooperation (51%)

4. Financial resources

The financial resources of NGOs come from various sources, the main being grants, membership fees and sponsorships. Grants, as the main financial source for the NGO's activity were mentioned by 28 %, 27 % mentioned membership fees, 23 % - sponsorships. If analyzing the budgets of the NGOs in 2001 - 17% of active NGOs didn't have a budget. The percentage of organizations with the budget up to 500 USD was 28 % and up to 1000 - 9 %. The number of organizations that have an annual budget up to 100,000 USD is very small – 5% mostly covered by grants. The deficiencies in fund raising failed the projects of about 2/3 of NGOs from Moldova, because as the study demonstrates only a little more than 1/3 of organizations can cover integrally the necessary annual expenses.

Source	Market	Legal provision	Perspective
International Donors 28%	Depends on terms established by donors and government	<i>Memorandum</i> Grants are taxes exempt	Lowering international donors support Change in funding priorities
Sponsorship 23%	Growing business social responsibility influenced by international companies	Fiscal Code, Law on Philanthropy and Sponsorship/ Business can deduct up to 10% of their annual taxable income	Current legal provisions are not incentive for sponsorship and corporate giving
Individual Giving ?%	Citizens are not knowledgeable about civil society	Fiscal Code, Law on Philanthropy and Sponsorship/ Individuals can deduct up to 10% of their annual taxable income as tax credit	Better legislation, Growing local fundraising and image of NGOs will pursue individual giving
Statutory Activity 37%	Members and founders are paying membership fees (symbolic)	Law on Public Associations, Civic Code	Growing income of citizens
Services 4%	Members and Clients are paying fees/ service driven versus mission driven	Law on Public Association, Fiscal Code/ Public benefit NGOs are taxes exempt	Income will depend directly on quality of service
State Funding 2%	Lack of integrity and long term provisions	Law on Youth, Law on Social Assistance; Budget Law and number of separate regulations of Ministries	State is not interested in supporting SCOs SCOs advocacy is needed

1. Public image of and trust to NGOs. Public participation and citizen's responsibility.

According to the Public Opinion Barometer 28, 1% does not know about NGOs and 37, 3% of Moldovan does not trust them. Only 30, 8 % of citizens have some trust in NGOs and 2, 8 fully trust them. The perception is that NGOs are "money launders and grant eaters". Rare local or no fundraising campaigns, low level of social service provision, rare or no economic activities managed by NGOs and low business support make NGOs fully dependent on donors support.

The CSOs in Moldova are playing an increasingly role in promoting democracy and human rights, advocating for the poor, offering services for their communities. In the same time an important part of CSOs have weak organizational capacities, insufficient understanding of constituency building, weak participatory management. The limited financial resources make them dependent on external donors resulting in shifting missions to attract funding. The Government of Moldova can create an enabling environment so SCOs become stronger and financial sustainable to better serve their beneficiaries and provide better quality services.

Part II. Strategy

The Government of the Republic of Moldova is increasingly recognizing the real value of engaging citizens and Civil Society Organizations in decision making for sustainable development. The Economic Growth and Poverty Reduction Strategy Paper (EGPRSP) stipulates that a “Better governance and a more efficient activity of the public sector in partnership with the civil society constitute the basis for the insurance of sustainable economic growth and the reduction of poverty. In order to implement the stipulations of the Strategy, the challenge is to join together in partnership the efforts of public administration, civil society, the business community and international partners to achieve the common goal of improving the lives of the country’s people.”² The Government committed to ensure respect for the freedom of association and foster the development of civil society by facilitating and supporting civil society development, and enhancing dialogue and cooperation.³

UNDP recognize that Civil Society Organizations (CSOs) can play a critical role in developing the social and political capacities of the poor, increasing their effectiveness in influencing governance institutions and making the latter more responsive to their needs. UNDP includes as a criterion of support to CSOs, a demonstrated understanding of the social, cultural, political and economic circumstances that shape the lives of the poor. UNDP helps identified CSOs pursue a variety of measures designed to help the poor get their voices heard and reduce their political exclusion.

According to the second Country Cooperation Framework (2002-2006) UNDP Moldova is integrating the civil society development in the design and implementation of its operational strategies. UNDP will help facilitate conditions to support civil society wherever appropriate. This may include efforts to refine the supporting legislation or to assist with concrete mechanisms for more active participation in decision making processes. NGOs will be assisted to develop skills in project planning, management, evaluation and resource mobilization. They will be used to implement various UNDP projects and actively involved in partnerships to support observance of human rights and gender equality.

As a cross-cutting issue, this project falls within the two UNDP priority area of *Achieving the MDGs and reducing human poverty and Fostering Democratic Governance* and proposes to make an identifiable and specific contribution towards the **Multi Year Funding Framework⁴ Service Line 1.7 of Civil Society Empowerment**, with particular focus on advocating for an enabling legal and regulatory environment where CSOs could contribute more to the development processes.

The project will support the creation of an enabling environment – legal and institutional - for increasing financial sustainability of civil society organizations by promoting individual giving, corporate giving and developing economic activities and service provision.

The project will work towards the **overall objective: Capacities increased and enabling environment created off/for CSOs to mobilize more diversified resources**, through several streams of activities, covering the creation of an enabling legal environment, partnership creation and capacity building for the Government, CSOs and private sector:

1. A favorable legal and fiscal environment and mechanisms for Civil Society development in place

The project will focus on creating a legal and fiscal environment and mechanisms that primarily will relates to facilitate individual giving, corporate giving, economic activities/social enterprises development and service provision by CSOs.

² Economic Growth and Poverty Reduction Strategy Paper, Republic of Moldova, May 2004

³ EU/Moldova Action Plan

⁴ Multi Year Funding Framework is a strategic framework document for UNDP worldwide for the period 2004-2007; it determines the priority areas UNDP is focusing and the funding envelopes available.

Increasing individual giving relates to the development of percentage philanthropy. Percentage philanthropy refers to legal mechanisms that allow taxpayers to allocate a certain percentage of their previous year's paid income tax to beneficiaries entitled to receive such funds. By the spring of 2003, percentage type laws had been adopted in four countries in Central and Eastern Europe: Hungary, Slovakia, Lithuania and Poland. At the end of 2003, Romania became the fifth country to adopt a percentage provision. In 2004 Ukraine, Georgia and Macedonia started to work on such legislation. The legal framework and mode of operation of the percentage laws differ in each country. The number and types of beneficiaries also vary but largely include non-governmental organizations (NGOs) carrying out public benefit activities.

Percentage laws allow taxpayers a direct say in the distribution of state funds. In the context of countries that have only relatively recently emerged from communist rule, percentage laws also promote the revival of good citizenship and awareness of the third sector. In Central and Eastern Europe where average earnings are low and the financial background of NGOs is fragile, percentage laws are especially relevant because they generate much needed revenue for NGOs and other types of organizations serving the public good, encourage a new form of "giving" by the tax-paying public without loss of personal income, educate the general public about philanthropic behavior.

A further outcome of percentage laws is the increased visibility and outreach of NGOs as a result of campaigns run each year to maximize public participation in the percentage schemes.

In the same time, in order to develop corporate giving, social entrepreneurship and service provision by CSOs the Law on Philanthropy and Sponsorship and Fiscal Code should be amended and legal provisions for social contract should be developed.

In order to implement this activity a set of actions will be carry out:

Action 1: Comprehensive analysis of current legislation, NGO development, public perception

- Analysis of the NGO sector, especially - financial resources, relations with the central and local government, relations with business community, citizens involvement
- Analysis of current legislation
- Analysis of public perception
- Analysis on business support
- Analysis of central/local government support

Action 2: Drafting laws on the basis of CEE experience and amendments to the Law on Sponsorship and Philanthropy and Fiscal Code

- Establishment of an working group: Government (Ministry of Justice, Ministry of Finance, Fiscal Inspectorate)+NGOs (Coalition)
- Provide international consultancy on drafting the legislation and mechanism of implementation
- Round table discussions of the draft law and mechanism with stakeholders

Action 3: Capacity Building Government (Ministry of Justice, Ministry of Finance, Tax Authority)

- Assistance to tax authorities on enforcing percentage provision (how to design declaration, identify beneficiaries etc.) – seminars and brochures
- Assist the Ministry of Justice to develop a NGOs data base
- Train and assist the Certification Commission
- Training for tax authorities

Action 4: Information campaign with communication strategy for three categories: NGOs, government and citizens

- PR campaign for taxpayers (mass-media and PR companies)
- Consulting taxpayers, NGOs, tax administration (free phone line and TV)
- Seminars for NGOs, Internet WEB-site

2. Improved capacities of CSOs to mobilize resources through individual giving, developing economic activities/social entrepreneurship and deliver services

More and more NGOs have the basic skills for fundraising but lack the business planning and strategies to find innovative ways to fund activities and overhead without turning to external donors. In the future, it is important to incorporate sound business practices into our NGO capacity building tool box: providing access to revenue generating models such as social enterprises and other revenue generating schemes; and transferring skills in performance-based management, customer service, marketing and public relations.

Action 1: Design and provide module-based training on resource mobilization

- design the training module
- train the trainers
- provide training for NGOs
- design the Guide for NGOs
- publish the guide

Action 2: Pilot projects – resource mobilization campaign

- support NGOs to develop and implement resource mobilization campaigns

Action 3: Support the NGOs to develop and implement economic activities

- design and provide the training program
- consulting on business plan development
- support in business creation
- training on financial management

Action 4: Pilot projects – economic activities/social entrepreneurship (in cooperation with BOYW Project)

- support NGOs to develop and implement economic activities

Action 5: Training and consultancy for NGOs to provide better quality services

- marketing for NGOs
- products/service development

3. Corporate giving programme developed and implemented (in cooperation with Global COMPAC)

Businesses play a vital role in maintaining the state's quality of life. Not only do they provide jobs and economic stability, but also they can offer charitable support to the many projects and programs that enrich the lives of all Moldovan communities.

Moldovan business owners are trying to respond to community needs, but they do not have a plan guiding the distribution and use of their charitable contributions. In the same way that a business plan helps a company stay on course toward its financial goals, a charitable giving program—however informal—can help a business achieve a number of goals for itself and the community in which it operates. A giving program can include direct cash gifts by your company, loans of employee talent to nonprofit organizations, a company-sponsored foundation—or any combination of these and other options. A defined charitable giving program can help the business:

- Make wise decisions about which community programs to support;
- Increase the sense of satisfaction that everyone in the company derives from charitable giving;
- Strengthen ties to customers and the community.

The project will promote “organized” philanthropy in the in Moldova and will provides assistance and tools for giving to business including:

Action 1: Organize the outreach campaign

- Establishment of an working group: (Companies, banks, NGOs)
- Round table discussions of the Corporate Social Responsibility/Corporate giving
- Organize social events
- Establishment of a Forum of CSR
- Media campaign

Action 2: Support the companies to develop a giving programme

- support companies to develop and implement a giving programme for MDGs

Action 3: Design and provide module-based training for companies

- design the training module
- provide training for companies
- design the Guide
- publish the guide

4. Community Foundations development

Community Foundations are independent philanthropic organizations. They collect, manage and redistribute donations from a wide range of mainly local donors to meet important needs of local community. The main goal of CFs is to improve the quality of life in a specific geographic area, usually a town or a county. Community Foundations do this by involving local citizens and by generating new permanent resources, as well as by building partnerships among local businesses, local authorities and non-profit organizations. What provides Community Foundations sustainability is endowed funds contributed by many donors to be used for charitable purposes (e.g. grants to local non-profit organizations in order to strengthen NGO sector in local level or scholarships to poor talented young people in order to accelerate development of local community). An endowment also gives community foundation’s donors the guarantee that their help will have long-term consequences to the future. The capital endowment is composed of several donations to be allocated at financing specific purposes, the so-called restricted funds.

Activity 4: 3 Community Foundations developed

Actions:

4.1. Training and advisory assistance (including coalition building, fundraising, grant programs, promotion, accounting),

- Guides: "How to Establish a Local Community foundation," "Rules for Creating and Managing Community Foundations," "The Donor's Manual," "Capital Endowment," Community Foundation a Solution to Donor's Problems and NGO Hassles," and others;
- Presentation on the concept of local philanthropic organizations, cooperation with donors;
- Document templates: internal statutes, operating rules for Advisory Committees, CF boards, organizational support procedures, legal expertise;
- Expert assistance from lawyers, leaders of CEE community foundations,
- Distributing information through the electronic bulletin ,

4.2. Financial assistance (support given to CFs in form of matching funds); co-financing grant and scholarship programs of CFs, capital endowments, and current expenses of organizations,

4.3. Networking: regular meeting of CF leaders, exchange of experience, help in developing operating standards,

- Promotion, chiefly through publications, information materials, brochures of the Network, providing new contacts, cooperation with European.

Expected impact

- Moldova is a country with low level of citizen's participation in public activities, characterized by population apathy and distrust. Percentage philanthropy provides people the chance to equally participate in funding social, cultural and other publicly beneficial activities together with the State. It encourages participation and creates trust to civil society.
- It is not amounts of money that matter: most important is the recognition of social value of NGOs as people "vote" by every cent for civil society.
- In Moldova NGOs could not get public trust and recognition due to their low level of professional service provision, absence of transparency and openness. Interaction between NGOs, tax administration and citizens together with financial stimulus will make NGOs be more responsible for their declared missions.
- Community Foundations represent a challenges in developing new sources for financial sustainability of Civil Society Organizations in the Republic of Moldova
- Individual giving is a challenge in convincing the government in redirecting part of taxes by citizens thus giving them power to decide over state budget, and to justify the budget losses.
- The business will become more social responsible
- The NGOs will have the capacity to provide better quality services
- The coalition building of committed civil society leaders and civil servants

Part III. Management Arrangements

The project is implemented using the UNDP implementation support services to national execution and the prevailing UN Universal Price List (Annex 6). The project implementing agency is the Ministry of Justice. The Ministry of Justice will appoint a National Project Coordinator, who is a senior official and will be able to support the project as necessary that the project activities are implemented successfully. The Ministry of Justice will offer for the project team office space free of charge, representing the Government contribution towards the project implementation. The offices will be located in close proximity to the Project Unit, as relevant for the work of the project.

UNDP Moldova will support the implementation of the project through services (based on the Agreement between the Government of Moldova and UNDP for provision of support services for National Execution Modality from May 27, 2003) and more specifically, services of personnel recruitment, including project personnel (Project Manager and Project Assistant – terms of reference are attached in Annexes 4 and 5) and local and international consultancy and procurement of goods, according to UNDP rules and procedures. UNDP follows in the implementation of project and programmes the international standards set under PRINCE 2.

The project will have a Project Steering Committee (generic terms of reference are attached at Annex 3), including the National Project Coordinator, representatives of other state institutions, donor agencies and non-governmental organisations working in the area (proposed membership at Annex 3). The PSC will meet as a rule every three months or out of its regular schedule at the request of its members and will examine and discuss the project work plans and reports (Annex 7), and will provide recommendations on the project activities.

Inputs from the Government:

The Government representatives will participate actively in all activities under the project, including working groups, trainees groups, and will ensure that the products developed in the project frameworks are promoted and used.

The Government will provide premises and facilities adequate for an effective operation of the project team, will make available the staff for the project activities and will provide the necessary support for a successful implementation.

The Government will designate focal points for relevant project activities and will allow them time to participate and contribute to certain actions of their competency and interest.

UNDP inputs:

UNDP will provide financial inputs for the implementation of the project in the amount of **274,250.00 USD over the period of 2006 – 2008.**

UNDP Moldova Country Office will support the implementation of the project through advocacy and support for Government's efforts of additional fund-raising for project activities; will provide assistance in recruitment of staff and project start-up activities, in procurement of goods and services, monitoring and evaluation of the Project implementation and project audit according to UNDP rules and procedures.

The additional funding mobilized from other donors will be added to the project through signing Cost-sharing Agreements between UNDP and each contributing partner, and by revising the Project work plans and budget.

Description of UNDP Country Office Support Services are described in the annex 6.

SOROS Foundation inputs:

SOROS Foundation will provide financial inputs for the implementation of the project in the amount of **275820 USD over the period of 2006 – 2008.**

Moldova Social Investment Fund inputs:

The input of MSIF will consist in the development of an Operational Manual and other procedural documents for CF setting up and development, the development of Guidelines and other technical assistance materials for CF, identification and selection of sites for CF development, promotion of the CF concept in 5 selected towns (Balti, Soroca – North, Ungheni, Orhei – Centre, Cahul – South), technical assistance for initiative groups in the development of CF, monitoring and evaluation of the Projects implementation.

Communication and visibility

The expertise and the experience of the UNDP Communication section will ensure that the project is visible and that the necessary information is prepared and provided to the media and other relevant target audiences, placed on the Government's web-site. Various Public Relations events will be organised as relevant. Should other donors contribute to the project, their visibility will be ensured according to their requirements.

Part IV. Monitoring and Evaluation

Monitoring and evaluation will follow the UNDP guidelines on Monitoring and Evaluating for Results. A monitoring and evaluation plan will be developed during the inception phase.

In order to ensure the efficient monitoring and evaluation of project results, maintain continuous cooperation between all project's partners at all stages of Project implementation, the Project Steering Committee will meet every three months. The members of the Project Steering Committee will provide feedback on lessons learned, propose corrective actions to solve problems, ensure accountability, and make recommendations how to improve the quality of current and future interventions (as per the terms of reference annexed to the project document)

The Project Manager, under the direction of the National Project Coordinator and UNDP Moldova programme representatives, will prepare and submit to the members of the Project Steering Committee quarterly work plans and quarterly reports prepared according to UNDP standards.

The project will be subject to the Annual Programme Review. The Project Manager, in consultation with the National Project Coordinator and the Project stakeholders, will be responsible for preparing and submitting to the Annual Programme Review meeting the annual Project Progress Report in UNDP format. It shall be prepared in draft sufficiently in advance to allow review and technical clearance by the Project partners, at least one month prior to the Annual Project Review meeting.

The implementation of the Project will be coordinated with UNDP. The project team is encouraged to seek support from other donors active in the field of parliamentary development. During the project implementation, the project team will continuously assess the risks and seek solutions for their mitigation.

Audits will be performed in the course of the implementation of the Project, according to UNDP requirements. Given the strategic nature of the Project, a comprehensive external evaluation is recommended in the last year of Project implementation.

Part V. Legal Context

This Project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of the Republic of Moldova and the United Nations Development Programme, signed by the parties on October 2, 1992. The host country executing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government cooperating agency described in that Agreement.

The following types of revisions may be made to this Project document with the signature of the UNDP Resident Representative only; provided that he/she is assured that the signatories of the Project Document have no objections to the proposed changes:

- (a) Revisions in, or addition of, any of the annexes to the Project document,
- (b) Revisions which do not involve significant changes in the results of the Project, but are caused by the re-arrangement of inputs already agreed to or by increases in costs due to inflation, and
- (c) Mandatory annual revisions which re-phase the delivery of agreed inputs, increase experts cost and other costs due to inflation, or take into account expenditure flexibility.

Section II - Results and Resources Framework

The RRF⁵ template is given in Annex 2.

⁵ The RRF is optional for GEF projects, as it will be replaced with the project's GEF Logical Framework matrix

SIGNATURE PAGE

Country: Republic of Moldova

UNDAF Outcome(s)/Indicator(s):

Capacities and partnerships of local governance actors developed in urban/rural areas for transparent and accountable policy formulation, service delivery and resource management

(Link to UNDAF outcome. If no UNDAF, leave blank)

Expected Outcome(s)/Indicator (s):

(CP outcomes linked to the SRF/MYFF goal and service line) **2.6. Decentralization, local governance and urban, rural development**

Expected Output(s)

Capacities increased and enabling environment created off/for CSOs to mobilize more diversified resources

(CP outputs linked to the above CP outcome)

Implementing partner:

(designated institution/formerly executing entity)

Ministry of Justice

Responsible parties:

(formerly implementing entities)

Programme Period:	2006 - 2008
Programme Component:	
Project Title:	Increasing financial sustainability of Civil Society Organizations in the Republic of Moldova
Project ID:	
Project Duration:	2006 - 2008
Management Arrangement:	Combination

Budget:	550,146.80 USD
General Management Support Fee:	22,065.60 USD
Total budget:	
Allocated resources:	
• Government	
• Regular	274,250.00 USD
• Other:	
• Soros Foundation	275,820 USD
• Donor	
Unfunded budget:	

Agreed by (Government): _____
Ministry of Economy

Agreed by (UNDP): _____
Resident Representative

PROJECT RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country Programme Results and Resource Framework: Capacities and partnerships of local governance actors developed in urban/rural areas for transparent and accountable policy formulation, service delivery and resource management				
Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets.				
Applicable MYFF Service Line: 2.6. Decentralization, local governance and urban, rural development				
Partnership Strategy The project shall contribute to development of partnerships on both national and local levels. On the national level, the project shall foster the interaction between government - CSOs – and business community to provide people the chance to participate in funding social, cultural and other publicly beneficial activities together with the State. It will encourage participation and will create trust to civil society. Interaction between NGOs, tax administration and citizens together with financial stimulus will make NGOs be more responsible for their declared missions. On the local level the project shall develop the public-private partnership and resource mobilisation for better service provision.				
Project title and ID (ATLAS Award ID): Increasing financial sustainability of Civil Society Organizations in the Republic of Moldova				
Intended Outputs	Output Targets for (years)	Indicative Activities	Responsible parties	Inputs
<p>Capacities increased and enabling environment created of/for CSOs to mobilize more diversified resources</p> <p>Baseline:</p> <ol style="list-style-type: none"> 2. Legal and fiscal environment not favorable. Inefficient and ineffective mechanism to encourage NGOs to earn income. 3. Low capacity to mobilize resources. No or few fundraising campaigns 4. Limited financial resources. The resources are not diversified 5. Low trust in CSOs 	<p>Target 2006:</p> <p>Comprehensive analysis completed and published</p> <p>Laws drafted, discussed and adopted. Mechanisms in place.</p> <p>Capacities of NGOs, and government developed.</p> <p>Information campaigns conducted</p>	<p>Activity 1: A favorable legal and fiscal environment and mechanisms for Civil Society development in place</p> <p>Actions: 1.1 Comprehensive analysis on current legislation, NGO development, public perception</p> <ul style="list-style-type: none"> • Analysis of the NGO sector, especially - financial resources, relations with the central and local government, relations with business community, citizens involvement • Analysis of current legislation • Analysis of public perception • Analysis on business support • Analysis of central/local government support <p>1.2. Support for drafting the legal framework</p>	<p>UNDP Project team Ministry of Justice Ministry of Finance Tax Authority</p> <p>Partners: NGO Council, NGO networks and coalitions Mass-media International consultant</p>	<p>International consultant/company/ International travel Local consultancy/company Supplies Equipment Meeting costs Printing costs Sundry</p>

		<p>(percentage law, public –private partnership), amendments to the Law on Philanthropy and Sponsorship, Fiscal Code</p> <ul style="list-style-type: none"> • Establishment of an working group: Government (Ministry of Justice, Ministry of Finance, Fiscal Inspectorate)+NGOs (Coalition) • Provide international consultancy on drafting the legislation and mechanism of implementation • Round table discussions of the draft law and mechanism with stakeholders • Study visit for the government representatives and CSOs in Hungary <p>1.3. Capacity Building for NGOs and Government (Ministry of Justice, Ministry of Finance, Tax Authority</p> <ul style="list-style-type: none"> • Guide for tax authorities, guide for NGOs, guide for citizens • Assistance to tax authorities on enforcing percentage provision (how to design declaration, identify beneficiaries etc.) – seminars and brochures • Assist the Ministry of Justice to develop a NGOs data base. Provide equipment • Train and assist the Certification Commission • Training for tax authorities • Training for NGOs on legal provisions, fundraising campaigns etc. <p>1.4. Information campaign with communication strategy for three categories: NGOs, government and citizens</p> <ul style="list-style-type: none"> • PR campaign for taxpayers (mass-media and PR companies) • Consulting taxpayers, NGOs, tax administration (free phone line and TV) • Seminars for NGOs, Internet WEB-site 		
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<p>Comprehensive analysis completed and published; Laws drafted and discussed and mechanisms developed; 3 Community Foundations established; Capacities of CSOs to mobilize resources and develop economic activities and deliver services improved: 30 NGOs trained</p> <p>Legal framework and implementation mechanisms for sustainability of Civil Society organisations is in place. Budgetary resources of CSOs are diversified and increase by 10%. Three community foundations are created.</p>	<p>Target 2006: Capacities of CSOs to mobilize resources improved, develop economic activities and deliver services: 60 NGOs trained</p> <p>Target 2007: More resources mobilized: Individual giving 10% Service delivery 15% Economic activities 5% Social contract: 15%</p>	<p>Activity 2: Improved capacities of CSOs to mobilize resources, develop economic activities and deliver services</p> <p>Actions: 2.1. Design and provide module-based training on resource mobilization</p> <ul style="list-style-type: none"> • design the training module • train the trainers • provide training for NGOs • design the Guide for NGOs • publish the guide <p>2.2. Pilot projects – resource mobilization campaign</p> <ul style="list-style-type: none"> • support NGOs to develop and implement resource mobilization campaigns <p>2.3. Support the NGOs to develop and implement economic activities</p> <ul style="list-style-type: none"> • design and provide the training program • consulting on business plan development • support in business creation • training on financial management <p>2.4. Pilot projects – economic activities (in cooperation with BOYW Project)</p> <ul style="list-style-type: none"> • support NGOs to develop and implement economic activities <p>2.5. Training and consultancy for NGOs to provide better quality services</p> <ul style="list-style-type: none"> • marketing for NGOs • products/service development 	<p>UNDP Project team Ministry of Justice Ministry of Finance Tax Authority</p> <p>Partners: NGO Resource Centers Mass-media International consultant BOYW LA21 Sustainable Tourism Development Project</p>	<p>International consultant/company/ International travel Local consultancy/company Supplies Meeting costs Printing costs Sundry</p>
	<p>Target 2006: 2 corporate giving</p>	<p>Activity 3: Corporate giving programme developed and implemented (in cooperation with Global</p>	<p>UNDP Project team Ministry of Justice Ministry of Finance</p>	<p>International consultant/company/ International travel</p>

	<p>programmes developed</p> <p>Target 2007: Financial support from business increased</p>	<p>COMPAC)</p> <p>Actions:</p> <p>3.1. Organize the outreach campaign</p> <ul style="list-style-type: none"> • Establishment of an working group: (Companies, banks, NGOs) • Round table discussions of the Corporate Social Responsibility/Corporate giving • Organize social events • Establishment of a Forum of CSR • Media campaign <p>3.1. Support the companies to develop a giving programme</p> <ul style="list-style-type: none"> • support companies to develop and implement a giving programme for MDGs <p>3.2. Design and provide module-based training for companies</p> <ul style="list-style-type: none"> • design the training module • provide training for companies • design the Guide • publish the guide 	<p>Tax Authority</p> <p>Partners: NGO Resource Centers Mass-media International consultant Business community</p>	<p>Local consultancy/company Supplies Meeting costs Printing costs Sundry</p>
	<p>Target 2006:</p> <p>Community and NGOs/initiative groups' selection.</p> <p>3 Community Foundations established. Capacities to mobilize resources increased.</p> <p>Target 2007:</p> <p>Endowments for CF created. CF supports at least 10 projects per community</p>	<p>Activity 4: 3 Community Foundations developed</p> <p>Actions:</p> <p>4.1. Training and advisory assistance (including coalition building, fundraising, grant programs, promotion, accounting),</p> <p>- Guides: "How to Establish a Local Community foundation," "Rules for Creating and Managing Community Foundations," "The Donor's Manual," "Capital Endowment," Community Foundation a Solution to Donor's Problems and NGO Hassles," and others;</p> <p>- Presentation on the concept of local philanthropic organizations, cooperation with donors;</p> <p>- Document templates: internal statutes, operating rules for Advisory Committees, CF</p>	<p>UNDP Project team Ministry of Justice</p> <p>Partners: Community Foundations NGO Resource Centers Mass-media International consultant Business community</p>	<p>International consultant/company/ International travel Local consultancy/company Supplies Meeting costs Printing costs Sundry</p>

		<p>boards, organizational support procedures, legal expertise;</p> <ul style="list-style-type: none"> - Expert assistance from lawyers, leaders of CEE community foundations, - Distributing information through the electronic bulletin , <p>4.2. Financial assistance (support given to CFs in form of matching funds); co-financing grant and scholarship programs of CFs, capital endowments, and current expenses of organizations,</p> <p>4.3. Networking: regular meeting of CF leaders, exchange of experience, help in developing operating standards,</p> <ul style="list-style-type: none"> - Promotion, chiefly through publications, information materials, brochures of the Network, providing new contacts, cooperation with European. 		
	<p>Target 2006:</p> <p>Project team formed and fully operational.</p> <p>Overall targets:</p> <ol style="list-style-type: none"> 1. Ensure at least 90% delivery rate; 2. Timely implementation of planned activities; 3. Timely development and submission of work plans and progress reports; 4. Compliance with UNDP rules and regulations. 	<p>Project Management</p> <p>Activity 5:</p> <p>Project efficient management</p> <p>Actions:</p> <ol style="list-style-type: none"> 5.1. Recruit project staff 5.2. Rent and equip the office 5.3. Launch the project 5.4. Implement projects activities 5.5. Annual monitoring and external evaluation by the end of the project period 		<p>Permanent staff (3 representatives), Office space, Equipment, UNDP assistance.</p>

Annex 3.

UNDP GENERIC TERMS OF REFERENCE The Project Executive Group (Project Steering Committee)

In order to ensure adequate governance structures for programme/project implementation, UNDP country offices (COs) should make full use of existing monitoring and accountability mechanisms. The establishment of coordination and consultation mechanisms, such as a Project Executive Group or Steering Committee, with the participation of stakeholders, are a vital aid to transparent decision-making.

UNDP CO may set up a committee specifically at the project/programme level, or for the outcome, or there may be existing national committees for larger programmes, thematic groups for UN or donor coordination.

A Programme/Project Steering Committee (PSC) is set up to ensure unified guidance of programme/project implementation and better coordination among the participating agencies/sectors.

Role & Responsibilities

The PSC focuses on monitoring the achievement of project results. It is responsible for making executive management decisions for a project when guidance is required by the Project Manager, including approval of project revisions. Project assurance reviews by this group are made at designated decision points during the running of a project, or as necessary when raised by the Project Manager. The PSC is consulted by the Project Manager for decisions when project tolerances have been exceeded. This group contains three roles: an executive (government counterpart) to chair the group, a representative of the implementing partner (UNDP) to provide guidance regarding the technical feasibility of the project, and a representative of civil society to ensure the realization of project benefits from the perspective of project beneficiaries.

The PSC has the following responsibilities:

- Provides oversight and policy direction focusing on the achievement of results;
- Provides overall guidance and advice throughout all stages of programme/project process (design and formulation [if created prior to the project's launch], implementation, monitoring and evaluation);
- The PSC recommends the selection of core project staff, namely the Project Manager (and additional senior project staff in the case of complex and large programmes), and recommends their recruitment to UNDP. All PSC members must sign the minutes endorsing the selection of the Project Manager and other senior candidates;
- Analyzes the needs and the subsequent delivery of technical assistance. Develops solutions to problems and challenges;
- Builds consensus around the project's strategies and planned results;
- Provides advice when amendments including budget revisions, project duration extensions are needed in the project's planned results, strategies or implementation arrangements. Substantive changes (revisions of project overall objectives) must be discussed within an LPAC meeting; the authority to approve such changes is vested on the LPAC, not on PSC;
- Reviews and endorses annual and quarterly work plans (based on standard UNDP formats);
- Reviews and endorses quarterly, annual and final project narrative and financial reports in UNDP format;
- Monitors progress, participates in field visits to project sites, consults with beneficiaries and stakeholders, and ensures that potential opportunities and risks, including lessons learned, are taken into account by the project management;
- Reviews stakeholder meetings results and evaluation reports for action;
- Cooperates closely with the UNDAF outcome groups.

In addition, UNDP may delegate to the PSC the authority to select technical expertise (i.e. consultants, think tanks) and project staff as well as to select implementing partners (i.e. NGOs for small grants projects, etc), provided the PSC holds a specific relevant expertise. The PSC issues a request to the UNDP to approve the selection process, the latter having final decision authority. As contracting authority, UNDP must ensure

that the proposed choice is fully aligned to the relevant requirements and specifications (see Annex IV for further details on recruitment and contracting). Therefore, under UNDP implementation support to national execution, all procurement and recruitment processes are managed under UNDP rules and regulations; the PSC does not have the authority to take operational decisions under the specific purview of UNDP.

The key task of the UNDP Programme Officer/Associate in this context is to work with the Project/Programme team to ensure that the requisite interactions are taking place when useful, key issues are discussed, relevant and adequate communications driving dialogue are taking place, reports are action-oriented and qualitative, observance and adherence to UNDP rules and procedures, and the follow-up of decisions. He/she also ensures that results-based management approaches are shared with the PSC.

Membership

The PSC must attempt to have broad representation of key actors within the specific project/programme area. The PSC normally consists of the National Project Coordinator, implementing agencies, other state organisations, civil society organizations, concerned donors, and UNDP representative(s). The Members of the PSC are not paid or compensated for services to the project. Members of the PSC are proposed and approved during the Local Project Appraisal Committee (LPAC) and must be reflected in the project document accordingly.

The involvement of key agencies is intended to ensure that progress towards outcomes is continuously monitored, besides the delivery of project-specific outputs. The PSC should be kept to a reasonable number of participants to be dynamic; representatives of various organizations and institutions, who are not members of the PSC, can be invited to take part on PSC meetings, whenever deemed appropriate. Invited guests do not have decision-making role. The chairperson of the Steering Committee is usually a representative of the government (i.e. the National Project Coordinator) or a representative of UNDP (i.e. the Resident Representative or another senior officer with delegated authority)⁶. PSC chairmanship could be determined on rotational basis. The selection of the PSC chairman is agreed by overall consensus among PSC members.

If changes in the composition of the PSC occur due to functional displacements, parties should inform each other accordingly. In order to ensure consistency and continuity, temporary replacements of members of the PSC are allowed on an exceptional basis, on which parties should inform each other in a 5 days period prior to the meeting.

Steering committee meetings

The PSC meets periodically, as a rule every three months and extraordinarily whenever circumstances require, to review project/programme progress and advise or take important project/programme-related decisions that ensure smooth implementation. The PSC should focus on progress towards outcomes, policy issues and major challenges that require input from partners.

The proceedings of PSC meetings are recorded in meeting minutes, which are then signed by all members of the PSC, once draft minutes have been reviewed and validated by all participants. An original document with all participants signatures is not required, hence, in order to speed the process of signing the minutes, these could be circulated via e-mail (scanned) or fax. Meeting minutes should consist of a record of issues addressed and decisions taken (verbatim transcriptions are not required). The project/programme manager act as secretariat of the PSC with the responsibility to call meetings, distribute information (at least 4 working days in advance), timely preparation of meeting minutes and follow up on their recommendations.

Except for the regular quarterly meetings, the PSC does not always have to meet in person for ad hoc

⁶ Under Direct Execution, the chairperson of the PSC is vested on UNDP.

sessions; virtual communication among members of the PSC is encouraged if network facilities permit. This could include use of e-mail communications for peer reviews of quarterly reports, or setting up a website for the project/programme where partners can upload, access and review documents.

Decision making process

PSC decisions are taken based on consensus and common agreement. To this effect, it is necessary that fair representation of different groups be ensured at all times. UNDP will act as the custodian to ensure due process and compliance with standard operating procedures. Failure to do so may result in the annulment of the decision.

List of Steering Committee Members [to add]

Government

1. Ministry of Justice – National Coordinator
2. Ministry of Finance
3. Ministry of Economy
4. Office of the Government

Donors

5. Soros Foundation Moldova
6. Moldova Social Investment Fund
7. UNDP Moldova
8. SIDA

Civil Society

9. NGO Council
10. Social NGOs Network
11. Coalition for Rural Economic Development

Private Sector

12. Agroindbank
13. Moldcell

Annex 4. Terms of Reference of the Project Manager

Background

The project is designed to assist the Government of the Republic of Moldova, Civil Society Organizations and private sector to create an enabling environment – legal and institutional - for increasing financial sustainability of civil society organizations by promoting individual giving, corporate giving, social entrepreneurship and service provision. Providing activities targeted to the Ministry of Justice, Ministry of Finance, Tax Authority, CSOs and private sector the project will contribute to development of their institutional capacity, transparency and effectiveness in mobilizing resources for the poor.

1. The Project Manager carries out his/her tasks under the supervision of the UNDP Programme Officer.

2. He/she supervises the work of the Project Assistant and other short term technical support staff.

Activities

3. In co-operation with relevant UNDP office and project staff, coordinates practical implementation of the project activities as identified in the project document, including the following tasks:

i. Planning and coordination

- § In close consultation with the Programme Officers of the participating agencies, develop detailed programme annual and quarterly work-plans reflecting scope of activities, timing, sequencing and cost, and present it at the Steering Committee meetings;
- § Coordinate all aspects of the project; oversee day-to-day project implementation and supervise the implementation of the project within the established time-frame and budget for achieving planned results;
- § Oversee the implementation of all analyses, technical assistance, and training activities in the framework of the project;
- § Liaise with the key stakeholders to ensure continuing co-ordination and communications among participating agencies and organisations;
- § Assist UNDP in identifying international and national consultants, translators and interpreters; draft terms of reference for international and national consultants and confirm the quality of their outputs;

ii. Monitoring and reporting:

- § Assess and report (quarterly and annually) on the implementation progress of the project activities and assistance provided, including financial aspects, as well as organize all necessary project evaluations and reviews;
- § Directly contribute into the elaboration of the project Monitoring and Evaluation Plan and ensure its proper implementation; effectively apply monitoring and evaluation tools during the project implementation; develop a process whereby the project assesses its good and bad practices as it gains experience (e.g. through organizing round table discussions on successes and failures, where people focus on meaningful results “on the ground”, rather than generating reports);
- § Provide overall supervision and control in the area of financial administration of the project; carry out financial management, including reporting, preparing in co-operation with UNDP of mandatory budget revisions, and other budget revisions as necessary;
- § Actively participate in the work of the Technical Working Group aimed at further development of the project components and its effective monitoring and evaluation;

iii. Knowledge and information sharing:

- § Learn and enable the project team to learn from other similar projects in Moldova; establish links with other related projects;
- § Act as a member of the UNDP Community of Practice on Governance and actively engage in the elaboration of knowledge products;
- § Disseminate lessons learned/best practices derived from the project experience;

- § Insure high quality information on project activities for mass media;
- § Assist the Steering Committee in liaising with donor organizations in order to obtain additional funds for project implementation;
- § Perform any other duties connected directly with the implementation of the project;

Qualification

- iv. Project manager:
 - § A graduate degree in law, economics, social sciences, or other relevant field;
 - § Good knowledge of civil society in Moldova
 - § Extensive experience with/in CSOs
 - § Good knowledge of the UN system;
 - § In-depth knowledge and understanding of development issues;
 - § Knowledge and understanding of UNDP's overall operations in the country;
 - § Knowledge and understanding of planning, policy development, analysis, and research;
 - § Knowledge of the government institutions, UN system, donors, IFIs, multilateral agencies;
 - § Extensive experience in complex project and programme management;
 - § Very good managerial capabilities - ability to analyze, plan, solve problems, organize and achieve expected results, adapt to different environment (cultural, economic, political and social);
 - § Excellent communication skills in spoken and written English, Romanian and Russian;
 - § Computer literacy and ability to effectively use PCs and office technology equipment.

Time frame

- v. One-year contract with possible extension.

Annex 5. Terms of Reference Project Assistant

The Project Assistant will work under the direct supervision of the Project Manager and will liaise with the National Project Coordinator.

Overall job content:

He/she is responsible for financial and administrative management of the project activities, the preparation of quarterly and annual work plans and progress reports for review and monitoring by the Project Steering Committee, and provides assistance in the development of follow up programme activities.

Specific tasks and responsibilities:

Administrative management:

- § Make logistical arrangements for the organization of meetings and round tables;
- § When necessary, provide secretarial support;
- § Provide backstopping to international consultants during their missions to Moldova (visa issuance, travel arrangements, accommodation, etc.);
- § Prepare and issue contracts for local and international consultants;
- § Draft project quarterly and annual work plans and reports;
- § Maintain project files;
- § Assume overall responsibility for administrative matters of a more general nature,

Financial management:

- § Prepare requests for advance of funds and/or direct payments;
- § Prepare proposals for budget revisions;
- § Monitor budget expenditures and maintain a proper record of approved project budgets and their revisions;
- § Respond to queries from UNDP with respect to financial aspects of the project, liaise with UNDP appointed and external auditors wherever required;
- § Prepare and submit expenditure and project budget status reports;
- § Advise and assist international advisors and national consultants on all aspects of allowances, travel claims and other financial matters and calculate payments due for claims and services;
- § Undertake other financial and administrative tasks as required.

Procurement and purchasing:

- § In accordance with the Work plan arrange for purchasing of necessary supplies, including for the project's meetings and round tables, as well as office supplies;
- § Ensure that contractual processes follow the stipulated UNDP procedures;
- § Maintain an updated price list of the goods and services commonly procured by the project.

Qualifications and skills:

- University degree or specialized education in finances/accounting
- A minimum of three years work experience with projects, either in a non-governmental organisation, public institution or with an international organisation
- A demonstrated ability in administrative and financial management of development projects and in liaising and cooperating with Government officials, donors, mass media;
- Excellent knowledge of English, Romanian and Russian;
- Excellent communication skills, including inter-personal;
- Good knowledge of Word and Excel is necessary.

Annex 6.

Description of UNDP Country Office Support Services

In accordance with the provision of the letter of Agreement signed on May 27, 2003, and the project document, the UNDP Moldova country office shall provide support services for the project "Civil Society Organisations development: Increasing financial sustainability of Civil Society Organizations in the Republic of Moldova" as described below:

Support Services	Schedule for the Provision of Services	Cost to UNDP to providing services	Amount and method of reimbursement to UNDP
1. Provide support services for assistance through direct payment	Continuous	In accordance with UPL (Universal Price List)	Cost of the support services provided by UNDP will be charged to relevant budget lines through billing in the ERP (Atlas)
2. Identification and/or recruitment of project personnel	-/-	-/-	-/-
3. Identification and facilitation of capacity-building activities, including twinning, training, and study tours, etc.	-/-	-/-	-/-
4. Procurement of goods and services (including local and international expertise)	-/-	-/-	-/-
5. Access to UNDP-managed global information system, the network of UNDO country offices and specialized systems containing operations information, including roster of consultants and providers of development services	-/-	-/-	-/-