



Capable Partners Program Learning Agenda on Local Organization Capacity Development

Country Report Series

#3: Moldova

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INTRODUCTION

This report on Moldova is part of a larger research initiative, the *CAP Learning Agenda on Local Capacity Development* commissioned and supported by USAID, which aims to gather empirical data that will provide insight into the capacity development challenges of local organizations (civil society, private, or public organizations) with an emphasis on how their relationship with donors like USAID can become more fruitful. Moldova is one of the five countries included in the first phase of this study. The fieldwork in Moldova was conducted in July, 2012.

THE MOLDOVAN CONTEXT OF LOCAL CAPACITY DEVELOPMENT

POLITICS, LOCATION AND HISTORY

For countries transitioning from authoritarianism, such as Moldova, the establishment of structures to embrace substantive and structural democracy (Kaldor and Vejvods, 1997) is said to require great capacity development efforts, both from within and outside the country. For structural democracy, which focuses on the creation of governmental structures (such as the electoral system) that define the role of citizens' vis-à-vis that of the government, capacity development is essential for the indigenous process of change. The need for capacity development becomes especially clear when the goal is to establish a vibrant civil society that can work together with the state and the market to facilitate social development. In this report, capacity development refers both to the standard set of organizational capacities (financial and human resource management, planning etc.) as well as a process, approach, or strategy to improve social structures and institutional performances in transitioning countries, which go beyond individual and institutional capacity (Morgan, 1998).

Moldova has undergone many challenges in its more than two decade path to democratization. However, now that the political turmoil that began with the dissolution of Parliament in 2009 has come to an end, and with the transfer of power from the Communist Party of the Republic of Moldova (PCRM) to the new ruling coalition “the Alliance for European Integration” (AIE), and the election of the president in early 2012, there is the opportunity to address long standing deficits in the area of economic prosperity, government reform, a free press, strong institutions, and the engagement of a civil society as both a “watchdog” and as a pillar that promotes social and economic development in local communities.

In addition to the relative newness of the present political stability, there are a few other key contextual elements that struck us as bearing on the evolution of civil society in Moldova:

- its history as part of Romania (1918-1940), and later part of the Soviet Union (1940-1990)
- its small size and landlocked status
- the large percentage of people who live in rural areas (it is the least urbanized country in Europe)
- its large diaspora

From the first two elements come the complex issues of identity, language, national self-image, and future vision. There are Russian speaking and Romanian speaking areas and pockets of both in the capital city. One town may be predominantly Russian speaking while another 20 miles away may speak Romanian. Some people who speak Romanian cannot read it unless it is written in the Cyrillic alphabet, other read it in the Latin alphabet, and some people read only Russian. Many civil society actors look to Romania for models of CSO success, as well as for consultants, others to Ukraine and Russia. Some politicians argue for European integration, others for market access to the east.

Moldovans seemed to us to see themselves as “small fry” with big neighbors, and consequently seem to lack strong national pride. In addition to the classic ‘soviet mentality’ problem cited in many CIS countries – the tendency to wait for the state to take care of everything – Moldovans seem to add to it a kind of “what can we do?” passivity that comes perhaps from being so small and, in their view, historically unimportant. Swedish SIDA, in a report written in 2011, refers to the syndrome as “acquired helplessness.”

The third and fourth elements bear on civil society reach and the question of human resources for civil society. There are many CSOs in rural areas, but these are often one person affairs or exist for a single function. They may be registered or not, and may “exist” for a time, and then not, coming back again at a later time. What is clear is that there are capacity deficits in the rural areas, along with many other kinds. And certainly, as we were told by the mayors we met, the country is capital-city-centric, and not only ideas, but resources have not been trickling down to the countryside. The size and nature of the diaspora also affects civil society in that much talent tends to leave the country – the classic brain drain problem.

Still, it is important to put all theories and opinions about what is going on in Moldova and how it bears on the future against the fact that the situation today is so new. Given the country’s recent return to relative stability after a prolonged period of political chaos and lack of leadership, the chances seem equally great that both optimists and pessimists could be profoundly wrong.

In any case the new stability is rekindling debate on many issues. Certainly one of the core dialogues in the country at present revolves around the question of roles: the government, civil society, and the donors. Who should do what, and how best to do it?

As for the donors, the views of government and of civil society differ about the donor role in fairly clear and predictable ways. Civil society does not want to see donors supporting government, and not just because they would rather receive funding themselves. As the executive director of an economic policy think tank put it:

“How do you go about helping a country? Support should be to foster country systems and NOT to cover up for the temporary deficiencies that are the result of government inefficiency. By doing this donors ... contribute to a lack of movement; a lack of urgency - This is a moral hazard. The government must learn and change; instead there is a strong dependency on donors.”

But CSOs for their part are equally if not more dependent on donors. Most feel that foreign donors are here to stay, and that there is no option for them except continued reliance on their

grants. We met no one with a view of a donor-free future. “*We will need to continue to rely on foreign donor support*” is what we heard from many CS organizations.

And Government, predictably, feel that donors should work through them, and not directly with civil society.

THE ECONOMY AND POLITICAL STRUCTURE

In any case, the great immediate challenge for Moldova is economic.

Moldova, with about 3.5 million inhabitants, is considered the poorest country in Europe, with extensive poverty in rural areas where more than half of the population lives below the poverty line (UNDP, 2011). Yet, after a steep drop in 2009, the economy has been improving and grew approximately 7.1% in 2010, and 6.4% in 2011 (European Commission (EC), 2012). The economic recovery was supported by the International Monetary Fund (IMF) and by a high level of donor assistance, which included the EU Micro-Financial Assistance grant of 90 million EUR. In 2011, the economic recovery was driven by both strong domestic demand and booming exports. Of this economic recovery, in-country private consumption increased due both to remittances and domestic credit (EC, 2012). Labor migration (legal or illegal) and the remittances that come with it appear to be an important resource to help the Republic of Moldova get out of poverty (Migration Profile in Moldova, IOM, 2012). However, on a long term basis, labor migration also means that besides the classic brain drain problem, the country confronts an aging population due to the increased employment-related migration of younger inhabitants in search of better opportunities; a consequent steep decline in birth rates; destabilization of family structures, with mothers and/or fathers working abroad leaving children unprotected, with or without extended family support; children without parental supervision, who refuse to go to college or diminish their interest in higher education because of their access to money that comes from parents working abroad, etc.

To decrease these effects, the Ministry of Economics established a labor migration program (“Pare 1+1”) aimed at integrating the human and financial resources of the Moldovan diaspora into Moldova's economic development sectors by encouraging the creation and development of small and medium enterprises by both returning migrant workers themselves and the beneficiaries of remittances. The program is based on the matching rule of “1+1”, so every dollar invested from remittances will be added to the grants under the pilot program (<http://www.mec.gov.md/pare-1-1>).

The capital city-centric tendency and the lack of decentralized local authority outside Chisinau pose great challenges to fostering transparent politics, decreasing corruption and increasing community participation. Newly elected mayors may have the passion to produce change, but without a decentralization of power to local authorities, the local governmental units are nothing but small players in a heavily centralized governmental system. Local communities have very few resources, and, we were told by one mayor of a large town, only 5% of their annual budgets are allotted for discretionary expenditures to address community challenges. All changes, even in the low-level hiring decisions, have to be approved at the *raion* level. Thus, decentralization reform, which is a work in progress, is much needed by local communities for

progress and development. Not surprisingly, changes in local government capacity – basic resource management, planning, budgeting, communication, and others – will be needed.

As an important pillar of a democratic society, the media remains weak in spite of the 2010 Law on Freedom of Expression, and the regulatory Audio Visual Councils (ACC), which adopted a new media-monitoring methodology. Two new major television stations (*Jurnalul TV* and *Publika TV*) were opened, along with four radio stations. Yet, in rural areas, most communities/regions do not have effective media outlets (a TV station for example) to fight corruption. With the exception of a handful of journalist that are present and active in curbing corruption and addressing social issues important to them, there are few journalists who challenge the injustices and the lack of transparency that persists at different levels of society.

Adding to local capacity development challenges, higher education institutions have weak capacity to collaborate with the civil society and move social challenges forward in a national social dialogue. Cooperation between the educational system and the market economy is minimal to non-existent, thus creating the challenge of an increase in higher education graduates without a market to absorb them. To add to this challenge, local civil society organizations seem to be increasingly resistant to the prospects of collaborating with academic institutions because they perceive university curricula, faculty and hence students as disconnected from the real needs of local communities, if not the nation as a whole.

SUBSTANTIVE DEMOCRACY CHALLENGES FOR CIVIL SOCIETY

Compared with the state and the market, civil society organizations (CSOs) appear to be in a good position to spearhead democratic practices and local development programs by virtue of their commitment and energy and to some extent their access to international development aid. At the same time, besides internal weaknesses (to be discussed below) civil society faces the barrier of general social apathy and alienation from the overall process of governance and citizen participation in the decision-making processes (the aforementioned “acquired helplessness” syndrome).

As is common in many countries getting an exact count of CSOs is a challenge. Our information suggests a range of between 6,000 and 9,000 CSOs in Moldova, of which perhaps 25% are active. Of those organizations with a degree of maturity and professionalism, a large number are congregated in the capital. Many smaller cities and villages have no CSOs (other than in name only) and few in close proximity.

The civil society sector developed most rapidly after the 2009 change in government. While some attribute this late development to the presence of civil society activists in the government (hired from the civil society sector by the new Alliance), there is unanimous recognition of the role of the international aid community in both giving birth to and strengthening key parts of the civil society sector. FHI360, Soros Foundation, and The East Europe Foundation are the three main groups that have been working to strengthen the civil society sector. In fact, it is essential to recall the crucial “seeding” role that Soros played in the early post Soviet Union days – many of the more mature and relatively effective organizations in Moldova can trace their origins to Soros. Most significantly several of the CSOs spawned by Soros continue to

have office space – a critical “capacity” issue – that is in a sense a legacy from investments Soros made early on.

Some of the most notable progress has been in the legal environment, including a specific contribution to a law on volunteerism, and efforts to improve the public image of Civil Society.

The infrastructure of the civil society sector also improved with the formation of the National Participation Council (in 2010), the development of CIVIC.MD (a CSO portal), and the increased capacity and activities of networks and coalitions in 2011 (CSO Sustainability Index, 2011). The National Participation Council consists of 30 non-governmental organizations and serves as an advisory board to the Government of Moldova on the development of public policy. Its main role is to “develop and promote strategic partnership between public authorities, civil society and private sector to strengthen participatory democracy in Moldova by facilitating stakeholders’ communication and participation in identifying and achieving strategic priorities for country development at all stages and by creating the institutional framework and capacities to ensure the full involvement of stakeholders in the decision making process” (<http://www.cnp.md/en/about-npc/overview>).

The legal environment continues to improve with the promotion of a series of laws enacted in 2010 and 2011. These include the Law on Volunteering (2010), the Law on Social Services (2010), the Modifications to the Law on Public Associations (2010), the Law on Accreditation of Social Service Providers (2011), the Law on Central Public Administration (2011) and the 2011-2014 Action Plan which brings an update to the legislation regulating public associations and foundations according to the European standards. In addition, the reform of fiscal, philanthropy, and public legislation to improve public-private funding (see the USAID-CSO sustainability Index, 2011) has improved the legal environment. But while new and relevant laws are now on the books, many actors we spoke with, note that activating those laws remains an uphill climb.

Nevertheless, despite the strengthening provided by these civil society initiatives, Moldovan CSOs are not popular in the country, and civil society actors struggle to establish trust with citizens and local governments. In the most recent Barometer of Public Opinion (November 2011), the level of public trust in CSOs decreased from 30 % of respondents who trust civil society initiatives in 2010 to only 24% in 2011 (CSO Sustainability Index, 2011). This diminished trust could be attributed to several factors including the deterioration in living conditions over the past three years and the inability of CSOs to build credibility due to inadequate communication and marketing/public relations campaigns, as well as to the possibility that CSOs have failed to demonstrate a positive impact and a relevance to community needs.

METHODOLOGY

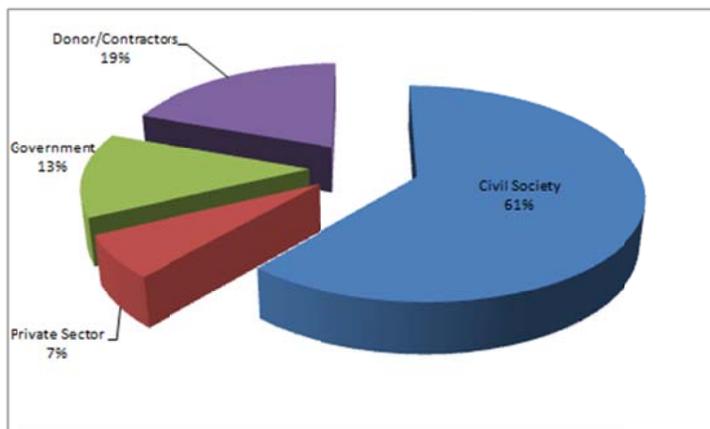
Data was collected through semi-structured interviews that were anthropological in nature, allowing for a deeper understanding of the following: organizational capacity with its challenges and opportunities, the meaning of local capacity development and local capacity approaches to build in-country capacity, and the relationship of local groups with the donor

community, with special emphasis on USAID. Semi-structured interviews, as a data collection method, allow flexibility for the researchers in adjusting the interview questions to the level of understanding and language of the subject interviewed (Berg, 2009).

The interviews provided us with rich data and in a few cases proved therapeutic for the groups interviewed (as stated by some of the interviewees), giving Moldovan local actors an opportunity to reflect out loud about their experiences with local development issues. A typical interview varied in length from one hour and a half to two and a half, and in some cases, extended to three hours. As this research was commissioned and financed the USAID, we spent a significant amount of time, during the planning stage as well as during the interviews, to reassure respondents that the study was independent and their participation voluntary, and that the information they shared with us remains confidential. Additionally, two focus groups, with a labor union and the Mayors of three Moldovan towns, were conducted.

Study Sample: Our final sample consisted of 31 organizations, and we met with a total of 48 persons (see Annex I). Figure 1 presents the distribution of the organizations interviewed by sector.

Fig. 1: Distribution of Organizations by Sector



Demographic Characteristics of the CSOs		
Size		
	<i>small (2-6 employees)</i>	10
	<i>medium (7-15 employees)</i>	6
	<i>large (16-25 and up)</i>	3
Service Type		
	<i>social services</i>	4
	<i>advocacy</i>	3
	<i>research</i>	2
	<i>capacity building</i>	3
	<i>anti-corruption</i>	1
	<i>entrepreneurship</i>	2
	<i>agriculture</i>	2

KEY CHARACTERISTICS OF CIVIL SOCIETY IN MOLDOVA

The CSOs we met without a single exception say they are project-driven and regret it. About 90% of CSO funding comes from international donors. In addition, Moldovan communities do not have a culture of giving, unless it is on behalf of the Orthodox Church. They see themselves as caught in a syndrome that permits no money for a light bulb, much less replacing old computers; that offers projects that are too short, and where there is too much emphasis on “counting.” Even those in advocacy and democracy work such as the self-styled ‘watchdog’ NGOs, (which are perhaps the largest number in the capital) are caught having to print brochures and hold meetings so that there are countable things.

One NGO leader (an NGO spawned in the early Soros days and living on the edge financially despite having the luck of a Soros donated building) talks with emotion and some bitterness about the dilemmas for NGOs like themselves.

“The project phenomenon is a big problem in Moldova. Donors are procedure-driven rather than needs driven. If an organization needs a laptop, the U.S. has rules about procurement which make it either impossible or too expensive (e.g. software licensing), so it cannot be done. There is money to get ‘immediate results’ but no money for the organization. Many CBOs and local NGOs simply die and disappear.

“In Moldova we say that NGO management is project management. There is no other kind.”

Her colleague adds:

“The biggest challenge we have is the lack of time and space to do work carefully. Everyone is always running around -- if you don’t go to meetings, you are forgotten.”

“Here the short term always wins out.”

“In the architecture of development today everyone talks about NGOs but in reality we are not equal partners, not even visible.”

People throw up their hands about the project-to-project life they lead (“acquired helplessness?”) – they see the problem, don’t like it, but don’t know what to do about it. Volunteers? *“Yes a nice idea, but this is a poor country and you cannot expect people to give much of their time.”* Corporate Social Responsibility as an alternative funding source? *“No, we are not there yet.”* Collaboration? *“Yes, a good idea, and there are a few small associations and networks, but NGOs really don’t want much to cooperate.”* We heard often that CSOs are in competition, and got a strong sense that they want to see themselves as unique, and of course there is the real issue of not having the time to get together.

THE CORE OF THE NGO CAPACITY DILEMMA

There is certainly the appearance of a great deal of capacity of all kinds amongst CSOs in Moldova. How deep it goes is debatable. People do seem to pick up on ideas and trends quickly. The CSOs we met come across as sophisticated, know what is going on in the donor fora, and can “talk the talk” of civil society very well. When asked what sort of capacity development they would like, fund-raising comes up first. Second, a few would like to translate their work into policy; but by and large what they want is faithful support - support that lasts three to five years, if not longer. Many say *“we thought if we do a good job, then you will fund us again. But that doesn’t happen – what we hear most often is: ‘our priorities have changed,’ or ‘please try us again another time.’”*

There is also considerable training capacity in country – but one has also to ask how deep it goes, and how much credibility there is for the consultants and organizations that are in the business of providing CD services.

A small training organization told us:

“Organizations want something new and we need constantly to present ourselves so they feel they can respect us. If we tell them they need x or y, they don’t listen, but if a

donor tells them, they do. Still, we have a name now. And we need to learn more innovative approaches to training. Because people are tired of training, even though they need it. Yes, we like the idea of coaching and mentoring, but we feel often that it doesn't really work because there is so much turnover. You keep having to go back to the basics and that's no longer what people want. It's a real dilemma for us."

When we did see CSOs as capable and professional they seemed so in standard (and limited) ways. There did not seem to be much talk or thinking about developing strong, resilient learning organizations; about innovation and the capacity to scale up from innovation. And this may be because the focus of both facilitating organizations and the CSOs themselves remains on survival, as one can see from the discussion of the core funding dilemma – “how to pay the rent.”

Perhaps of greater importance is the sense we got that many civil society actors are not really thinking as much as they should about how they fit into the country's overall development. As one program officer at the EEF said:

"Most NGOs here are utilitarian – they just want to do their work, they are mostly not interested in development theory."

For their part, some donors have doubts about whether there is as much capacity as many of the better CSOs themselves believe they possess. A thorough study by SIDA (Sweden) concluded in 2011:

"Aid effectiveness is, amongst other things, about alignment in using the local systems. Regarding the use of local systems of the small NGOs in the countryside that receive support from Soros Foundation and East European Foundation, there is a difficulty. In the words of an EEF employee: "If we want the local organisations to use their own system, we have to give it to them."¹

One CSO staff person we met said “*Moldovan NGOs are overled and undermanaged.*” By which he meant there are lots of good people with energy, commitment and motivation, but organizations have not institutionalized good systems.

Nonetheless, many Moldovan CSOs need to be credited for having developed considerable capacity in a relatively short time – in part through contact with donor programs, and in part through experience. Moreover there are individual trainers/consultants and several NGO training organizations capable of providing many aspects of organizational capacity development – in subjects like grant writing, the project cycle, and project management. But, with the exception of a handful of organizations, many of the CSOs we met seem to need better understanding of their beneficiaries, more strategic planning competency, stronger sustainable and financial mechanisms, marketing and public relations strategies, advocacy and lobbying competencies, and strong coalitions and networks that can bring issues to bear on policy and to the national social dialogue.

But perhaps a more immediate capacity development dilemma, as suggested earlier, is “training fatigue.” Many CSOs seem to feel that the standard training workshop has reached saturation

¹ “Review of Civil Society Organizations in Moldova,” SIDA, October, 2011, p.17.

level, while also noting a scarcity of more individualized assistance that goes beyond the initial trainings (whether on project management, grant writing or donor compliance issues) to specifically develop organizational capacity. CSOs and local governments units as well are looking for ‘know-how’/pilot projects to work on strategic development, long-term coaching, and building communication channels with the community, which in turn can enhance trust in the institution and accountability.

More striking in Moldova than elsewhere has been the number of times people talk about study tours. Perhaps related to the sense of smallness noted earlier, Moldovans seem to feel they can learn much from outside the country and feel funding of well-planned and executed study tours is a better capacity development investment than many other types. (We will address later on how to do this in order to minimize the potential “boondoggle” effects.)

As elsewhere, NGOs in Moldova seem limited in their capacity to invest time and effort in, much less think creatively about, their own survival as organizations. While they repeatedly cite the problem of resources, rent, core funding and longer term project funding, most show no aggressiveness or entrepreneurial spirit when it comes to looking for funds. The internet is a huge resource but underused. Surfing beyond the usual suspects is not done. If pressed on this, they admit it, and their excuse is a lack of time and personnel. This is real of course, but there is also a lack of imagination and to some extent will.

The ILO representative in Moldova noted that when her headquarters in Geneva asked for a list of potential NGOs to work with, she was reminded that Moldovan NGOs have never approached ILO to even ask about possibilities for collaboration.

But still, there are a few organizations that show initiative in this regard: DGP Grantee Pro Business Nord (PBN) has a lot of services with private sector partners who are also connections for jobs for participants in PBN’s various programs. PBN is looking also at the potential in these private sector relationships for fee-based services, which may be part of why they do not appear to be that worried about future grant funding, though they say they are. They are also thinking of a PBN alumni club; they are thinking about a business incubator to serve what they believe is an unreached group (the 30 to 35 year old range); they are thinking about occupational health and safety issues; they collaborate with the state employment office.

Many of these ideas are in part generated by the philosophy of the top management of the organization – PBN’s director’s mantra is illuminating: *“If we give more, we get more. Sometimes we don’t need money, we just need relationships.”*

Equally important is whether the organization thinks hard about its impact. We sensed a pattern along some successful organization of easing into a kind of service delivery rut – still passionate, still committed to their goals, still enthusiastic, but they seem to reach a point where they cruise along rather narrowly in their routine work and do not reflect on what it adds up to.

In one of the most successful and well off NGOs we met, we visit a training room where there are 14 young people undergoing entrepreneurship training. The project will link them to a 2000 Euro preferential loan program, which means that if the recipient is not late in payments for first three of the five year loan, 40% of the loan amount becomes a grant. We are told that

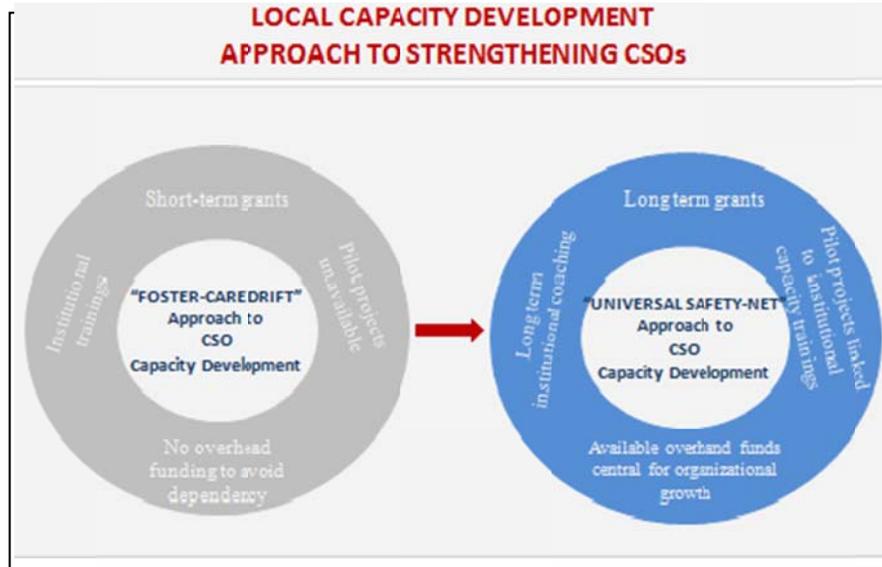
last year, of 200 participants in the program 78 started businesses. In talking to a few of the participants we hear them talk of building businesses around rabbit production, adding cows and equipment to a farm to do more dairy, starting hair dressing salons. But when we probed we did not hear of any market analysis being done, and the level of the trainers' skill seemed fairly low.

Another small CSO working to promote improvements in agriculture is at present running on a budget of between 60,000 and 70,000 Euros, and to keep alive they, like others, take on work beyond their mission or capacity (they have recently done a school improvement project). They too have had lots of donors – the Dutch Embassy in Kiev, the Black Sea Trust, and the German Senior Exec Service, among them. But if they had their choice they would get involved in things like organic crop certification and related training as well as cooperative formation. And though they talk knowledgeably about value chains and market linkages, they also admit they have not bothered to look for opportunities to do what they feel needs doing. They cite the dilemma of the amount of energy it takes to fund-raise continually and seek new opportunities.

For those organizations that are even less successful in acquiring donor funds the greatest challenge to their capacity development is the minimal funding for organizational overhead costs. The short-term project funding phenomenon increases the high turnover rate of CSOs' staff members, which appears to be a common problem for many Moldovan CS organizations. While in some cases this rotation of civil society actors benefits the public sector (the example of civil society activists hired by the newly formed government), the high turnover generally has worked against local groups' organizational learning and sustainability.

With this in mind, the international donor community could perhaps learn from the paradigm shift currently occurring in the child welfare systems of the North, from what is called a “foster care drift approach” characterized by short-term commitment to the child to avoid attachment to the family, to a “universal safety-net” approach which provides an environment to learn and grow, and a long lasting commitment to the child so that he/she could experience and develop at his full potential. The very same principles can be applied to how one develops local capacity and strong organizations. In fostering long term partnerships, CSO actors begin to know each other, they begin forming relationships, which have the potential to grow into long lasting relationships – thus ensuring sustainability and providing a safety-net. Figure 2 applies this analogy to the local capacity development approach to strengthening CSOs.

Fig. 2: A Different Approach to Local Capacity Development



In Moldova, there are some organizations that have benefited from the “universal safety-net approach” principles. East Europe Foundation (EEF) is one example. This local organization started operating in Moldova, as a branch of Eurasia Foundation (EF), which for almost 11 years worked on issues of democracy formation and economic growth. After more than a decade of work to strengthen the organizational capacity in Moldova, in 2009, the EF transferred the ownership and the strategy, finances, and local staff to the people they serve – Moldovans.

But without support for long term core/organizational funding, many CSOs are little more than field implementation agents that do not “own” the results of projects they are funded to implement. Besides the minimal learning or knowledge retention that comes with that syndrome, CSOs that live from project to project risk losing the credibility of the community. Thus not only growth and sustainability, but to some extent legitimacy, remain elusive goals.

Below is an example (Fig. 3) of the bumpy ride that “projectization” can impose on a local organization, which for the purpose of preserving its confidentiality, we call “Agency Moldova.” In 1999 it was perceived as an important actor in the civil society dialogue. Because of limited institutional support and funding sources coupled with a desire to grow in the ‘eye of donor group’, and of course the wish to keep its doors opened, ‘Agency Moldova’ received funding during the past 10 years for 16 projects with amounts running from \$2,500 to \$65,000 for a total of a quarter of a million dollars. Despite this large amount of external funding, Agency Moldova had no internal support for institutional capacity despite their generous external funding. Today, the doors of Agency Moldova remain open, but its capacity is threatened. There are 2.5 staff members (down from five), they have no salary support, and are without an organizational strategy.

Fig. 3: Agency Moldova History Funding



What keeps this CSO going is the hope of regaining credibility from the community and the donor group. Although one could blame the organization for mismanaging time and resources by engaging in this type of funding, in a state like Moldova transitioning to democracy, CSOs see the donors as all-powerful, especially in the absence of other options for funding. When donors are fickle in their priorities, and fund only for a year or so, a funding structure like the above is the result. And the dramatic up and down of the graph illustrates why such a funding structure does not contribute to building capacity and ensuring institutional sustainability.

This example prompts us to suggest that donors might think more about their role as moral agents or moral guardians for the organizations they assist and the communities they serve. If capacity development is a genuine priority, then donors must go beyond using local partners to execute programs that support the strategic objectives set forward by their respective donor agencies. They need to better understand local settings, existing community assets, and they need to connect the needs of the organizations with locally availability assets, some of which may be hidden or latent. When such activities are undertaken, social cohesion, a fundamental aspect of a sustainable community organization model, is more likely to be nurtured. (Social cohesion includes not only building social capital, strengthening social supports and creating new ones but also developing social opportunities and helping communities deal with their identified challenges).

In keeping with such a view, capacity development is about setting a strategy that does not end at merely developing strong civil society groups, but goes beyond that, to strengthening the social relationships, both primary and secondary, among actors and community members. It is about fostering leadership capacities in communities and in the society, through building social capital, social networks and coalitions that will then contribute to maintaining a substantive democracy.

At present, social capital is weak in the country, especially when it comes to trusting the state institutions, which are often associated with Communism. CSOs are also not in the best position in the public eye, as they struggle to establish trust with the community members and local authorities, while competing for external funding to ensure their own sustainability. The culture of mistrust and submissiveness to government appears embedded in the minds of citizens, which makes it difficult to gain their support and collaboration.

The mistrust of local CSOs is also based on the perception that some local groups backed by international funding operate for their own benefit, thus destroying the overall legitimacy of the civil society organizations.

Another major challenge identified in the study was the relative absence of leadership and leadership development. Indeed, there appears to be confusion within Moldovan communities regarding the characteristics and activities of successful leaders that can lead to the long-term success of local organizations. Leadership is often seen as taking the lead in successful project writing and management, or, a legacy of the past, as simply being in a position of authority. One way to build the capacity of communities and institutions is through building relationships among community members, relationships between people with common interests so they can begin to act on them and witness indigenous leadership development. Exercising leadership in a civic context likely requires considerable skills because it depends more on persuasion than on command. One way to build strong leadership is through education, which brings us to another challenge in building the competence to develop capacity in the country.

HIGHER EDUCATIONAL INSTITUTIONS IN MOLDOVA

With the earlier collapse of the government, Moldovan higher education institutions have weakened. During communism, the universities were a priority for strengthening the nation. At this time, the government has not yet made higher education a priority. Similarly, the international community has paid little or no attention to strengthening the educational sector. Moldovan universities appear to lack the capacity to prepare civically engaged citizens for a transitioning society. They also do not seem to have the research capabilities to influence change, nor do they hold an important seat at the national dialogue table on social policies. The most respected civil society groups do not want to work with the universities as they are perceived as having little to offer to a potential partnership. This, in turn, affects local capacity, as many organizations rely on external funding to pay for foreign experts who engage in work that could be done in partnership with local universities.

THE DONORS – PRESCRIPTIVE TENDENCIES REMAIN STRONG

Alongside the gap that exists in the mutual perceptions and views on roles between government and CS, a perceptual gap also exists between CS and donors.

The Executive Director of CALM says “*All aid leaves much to be desired. It’s a history of poor coordination and poor delivery.*” He asks whether the donors are really thinking clearly about

real obstacles and what can be done to overcome them, or simply laying on pre-conceived ideas of what needs to be done.

In the eyes of many CSOs we met, donors in Moldova seem to remain top down and increasingly concerned about quantifying results. Whether a CSO was talking about USAID, Swedish SIDA, the EEF, or Soros etc. the sense was that agendas were those of the donors and those agendas were not well thought-through in terms of on the ground realities. Our own observation talking to the donors themselves was that their agendas do not always embody a clear development strategy. Rather there are project agendas (reflecting a multitude of donor preferences or thematic areas) and as such what one sees is a kind of atomization – scattered particles that taken together do not amount to much impact, but which on their face – taken as individual themes – can seem coherent and sensible. For example, the East Europe Foundation may have between 40 and 80 grantees in a given year, all small grants from \$5,000 to \$50,000 for one to two years, and thus quite small projects in everything from women’s empowerment, energy efficiency in schools, youth banks to encourage micro enterprise in rural areas, playrooms in hospitals for children with cancer, advocacy for the disabled, election monitoring, anti-corruption coalition building and so on. Putting small and short-term projects in such a scattershot pattern almost guarantees minimal cumulative effects. If such projects were pilots aimed at learning lessons that would enable scale, that would be one thing, but they do not seem to be designed this way. Such a scattershot approach would suggest that anything goes. Not so. Ironically, the donors have fairly strict ideas about what each such project ought to look like and which “cross-cutting issues” (a favorite term) it ought to address.

A story told to us by a program officer from Soros reflects how even a small project can tend to be reshaped to fit the donors’ views and concerns. She recalled the time she had gone to a school where Soros was asking women to talk about the projects they had submitted as part of a leadership training program on gender equality. One woman stood up and said:

“The project I have submitted is to get cooking equipment so I can teach kids to cook. Lots of my students have no one at home – their parents are working abroad, and the children don’t know how to cook. And besides learning cooking, they will each get a good meal as part of the class. This is a real need. I have figured out how to do this and what equipment I will need and it costs this much.”

And then she sat down. We said, no, that is not the kind of project we are looking for. You need to think about gender, you need to think about making students aware of gender and about changing people’s attitudes. But she was stubborn. She stood up again and said,

“But I know what I want to do, I need your help. This is important – it will help these girls and boys stay in school.”

But soon she figured it out. She ended up rewriting her proposal and saying she’d have an equal number of girls and boys in the class thus ensuring gender equality, and that she would give talks during the class about liberty and gender equality, and then she re-submitted the same budget for the cooking equipment she needed. She got the grant.

The grant applicant, in this case a clear-headed, passionate person, who knows what she wants and why it will make a difference, quickly learns to play the game of telling the donor what they want to hear.

We asked the program officer what she had learned in her six years with the organization. She said:

“The first thing is how much patience you need to get anywhere. The slowness of change and sometimes the insignificance of the small advances, and the need to be pragmatic, deal with first things first, like basic needs; you can’t have blanket theories. Let’s say you want to promote human rights and in particular women’s empowerment – well you have first to be pragmatic.”

USAID

USAID is seen, almost universally by the local organizations we met, as bureaucratic and disengaged. USAID contracting organizations working in Moldova (two of whose veteran Chiefs of Party we interviewed) complain about the agency in general, not just in Moldova – feeling it has lost its way (though the Moldova USAID office is appreciated by at least one of the U.S. contractors who has had experience with other Missions – he sees it as fairly easy to deal with.)

One Chief of Party of a USAID project that works with small NGOs through small grants linked to capacity development training said:

“You can’t change CD without changing the USAID regulations – since today that’s what most of CD is about. We end up doing half the paperwork for our grantees. We don’t even tell them about the terrorism search requirement – it’s embarrassing, but we need to comply so we do it for them. Working with the USAID regulations is a constant dance of compromise.

Quite simply: USAID doesn’t know how to do it [work directly with grantees]. We cover for them (both USAID and the grantees.) In case of one DGP grantee - a good project, ... a local NGO, solid idea, but then USAID comes along and says where’s your procurement policy, where’s your construction policy? These organizations don’t have such things.

And don’t even get me started on the SF 1420 issue. You know some regulations don’t even require a 1420 – all they require is a market based survey on salary, but different people view the regulations differently and some insist on the 1420. But suppose you are a local consultant and you worked part-time or you worked as a volunteer – if all USAID goes by is the 1420, then that person can’t have a decent salary working for a grantee.”

And while there are complaints about inappropriate rules, poor communication, miscommunication, impoliteness, insensitivities, excessive delays, USAID gets good marks for being demanding of financial discipline especially.

The head of a local NGO that is in its 15th year of work on child abuse, and one of 16 clients of the fhi360 MCSSP, put the matter well:

“I like the process, you begin to see on paper what works and what doesn’t. The fhi360 experience has been hard, it took some getting used to the monthly reporting, but I now apply these ways of doing things to others of our projects.”

Another says she resisted the discipline at first; did not like the constant reporting, but came to see it as necessary and useful. The “eat your spinach” approach ends up being universally praised, and not only in Moldova.

But many in Moldova as elsewhere, feel that USAID, like other donors, distorts the growth and mission of its grantees.

“It’s the numbers, the counting, that is the day to day distortion. An NGO does good work in advocacy, but what can you count? So they end up producing leaflets and roundtables. Leaflets and roundtables, I’m sick of it. They have to do it because they have to have deliverables. In the end if you set fixed percentage limits linked to deliverables and countable things, you cut yourself off from good projects.”

Speaking about the dual tendency of wanting to proscribe what needs to be done, and at the same time trying to do projects in multiple sectors, a savvy American Chief of Party working in Moldova said:

“USAID needs to stand up in public, like members of Alcoholics Anonymous and admit the truth – we can’t do everything and we have to stop thinking we can. We don’t have it all figured out and we can’t figure it all out – we have to stop believing we can. There will always be adjustments to make, mistakes and unintended consequences. Maybe then they’ll be able to do something.”

Another of the people we met said:

“The first thing I would do if I were a donor is recognize that I know nothing. A donor should not promote its own ideas and priorities. It needs to engage experts locally. And don’t do any activities that the government is supposed to do.”

DGP

There is in Moldova, as elsewhere, confusion about many of the USAID rules, and this comes through in talking to DGP applicants and grantees. Grantees complain about the length of time, the delays, the lack of communication and the tone of the communications. There are many requirements they feel do not apply to them.

One unsuccessful applicant is still bitter about what they see as having been “tricked.” When they got to the proposal stage, they asked about the partner requirement. They were told “it’s entirely up to you.” So they decided to partner with Winrock which has an office in Moldova. According to the applicant they then got a rejection letter citing as a reason that they were not allowed to partner with a U.S. organization. “Why didn’t they tell us that in the beginning?” They say they got no other feedback.

Another DGP, this time a grant recipient says:

“The Kiev people came to do the PAS and made recommendations on human resource policy, on procurement etc. But now it’s been nine months and things have changed and we have to make some revisions because other donors are entering this sector. We haven’t had any communication with USAID since May (over two months).”

And for their part, USAID staff in Moldova who deal with the DGP program admit their own frustrations with respect to what such a direct funding approach entails for them.

A USAID Moldova program officer asks rhetorically:

“Do we really want to invest in this? [direct funding of local organizations] How do we determine who is a partner, who to invest in? It has to be worth it. It has to have legs and long term possibility. DCHA, DGP, SPANS (that is the CLAPD grant) all of this comes from DC – that’s why we do it. We have to ask if things fit with our country strategy? As it is we have the best of the worst forced on us.”

On the question of whether USAID should become more adept at partnership, another staff member says:

“Partners, yes, but how can you be a partner in the beginning – you can’t know if they are worthy partners, real partners, until 5 to 7 years have gone by.”

One of the USAID contracts people who is equally frustrated about the realities of direct grants to local CSOs, and sees other dilemmas as well, says she works with these grantees despite the problems:

“Yes, government should be doing this [building toilets in schools], but we have to support initiatives, because things cannot wait.”

PARTNERSHIPS BETWEEN USAID AND THE LOCAL COMMUNITY

Our research suggests a basic lack of partnership between local CSOs and USAID. The relationship is seen by many as one-way, based on money: “the haves” vs. “the have-nots.”

While those who have had some contact with USAID perceive the Moldova Mission team as approachable, the prevailing attitude is that there is minimum communication between the Mission team and the Civil Society community. *“Donors work on meeting their country objective, on specific milestones, not necessarily helping us, the local CSOs, strengthen.”*

In one DGP case, the proposal process was a lengthy and difficult back and forth between a Peace Corp Volunteer (PCV), and a couple of FSN staff from USAID. But despite the advantage of the CSO having an English speaking American working on the proposal, confusion reigned. The PCV said that USAID seemed quite unprepared in its responses to detailed questions throughout the process. And at the end of the process, though successful in getting the grant, not only is there no residual internal capacity to write a similar proposal in future, but the experience has left the CSO with a more restricted vision of its future – rather than wanting to grow, it says in future it will go back to being a small, local CSO with limited activity.

In the end, through no fault of their own, the USAID Mission team remains basically an administrative unit whose core concerns are compliance and appeasing Washington. When asked about the decisions they made in giving a DGP grant to one group or another, they pointed to the need to show “immediate results” on the Mission’s strategy in Moldova. If USAID wants to engage in a new kind of relationship with local organizations it needs to

convey a different mandate to its staffs abroad – so that they are enabled to see the role they can play as leaders in the local social development arena.

CONCLUSIONS RELEVANT TO USAID

Moldovan local organizations are slowly moving toward becoming active players in building a substantive democracy. Nonetheless, many of their institutional capacities remain weak and so far they lack the power to influence the political dialogue and the socio-economic development processes in the country. USAID might consider:

- Introducing a long term capacity building strategy more along the lines of the Support to Croatia’s Non-Governmental Organizations, a six year USAID initiative.²
- Supporting Study-Tours as a powerful mechanism aimed at building knowledge and fostering leadership at local and national levels. But to ensure against the ‘boondoggle’ effect, it is essential to:
 - i) carefully select the topic
 - ii) carefully select the people on both sides
 - iii) ensure a rigorous yet reasonable schedule and agenda (keeping absorptive capacity in mind)
 - iv) make sure that there is added value, by for example, requiring each participant to produce a relatively concrete product of the tour, such as detailed description of what has been learned and how it can be used back home.
- Supporting ‘pilot project’ or ‘know-how’ small projects. These projects should be linked to an institutional development training component, which can give organizations an opportunity to apply their knowledge in their organizational setting or their community, and at the same time gain the credibility of the community vis-à-vis their work and competencies, by delivering concrete services. The need for pilot project funds was echoed by both CSOs and local governments units.³
- Strengthen academic universities’ institutional capacities, as they are central in promoting a long lasting substantive democracy. Universities are important social institutions to assist Moldovans to become civically minded individuals as well as leaders.
- Create community service learning centers at the major Moldovan university campuses.
- The service learning centers could become a powerful bridge between the academic universities and local communities. Service learning involves students, faculty and staff in educationally meaningful service activities that mutually benefit the campus and community.⁴
- Simplify grant procedures to make USAID accessible to local communities.
- Develop creative ways to allocate overhead money in grants, such as making these monies “loans” with the repayment amount contingent upon impacts.
- The Agency could consider doing ‘continuing education’ courses on teaching the Mission personnel key competencies including the ‘know-how’ to foster local partnerships, build in-country leadership, and empower communities.

² See http://pdf.usaid.gov/pdf_docs/PDACL154.pdf

³ See Kretzmann, J. & McKnight, J. (1999). *Leading By Stepping Back: A Guide for City Officials on Building Neighborhood Capacity*. Chicago, IL: ACTA Publications).

⁴ See <http://csl.iupui.edu/index.cfm>

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ANNEX - RESEARCH SAMPLE DETAILS

DAY	NAME OF THE ORGANIZATION	INTERVIEWEES' NAME
July 23	FHI 360-Moldova	1. Morana Smodlaka Krajnovic, Chief of Party
	Trade Union Confederation of Moldova	2. Mihai Hincu, Vice-president 3. Petru Chiriac, Vice-president 4. Nicolae Suroceanu, Union Secretary 5. Ana Moldoveanu, Head of Economic Department 6. Sergiu Stirbu, Specialist, Department of Int. Relations
	SOROS-Moldova	7. Elena Lesan, Program Director
July 24	EEF, East Europe Foundation	8. Timur Onica, Program Coordinator 9. Andrei Brighidin, Director of Dev. And Evaluation
	CPD, Centre “ Partnership for Development”	10. Daniela Terzi, Executive Director 11. Alexie Buzu, Program Director
	CN PAC, The National Centre for Child Abuse Prevention	12. Daniela Simboteanu, President
July 25	Mayors Focus-Group	13. Vaentina Casian, Primar-Straseni 14. Colun Vitalie, Primar-Orhei 15. Alexandru Botnari, Primar-Hincesti
	CALM, Congress of Local Authorities in Moldova	16. Alexandru Osadci, Project Manager 17. Viorel Furdui, Executive Director 18. Ion Beschieru, Coordinator
	CICO, Center for Organizational Training and Consultancy	19. Elena Levinta, Consultant 20. Tatiana Tarelunga, Executive Director
July 26	PBN, Pro Business North	21. Elena Rososhenco, Project Manager 22. Elena Sava, Project Coordinator 23. Julie Frieswyk, Peace Corps Vounteer
	Banca de Economii , Balti	24. Elena Slivca, Director
	Pro Cooperarea Regionala, Balti	25. Sergiu Mihailov, Executive Director
July 27	Millennium Challenge Account	26. Andrei Bat, M &E Director

	La Strada NGO	27. Daniela Misail, Vice-president
	BPW Asociatia Femeilor de Afaceri - Moldova	28. Angela Chicu, President 29. Valentina Ciobanu-Mihailov, Member
July 28	Aeropagus, Floresti	30. Ala Stircu, President 31. Sarah Capanis, Peace Corps Volunteer 32. Travis Minetti, Peace Corps Volunteer
July 30	ILO-Moldova	33. Ala Lipciu, National Coordinator
	CAJPD, Centrul de Asistenta Juridica pentru Persoanele cu Disabilitati	34. Vitalie Mester, President 35. Marina Mester, Lawyer
	USAID-Moldova	36. Angela Lodus, Program & Financial Analyst 37. Diana Cazacu, Program Manager 38. Ina Paslaru, DG Specialist 39. Tim Ong, Program Dev. Officer
July 31	Institute for Public Policy	40. Arcadie Barbarosie
	Expert-Grup, Think Tank	41. Valeriu Prohntitchi
	AEGIS, Consulting Firm	42. Vitalie Popescu
August 1	National Agency for Rural Development (ACSA)	43. Constantin OJOG, Executive Director
	IREX-Moldova	44. Ivan Tracz, Director
August 2	Journalist	45. Alina Radu, Journalist
	DAI	46. Gary
August 3	Ministry of Labor and Social Protection	47. Doamna Stratulat
	USAID	48. Kent Larson, Country Director