



The road to financial sustainability of civil society organizations

Regional Conference

On 15-16 May 2018, ECNL and FHI360 / Moldova Partnerships for Sustainable Civil Society Program, in partnership with the Parliament of the Republic of Moldova organized the conference “The Road to Financial Sustainability of Civil Society Organizations”. The event was attended by more than 100 representatives of civil society organizations (CSOs), public authorities, development partners and foreign experts from 12 countries in Europe and Eurasia.

The conference focused on 5 topics related to CSO funding – the percentage mechanism, philanthropy, social entrepreneurship, social contracting and state grants to CSOs. In each of the areas Moldovan experts and organizations took a leadership role to ensure that there is local capacity that can move reform recommendations forward. After discussions in each of the 5 listed areas, the conference participants came up with a list of 25 recommendations, as follows below:

Recommendations from the **Philanthropy** working group

- Make amendments to the legislation on philanthropy and sponsorship.
- Amend the current tax deduction mechanism (to increase the possible deduction percentage for donations and include the right of individuals to deduction).
- Review of the Tax Code regarding the provision of tax benefits for philanthropy organizations and for donors.
- Create a platform of CSOs in the area of philanthropy and develop a Code of Ethics for philanthropic organizations.
- Active promotion of the concept of philanthropy.

Recommendations for the **Percentage Designation** mechanism

- Authorities involved in implementing the percentage mechanism to monitor its implementation on a permanent basis and to evaluate it periodically (once in 1-3 years).
- Authorities to organize information campaigns for the 2% mechanism.
- Authorities to provide access to information about the 2% mechanism, including by publishing relevant information on their websites, and by informing taxpayers about the possibility of percentage designation when they file their income declarations with the territorial offices of the State Tax Service.
- State Tax Service to inform the taxpayers whose designations were not validated, indicating the reason for non-validation.
- Competent authorities to amend the income declaration so that to give the possibility to designate to all taxpayers who are entitled to make percentage designations.

The conference was co-organized with the Parliament of the Republic of Moldova.

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- CSOs to hold information and promotion campaigns for the 2% mechanism.

Recommendations from the **State Grants** working group

- Amend the legislation on noncommercial organizations to establish clearly the principles, forms and procedures of direct financing of CSOs by the state.
- Introduce a provision on the funding of the civil society development program in the state budget law.
- The Government to approve a framework regulation for the direct funding of CSO projects.
- Extend the area of cooperation between the state and CSOs and provide budget funds for funding projects in all areas of development.
- Promote the concept of multiannual funding of CSO projects.

Recommendations from the **Social Contracting** working group

- Improve the legal framework for social contracting including: the public procurement mechanism; increase funding for social services; develop sector strategy on social services and a vision on how social contracting should work in practice.
- Pilot more social contracting models.
- Educate public authorities how to use social contracting through trainings and development of Guidelines.
- Mobilize CSOs through education/training and support for their advocacy for more contracted social services.

Recommendations from the **Social Entrepreneurship** working group

- Create a government program for funding social enterprises (grants, subsidies or preferential credits).
- Develop program for capacity building in social enterprise management, both for the sector representatives and for the public authorities that interact with social enterprises.
- Develop methodology for the systematic collection of data about social entrepreneurship for monitoring and assessing the situation in the area.
- Develop regulations on enforcing the legislation in the area of social entrepreneurship that would create an enabling and effective environment for developing the sector.
- Establish a mechanism for coordination in the area of social entrepreneurship involving all the actors – development partners, businesses, civil society and state institutions.