In 2017, Bulgaria experienced numerous political changes. Following presidential elections in late 2016, a new president took office in January. Early parliamentary elections were held in March, in which the center-right GERB party received the most votes, but failed to win an outright majority. In coalition with a nationalist party, GERB formed a new government in May. The election and government changes slowed legal reform processes during the year. One of the new government’s priorities during the year was to prepare for the EU Presidency, which Bulgaria took over on January 1, 2018. CSOs played a limited role in this process.

While overall sustainability did not change in 2017, there were slight deteriorations in financial viability and public image. CSOs' financial viability was influenced by their continuing dependence on project funding, which was increasingly scarce during the year. In addition, corporate funding for CSOs decreased. Meanwhile, negative media campaigns against CSOs weakened the sector’s public image.

The number of CSOs grew in 2017. By the end of the year, there were almost 50,000 CSOs registered in Bulgaria, including more than 38,000 associations, 7,000 foundations, and 4,000 chitalishte (community centers). According to the Bulstat register, approximately 1,500 new CSOs were registered during the year.

**LEGAL ENVIRONMENT: 2.5**

Overall, the legal environment for CSOs remained unchanged in 2017. Major changes in the Law on Non-Profit Legal Entities (hereinafter referred to as the CSO Law) were adopted in September 2016, but did not come into force until January 1, 2018. According to the amendments, CSO registration will be transferred from the courts to the Registration Agency, an independent body under the purview of the Ministry of Justice where companies also register. While CSOs continued to experience problems with registration during the year, including delays that prolonged the registration process to over a month, these amendments are expected to reduce the registration period to three days and also introduce online registration.
In general, the CSO Law and other legislation provides sufficient guidance on CSO governance and reporting and limits government oversight. However, there were some incidents in 2017 that created uncertainty in the operational environment for CSOs. For example, an initiative to amend the Judicial System Act would have limited the funding for associations of judges, prosecutors, and other magistrates to membership fees, donations from members, and EU funds distributed by the government, denying such groups the opportunity to receive grants from other donors (including foreign donors), as well as individual donations from non-members, corporate donations, and income from economic activities. A large coalition of CSOs opposed the changes, which were eventually rejected by the parliament.

In a period of just sixteen days in July, parliament passed the amendments to the Environmental Protection Law, which eliminated the possibility of a second instance court appeal on environmental assessment decisions for projects of national importance. At the same time, proposed amendments to the Administrative Procedural Code that were still under consideration at the end of the year would link fees for court appeals to the cost of the appealed project. If adopted, these amendments would increase court fees, thereby limiting the possibility, for example, of appealing decisions for large infrastructure projects. Such legislative initiatives may limit the ability of CSOs to contest government decisions, especially in the area of environmental protection.

CSOs can express their opinions, criticize the government, and organize peaceful protests and assemblies without limitations. However, there were examples in 2017 when political figures attempted to discredit CSOs, for example, calling environmental organizations “pseudo-environmentalists.” There were also examples of public institutions reacting negatively to criticism from CSOs during the year. After several scandals related to the operations of the Fund for Treatment of Children, the Ministry of Healthcare proposed changes to the regulation of its Public Council to establish the position of spokesperson who will be responsible for providing information to the media. The initial draft prohibited all other members of the Public Council from speaking publicly about their work; previously, the members of the Public Council were amongst the most vocal critics of the Fund’s operation. The final draft, however, did not include this language.

In November 2017, the Ministry of Education and Science sent a letter to all regional education department heads informing them that CSOs can only visit schools after they receive approval from the minister or the head of the regional department of education. The letter was withdrawn after a negative public reaction.

During the year, the Bulgarian Helsinki Committee was denied access to various state-run institutions, such as homes for children and psychiatric hospitals, preventing it from monitoring possible human rights abuses. The organization has sent twelve requests to the Ministry of Healthcare regarding this matter. The ministry did not respond to many of these requests, while its reply to the last two letters confirmed that it will not grant access, stating that it “considers it appropriate to withdraw from supporting” the requests.

CSOs are exempt from taxation on their income from grants, donations, and membership fees. Donors to public benefit organizations can take advantage of tax exemptions up to 5 percent of their annual incomes for individuals and 10 percent of profits for companies. CSOs are allowed to engage in mission-related economic activities, but receive no tax exemptions on income earned.

CSOs face no legal limits on their ability to apply for or receive foreign funding. CSOs can engage in fundraising campaigns, sell goods and services, and participate in public procurements. There are, however, more subtle limitations to funding. In the case of EU funding, most programs in Bulgaria are considered state aid and therefore subject to the de minimis rule, which limits an individual CSO’s ability to receive EU grant funding to a total of €200,000 over the last three years.
In smaller and medium-sized towns, there are very few qualified lawyers that understand CSO-related laws. The situation is better in the capital and large cities.

**ORGANIZATIONAL CAPACITY: 4.1**

The organizational capacity of Bulgarian CSOs did not change significantly in 2017.

CSOs understand the importance of attracting supporters. Many CSOs have a core of loyal supporters, but struggle to increase their bases of support. Environmental organizations arguably have the best outreach, but they still need to reach beyond their traditional audiences.

According to the Charities Aid Foundation’s 2017 World Giving Index,1 Bulgaria ranks second to last in the level of volunteering, with only 5 percent of respondents in Bulgaria reporting that they volunteered for a CSO in 2016, down from 7 percent the previous year. According to the National Statistical Institute, approximately 85,000 people volunteered for a CSO in 2016, the most recent year for which statistics are available. CSOs employed slightly more than 27,000 people in 2016, virtually the same number as in 2015.

According to research carried out among active CSOs by the Open Society Institute (OSI) in 2017,2 70 percent of CSOs had strategic plans in place for the next three to five years. However, these plans are rarely implemented because of funding limitations.

The same research found that in 58 percent of organizations, the majority of team members work pro bono, indicating that institutional strength is limited even among active organizations. CSOs find it difficult to maintain highly qualified people because they typically offer lower salaries than other sectors. Most people who work for CSOs are not engaged as full-time employees, but contractors, which exacerbates instability in the CSO sector. On the other hand, CSOs attract young people who are committed to civic engagement. The majority of CSOs outsource professional services from lawyers and accountants.

Big organizations tend to have established policies and internal rules in place, while smaller ones operate on a more informal basis. There is still a problem with the division of roles and responsibilities within CSOs—people working in an organization are often also involved in the organization’s board. Although this occurs in CSOs of all sizes, it is particularly common among smaller, volunteer-based organizations.

Technological advancement has provided CSOs with cheap access to high-quality equipment and Internet access. Microsoft donates software to CSOs through Techsoup. CSOs frequently use social networks—primarily Facebook—to promote their activities.

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2. [https://ngobg.info/images/messages/108913/activengos.pdf](https://ngobg.info/images/messages/108913/activengos.pdf)
The 2017 CSO Sustainability Index for Bulgaria

FINANCIAL VIABILITY: 4.5

CSOs’ financial viability deteriorated in 2017. According to OSI’s research, 46 percent of active organizations have annual budgets below 20,000 BGN (approximately €10,000). CSOs continue to rely heavily on project funding, especially for large-scale initiatives. Few donors provide such funding, and the loss of any of them worsens the financial situation for the CSO sector. Two major grant programs—the European Economic Area (EEA)/Norway Grants and the Bulgarian-Swiss Cooperation Program—stopped awarding grants in 2016. Neither program resumed in 2017, although a new program under the EEA/Norway Grants is expected to start in 2018.

Funding from the state budget is still limited and only available to specific types of organizations. More than 11 million BGN (€5.5 million) is provided to a list of direct beneficiaries named in the budget. Although this funding is provided under the heading state funds to CSOs, some of these funds go to organizations that are not CSOs, including monasteries and public entities. The 2016 amendments to the CSO Law provided for the creation of a new financial mechanism that will grant funding to CSOs on a competitive basis. The 2018 state budget includes 1 million BGN (€500,000) for this new funding source, which will become available in 2018.

Some ministries also provide funds to CSOs. The Ministry of Youth and Sports has the largest budget for CSOs—almost 49 million BGN (€24.5 million). In 2017, the ministry for the first time received a portion of the fees collected from gambling operators in the country under the Law on Gambling. Approximately 2 million BGN (€1 million) was received and awarded for projects focused on preventing young people from gambling. However, most projects were awarded to sports clubs or federations, and project activities had to be implemented during a three-month period over the summer, raising questions about the efficiency of how the money was spent.

At the local level, local authorities continue to provide some budget funds for CSO projects. Varna, the European Youth Capital in 2017, established a separate nonprofit legal entity to distribute funds for CSO initiatives and included online voting as part of the evaluation process for one of the thematic priorities. A number of smaller municipalities, including Kurdjali and Montana, established local funds for civic initiatives in 2017. Sofia continues to serve as a leader in providing grants to CSOs, including through its Europe program, which funds various CSO initiatives, and Culture program, which supports cultural initiatives. In addition, the municipality of Sofia launched a new Social Innovation Fund that will provide funding to CSOs in 2018. On the other hand, Plovdiv required 50 percent co-funding from project applicants for some of the initiatives related to its status as a European Cultural Capital in 2019; few CSOs have such resources available, making it very difficult for them to access this funding.

According to an analysis by the Bulgarian Donors’ Forum, overall funding for CSOs decreased by 11 percent in 2016. Corporations donated a total of 34 million BGN (€17 million) in 2016, a decrease of 26 percent from the previous year; although the number of companies reporting donations has remained almost the same. On the other hand, individual donations increased by more than 2 million BGN (€1 million), reaching a total of 8.5 million BGN (€4.25 million). This is a result of an increase of donations declared on tax returns (1 million BGN) and an increase in charitable text messages (also 1 million BGN). According to the 2017 World Giving Index, 17 percent of Bulgarians donated money in 2016, compared to 13 percent in 2015.

The biggest CSO donors—including the America for Bulgaria Foundation and the EEA/Norway Grants—are foreign. The EU Operational Programs, which are distributed by the national authorities, are also a major source of funding for the sector. CSO opponents use these facts to claim that civil society is influenced from abroad.

The number of EU programs that specifically target CSOs is limited. For example, the Environmental Operational Program, which was expected to be an important source of funding for Bulgarian environmental CSOs, did not provide any funding to CSOs in 2017. Similarly, there was no EU funding for CSOs in the areas of social economy or education. The Good Governance Operational Program, which has a devoted budget line for CSOs, delayed the launch of this component for the third year in a row. On the positive side, it did announce a call to select an independent operator that will evaluate the project proposals.

CSOs realize the need to increase their fundraising capacities: according to the OSI survey, 65 percent of surveyed CSOs identified fundraising as a need. However, fundraising requires a significant amount of resources—human and financial—that most CSOs do not have. Companies like to work with CSOs but they have their own priorities. Most companies prefer to support initiatives with visible results, preferably in the short-term. Human rights and democracy, therefore, are rarely among their priorities. In addition, CSOs fear that the negative media attacks against CSOs could deter some corporate partnerships in the future. Despite these obstacles, CSOs continue to engage in fundraising efforts. For example, at the end of 2017 there were twenty-one approved Bulgarian campaigns in Global Giving (www.globalgiving.org)—an international online giving platform. By the end of February 2018, these initiatives had collected over $200,000.

CSOs try to engage in mission-related business activities but this still does not serve as an important source of income for most organizations. Similarly, membership fees are not a substantial source of income, even for organizations with a large number of members.

CSOs are required by law to prepare and publish their financial reports. In 2017, 13,642 CSOs submitted their financial reports to the National Statistical Office. While very few organizations are required by law to have audits, according to the OSI survey, around 20 percent of active CSOs undergo audits. Few accountants understand the specificities of CSO finances.

**ADVOCACY: 2.6**

There were no substantial changes in CSO advocacy in 2017. As this was an election year, policy making was largely stalled until the new government was formed so many advocacy initiatives were on hold during the first half of the year. As in previous years, there were both positive and negative trends related to cooperation with the government. On the positive side, the new parliament again created a Parliamentary Committee for Interaction with CSOs and Citizen Complaints and initiated a transparent procedure for selecting CSO members for its Public Council. As a result of the initiative of the newly elected Public Council, the Volunteering Law was re-introduced on the floor of the parliament at the end of 2017. In December 2017, the Council of Ministers created a working group dominated by CSOs to prepare the rules of operation and selection of members for the Civil Society Development Council, a consultative body to the Council of Ministers to be created under the amended CSO Law.

At the local level, there were also several positive examples of collaboration between CSOs and policy makers. In August, the municipality of Sofia adopted a new Regulation on Public Consultations, which creates a consultation portal and establishes standards for consultation. The municipality of Sofia has also been cooperating with CSOs in the social sphere to develop a new Compact for Cooperation between the Mayor of Sofia and CSOs.

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On the negative side, the practices of some institutions raise questions about their willingness to cooperate with CSOs, especially on certain issues. In 2017, the Access to Information Program awarded parliament an “anti-award” for adopting a number of laws in a non-transparent way and in violation of the requirements for public consultation. Examples include the amendments to the Environmental Protection Act and the amendments to the Judicial System Act. The Ministry of Environment and Waters limited its contacts with CSOs and did not support CSOs’ applications to the LIFE program, which would attract EU money for nature protection in Bulgaria.

In 2017, CSOs increasingly engaged in campaigns related to various government initiatives, some of which were aimed at stopping negative developments. For example, a number of CSOs came together to oppose the instruction of the Ministry of Education and Science that tried to limit CSOs’ access to schools. A coalition of CSOs active in the healthcare area pushed for the development of a mechanism through which the state would fund programs related to HIV/AIDS and tuberculosis. In the social area, a coalition of almost forty social CSOs came together to discuss a roadmap for developing a new law on social services. The World Wildlife Fund (WWF) initiated a large awareness-raising campaign to protect Pirin Natural Park that collected over 100,000 letters of support from all over the world.

CSOs also engaged in efforts to change the legal and regulatory framework governing the sector. For example, in May 2017, CSOs engaged in public consultations on the new draft law on countering money laundering, which would have imposed heavy burdens on CSOs, including requirements to identify CSO clients (and their owners) and the sources of their funds. Such requirements would have put CSOs on an equal footing with banks, notaries, etc. Seventy-four CSOs issued a statement opposing the draft law. While the statement did not initially change the position of the Council of Ministers, after the draft entered parliament, key members of parliament (MPs) supported CSOs’ proposals. The draft was still pending further discussion in parliament at the end of the year.5

Another CSO campaign focused on draft amendments to the Youth Law which contained a number of proposals on volunteering that only referenced young people. A statement supported by more than 150 CSOs proposed to withdraw these amendments and introduce a separate Law on Volunteering that would regulate all types of volunteers. Such a law was introduced in parliament at the end of 2017.

**SERVICE PROVISION: 3.1**

CSOs provide a wide range of services in social welfare, education, culture, sports, and other fields. CSOs also provide expert services such as research, analysis, and consulting. They also work in areas such as environmental protection, governance, and human rights, but their work in these areas is traditionally donor-supported. Donor-funded services are based on assessments of the needs of CSO constituents, while paid services clearly respond to market needs. CSOs typically provide their goods and services to groups beyond their membership without discrimination.

CSOs often charge fees for their services. In addition, the concept of social entrepreneurship is becoming more popular among CSOs, most likely in part due to the scarcity of alternative funding avenues. The Bulgarian Center for Not-for-Profit Law’s (BCNL) NGO Entrepreneurship Program received a record number of CSO applications in 2017—eighty-four, compared to fifty-nine in the previous year. At the same time, the Ministry of Labor and Social Policy re-started its efforts to regulate social economy.

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5. The law was finally adopted in March 2018 and took into consideration the CSOs’ arguments.
While its intentions are positive, it has proposed specific conditions for organizations to qualify as social enterprises, which will be difficult for some smaller groups to meet, and also called for sanctions on organizations that use the term “social enterprise” without being registered in the ministry-operated register, which has raised concerns among CSOs.

It is not clear if authorities are willing to share responsibility for services in the educational and healthcare areas with CSOs, despite the fact that this has been a legal possibility for two years. A sign of the unclear state policy towards contracting CSOs is the recent government decision to provide 1 million BGN (€500,000) to each of six municipalities to develop social services, rather than engaging CSOs in this process.

**SECTORAL INFRASTRUCTURE: 3.1**

Several organizations provide assistance to other CSOs in their area of expertise. The NGO Portal (www.ngobg.info) continues to play an important role in promoting CSOs and their initiatives and is also an important tool for communication—both within the sector and with the public—especially for smaller CSOs. As noted in previous reports, CSO networks have taken over the function of resource centers by providing support to their members, including information sharing, training, and sharing experiences between network members on issues of interest. According to the OSI survey, 51 percent of active CSOs declared that they are part of a network or coalition with other CSOs. There are institutionalized coalitions such as the National Network for Children, the Citizen Participation Forum, the ODA Platform, and the Bulgarian Donors’ Forum (which also includes corporate members). In the last year, a number of thematic and informal coalitions were also active. These include For the Nature in Bulgaria (of environmental CSOs); a coalition of social CSOs; a coalition for media literacy of Bulgarian children; and the PR Club (a professional club of public relations experts from CSOs). A group of organizations has also come together to discuss a common strategy to counter the negative media publications about CSOs.

Several local grant-making organizations distribute foreign or corporate funds. OSI, in partnership with the Trust for Social Achievement and the Workshop for Civic Initiatives, was selected to manage the new Financial Mechanism of the EEA called Active Citizens Fund, which will begin in 2018.

CSOs have access to a number of trainings, mainly led by local trainers, on such topics as fundraising, social entrepreneurship, and debate skills. Some of these are fee-based, while others are available at no charge. CSOs based outside of Sofia usually have less access to these trainings because of travel costs. New CSOs and younger people are usually more interested in these trainings than well-experienced organizations and CSO activists. The OSI Survey found that the biggest needs of CSOs are in the areas of fundraising (65 percent), legal issues (40 percent), and PR and media (35 percent).

CSOs continue to expand their partnerships with businesses, with 23 percent of active organizations surveyed by OSI declaring that they have cooperated with businesses. Many big companies work with CSOs to develop and implement their corporate social responsibility (CSR) strategies. For example, the Workshop for Civic Initiatives worked with LIDL (a supermarket chain) to develop a new funding program for CSOs through which thirty-one projects were supported with 252,000 BGN (€126,000). The partnership between BCNL and Vivacom (a mobile operator) under the Regional Grant program continued in 2017, with Vivacom providing funding for grants which BCNL awards. BCause Foundation and the Bulgarian American Credit Bank launched the BACB Challenge in 2017 which will support entrepreneurial ideas.
PUBLIC IMAGE: 3.5

The negative media campaign against CSOs that started some years ago continued in 2017. Negative publications target CSOs in specific areas, including where there are specific business interests (e.g., environmental protests); judicial reform; and human rights, minorities and refugees. When CSOs organize advocacy campaigns, there is frequently negative coverage focused on the CSOs leading these initiatives, rather than their arguments. In 2017, during campaigns focused on nature protection and judicial reforms, CSOs were accused of being “Sorosoids” and protecting foreign interests because they receive foreign funding. One reason for CSOs’ difficult relations with the media might be the level of media freedom in the country: according to Reporters without Borders, Bulgaria is the lowest-ranked EU country in terms of media freedom.

At the regional level, CSOs enjoy much better relations with media. They have regular communication and there are cases when the media goes to CSOs for news, rather than the CSO attempting to attract media attention.

According to an Alpha Research study for the Citizen Participation Forum conducted in April 2017, the number of people that do not trust CSOs is greater than the number of people that do. On the other hand, the level of trust in CSOs is higher than that in the parliament, courts, or political parties. Interestingly, CSOs have the largest percentage of people that cannot determine if they trust them or not (more than 17 percent). CSOs themselves consider the biggest factors affecting trust to include knowledge about CSOs (70 percent), media image (69 percent), and transparency (67 percent). Another reason for the lack of broad public support for CSOs might be the fact that they often support unpopular causes, such as minority rights, LGBTI, and immigrants.

CSOs are seen as partners by businesses, especially larger companies. The government’s position is more nuanced. While there are positive examples, there were also cases during the year when the rhetoric of some politicians towards CSOs was negative, thereby feeding into the overall wave of negative publications.

More CSOs, especially those that actively try to engage individual donors, try to communicate the results of their work to the public. However, most CSOs lack resources, notably human resources, to actively raise awareness about their activities or promote their public image. CSOs have limited understanding of how to use social media effectively for public outreach.

CSOs do not have a sector-wide code of ethics.

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8. “In Bulgaria rules the government, not NGOs” https://www.24chasa.bg/novini/article/6609993