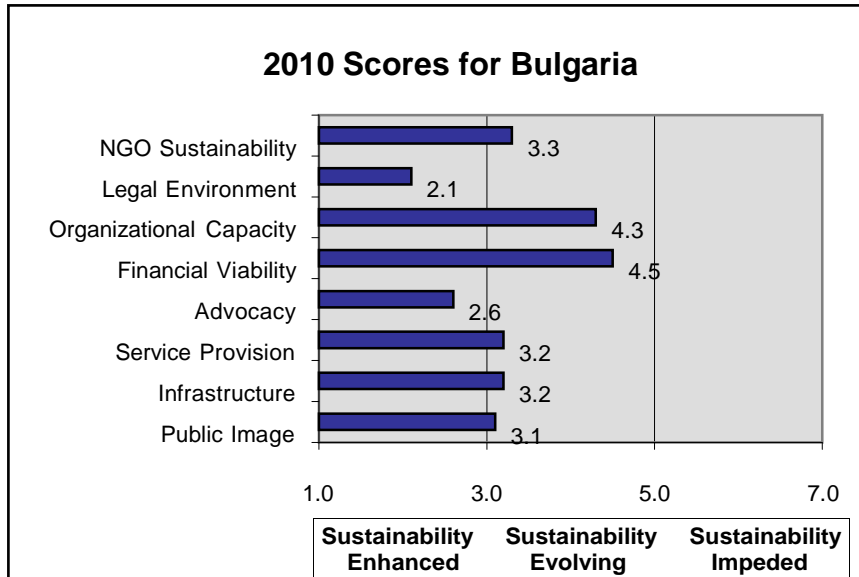




BULGARIA



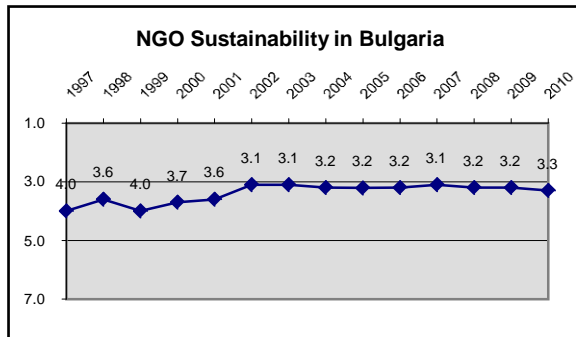
Capital: Sofia

Polity:
Parliamentary Democracy

Population:
7,093,635 (July 2011 est.)

GDP per capita (PPP):
\$13,500 (2010 est.)

NGO SUSTAINABILITY: 3.3



The NGO sector in Bulgaria saw an overall deterioration of its sustainability in 2010, in part because of the ongoing global financial crisis. The money from the state budget given to NGOs reached a record low, with only four NGOs receiving a total of just over €75,000. At the same time, EU funds were targeted predominantly to the state and municipalities; the EU program component on civil society development issued no tenders for the second year in a row.

The poor financial situation has led to a decrease in NGOs' organizational capacity and

infrastructure as NGOs are concerned with survival more than carrying out their missions. Fewer people are engaged in the NGO sector; qualified people are leaving, and new people do not have access to good training and information.

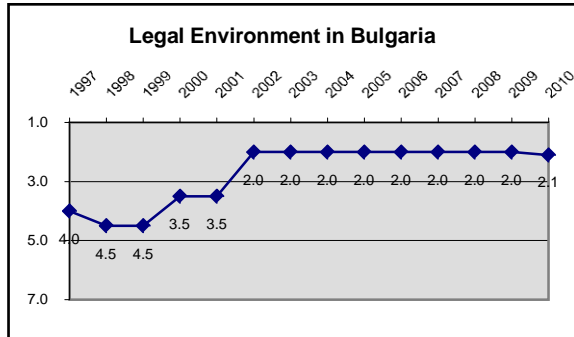
The lack of a clear government policy towards NGOs is increasingly visible both in the ad hoc nature of engagement and the Central Registry's poor implementation of the Law on Nonprofit Legal Entities (the NGO Law) for public benefit organizations (PBOs). The image of NGOs has also been affected, especially as some media have started to compete with NGOs in fundraising for charitable causes. The public's perception of NGOs has not improved.

At the end of 2010 there were more than 32,000 officially registered NGOs in comparison to 30,500 at the end of 2009. More than 8,300 are registered as PBOs. Although there are more registered organizations than in previous years, the rate of registration of new organizations has fallen.



LEGAL ENVIRONMENT: 2.1

The legal environment deteriorated slightly in 2010 despite the fact that NGO legislation did not change. The registration procedure, although rather slow, is not burdensome in general; registration is only problematic if NGOs have not submitted all the required documents, or there are contradictions between their statutes and the law.



The implementation of the NGO Law by the Central Registry, however, is a serious issue. A report on monitoring the activity of the Central Registry shows that the Registry poorly carries out its three principal functions, which include NGO registration, data collection and oversight.

The registration process is slow; the law gives the registry fourteen days to register an organization, but in most cases this period is prolonged to two months. These delays can cause problems for NGOs. For example, donors to some newly registered community foundations were unable to benefit from the corporate tax deductions for donations because the Central Registry did not register the organizations as PBOs in a timely manner.

The Central Registry’s online database is out-of-date. NGO annual reports should be available online, but there is at least a year delay in uploading this information. Further, the Central

Registry does not appear to be exercising its oversight functions over PBOs; a number of organizations have not submitted their annual reports, but the registry has not taken steps to resolve this situation. Also, officials engage in only sporadic checks of NGO activities.

The Central Registry has been denying PBO status to NGOs if their economic activities are “excessive or too broad,” which affects an NGO’s ability to earn income from economic activities. In many cases, economic activities – that until recently were considered related to the mission of an organization – are no longer accepted by the Central Registry based on its narrow interpretation of the law. For example, the Institute for Direct Democracy was registered as a PBO by the court, but was refused PBO status by the Central Registry. The Registry instructed the Institute to amend the economic activity provisions of its statutes. Whether or not the Central Registry has power to check the legality of NGO statutes is ambiguous. Many legal experts believe that the Central Registry does not have such power since NGOs are first registered in court where the legality of their statutes is checked.

There was no change in the tax treatment of NGOs with regard to their economic activities. NGOs are still treated in the same way as businesses. In addition, the Value Added Tax (VAT) on philanthropic text messages, used to fundraise for charitable causes, is still in effect despite NGO efforts to lobby the government to change this provision.

Basic registration and legal advice is available in both Sofia and around the country from the few remaining NGO resource centers. Advice on more complicated legal problems is primarily available in Sofia or through the Bulgarian Center for Not-for-Profit Law (BCNL).

ORGANIZATIONAL CAPACITY: 4.3

There are signs that NGOs see the value of attracting larger constituencies to their activities.

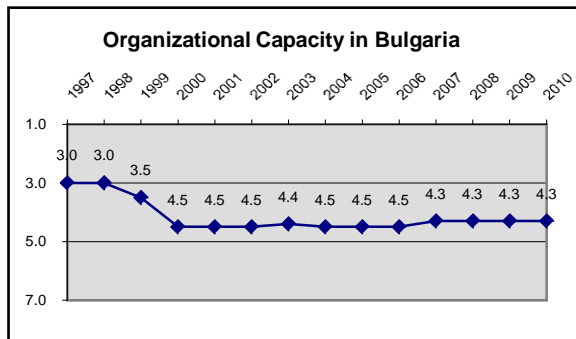
For example, the Bulgarian program of the World Wildlife Fund for Nature (WWF) recruits



people to help clean nature parks in Bulgaria. At the local level, NGOs are more connected to communities and raise funds or recruit volunteers for their initiatives. This is in part a result of the worsened financial situation that has forced NGOs to look for alternative resources. On the other hand, individuals are organizing themselves more through informal groups (such as activities related to environmental protection or against smoking in public places) rather than through traditional NGOs.

supports chitalishta, is also registered as a social service provider.

Boards in many cases are just formalities and do not control or guide the organizations in practice. Very often there is no difference between management and governance personnel; and even when there is a difference, it is not clear whether the governing body actually governs. Many organizations are usually run by only one person.



NGOs permanently employ fewer people and even those that are employed work on a project-by-project basis. In small towns the effect is dramatic: the number of active organizations has decreased, and the ones that are still working have problems paying for offices or permanent staff. Very few organizations can afford to have staff with specific job descriptions. Most people work under consultancy agreements rather than permanent labor contracts. People with experience move to other sectors, and new people generally lack sufficient knowledge and experience. The need for staff has led organizations to work with more volunteers, but there is a need for quality volunteer training.

In their efforts to survive, many NGOs expand beyond their initial missions. Even the traditional community centers (chitalishta) are turning to new areas. For example, community centers such as the one in Dolni Vadin village in Oryahovo municipality provide social and home assistance services for the elderly, which diverge significantly from their original purposes – housing community libraries and organizing language, dance, and similar classes. Similarly, the Pleven Community Fund Chitalishta, which

There are growing opportunities to use technology in a cost-effective manner. Skype and the partnership between TechSoup and Microsoft which provides software to NGOs almost free of charge are just two examples. On the other hand, not many NGOs can afford to buy new computers or other technology.

FINANCIAL VIABILITY: 4.5

On the whole, despite occasional positive news, the financial viability of the NGO sector decreased for yet another year. NGOs have little access to funding in the current environment. In a recent survey that BCNL carried out with eighty NGOs, 72 percent pointed to a lack of funds as their biggest problem.

2010 this amount was just over 150,000 lev (approximately €75,000), with only four NGOs receiving funding.

Bilateral donors continue to leave the country, and state funds to NGOs decreased dramatically in 2010. In 2009, around 1 million lev (approximately €500,000) was awarded in competitive grants for public benefit NGOs; in

There was little if any EU Structural Fund assistance targeted at NGOs to offset this decrease in government funding. Most EU money directly targets state institutions or municipalities. Only one operational program – Operational Program Administrative Capacity (OPAC) – has a dedicated component for increasing the capacity of NGOs, but for a second year in a row, there were no calls for



proposals for NGOs. Apparently, plans to evaluate the NGO program component have contributed to the delay in new calls. Regardless, as noted in previous years, EU funding procedures require NGOs to make significant financial inputs in order to carry out project activities. Once NGOs have made these inputs, there are serious delays in reimbursing expenses, which create liquidity problems even for mid-sized NGOs.

Municipalities struggle to fund NGOs. Even though there are examples of municipalities – such as in Sofia or Dobrich – that organize competitions to fund NGO projects, they are the exceptions. Companies have also limited budgets for corporate social responsibility, and there are signs that a large portion of corporate funding goes directly to individuals, municipalities or hospitals, not to NGOs.

Very few organizations have diversified funding bases. Organizations with diversified funding are more likely to have several major donors rather than funds from different funding sources.

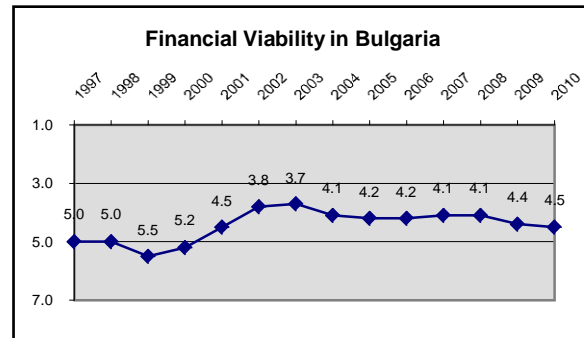
Despite these setbacks, there were some positive developments with the overall funding situation for Bulgarian NGOs. The America for Bulgaria Foundation (created in 2008 with an endowment of \$400 million) became active in supporting NGOs. In addition, community foundations, which suffered a major blow last year with a 30-50 percent decrease in donations, have managed to survive. In 2010, especially in bigger cities, they regained levels of funding close to those from 2008. Smaller community foundations are still lagging; however, they show better results than last year. Also, while corporate giving has decreased, there has been an emphasis on donating more efficiently, which may mean more targeted and effective programming. For example, Post Bank became more receptive to NGO needs by changing its corporate social responsibility program based on the advice of four NGOs.

ADVOCACY: 2.6

A few NGOs engage with policymakers, but this does not represent a trend. Each government

Fundraising is an area for potential development for NGOs, and the financial crisis has led more NGOs to consider fundraising for donations. However, most campaigns are ad hoc and target funds for specific issues rather than for an NGO’s core mission. Television companies also increased their charitable campaigns for various causes in 2010. However, these activities, particularly when conducted without NGO participation, can limit the ability of NGOs to initiate their own campaigns. Membership fees are symbolic and rarely cover even the most basic expenses of NGOs, other than business associations.

NGOs are especially active in providing services for fees in the educational and social areas. Municipalities very often contract with NGOs, but because of the financial crisis, some services provided by NGOs were also cut. For example, at the beginning of 2010, 104 social services for children and elderly at risk (funded previously through an EU project) were temporarily discontinued; their funding was secured again only in the middle of the year.



There are legal requirements for accountability and transparency of NGOs. Large organizations follow these requirements. However, it is not clear that providing volumes of detailed documents makes an organization transparent to the public, particularly given that the information in the Central Registry is outdated.

institution works under its own rules, and there are no general standards for cooperation with

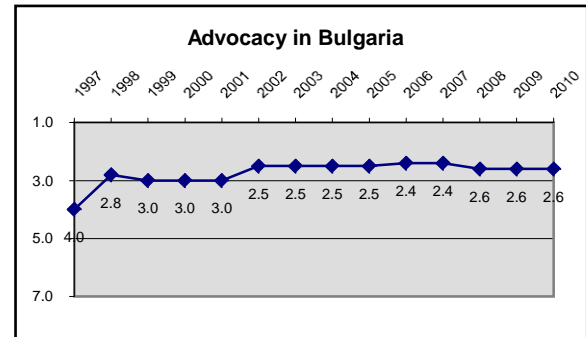


NGOs. At the end of 2010, the Council for Administrative Reform (within the Council of Ministers) adopted Standards for Public Consultations. However, these standards are not mandatory, which means they have not yet been properly implemented. In general, the government is more willing to cooperate on issues where it has an interest and less so on issues proposed by civil society.

NGOs increasingly understand the need for joint activities and their possible benefits. In 2010, several joint meetings of thematic NGO coalitions were initiated to identify common problems for the sector. One of the first issues identified was the lack of NGO participation in planning how EU funds should be invested in the next program period (2014-2020). The results of this effort remain to be seen as the government has already started the planning process, and NGOs were not initially included. Another interesting initiative was carried out by a group of children’s NGOs against the inclusion of children in a popular television reality program called Big Brother. The NGOs’ efforts resulted in a media and parliamentary debate on the role of children in TV. The organizers of the campaign claim that the producers changed the format of the show and did not invite teenagers to participate.

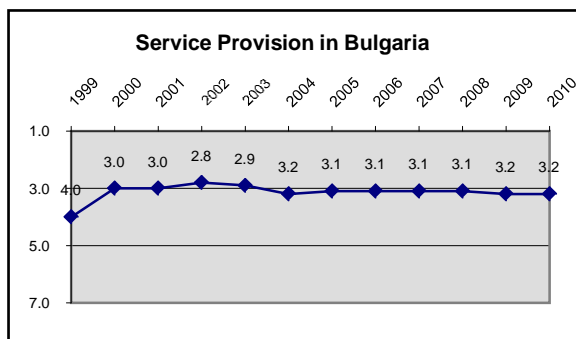
In general, lobbying by NGOs is not a decisive factor in policymaking. NGOs have made attempts to amend the Law on Normative Acts (which describes the process of how a draft becomes a law) and to improve the requirements on transparency and participation in the

decision-making process. The Civic Participation Forum also proposed amendments to the Law on Self-administration and Self-government. These two proposals have not been adopted yet, because they are not of immediate interest to the government. One successful example of a law affected by a public campaign was against the use of genetically modified organisms in Bulgaria. After a campaign by a broad coalition that included NGOs, this prohibition was upheld.



An additional example of a joint action is the effort to promote a better legal framework for NGOs. NGOs came together to analyze and propose changes to the way that state subsidies are distributed to NGOs, showing that NGOs are able to identify and come together around common challenges. This campaign will continue in 2011. NGOs also came together to analyze the activity of the Central Registry and propose recommendations to improve the Registry’s work. Unfortunately, no additional measures were taken during 2010 to implement these recommendations.

SERVICE PROVISION: 3.2



NGOs provide a range of services, with the largest share in the areas of education and social affairs. Municipalities already have mechanisms in place to contract NGOs to provide social services. In other sectors, the government does not recognize NGOs’ importance as service providers. Only a few resources are channeled to NGOs in the form of contracts and grants. For example, NGOs are not allowed by law to directly provide health services.

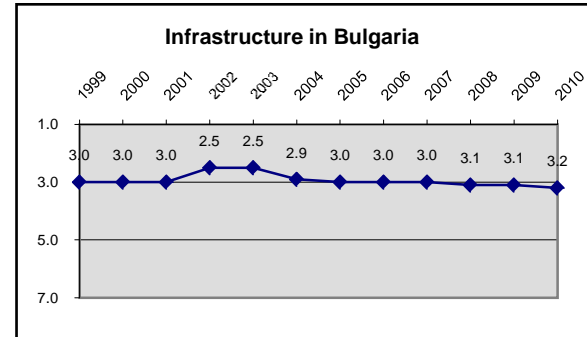
Municipalities still have preferential status compared to other service providers. Moreover, it is within a mayor’s power to decide whether to contract a service to an NGO. The decision may depend on factors other than who will provide better services – for example, the need to dismiss municipal staff if the service is contracted out.

Most NGO services in Bulgaria are not paid for by the beneficiaries, but are financed through government/municipal contracts or donor funding. NGOs try to recover costs by collecting fees generally only when engaging in economic activities such as trainings or consultation services.

INFRASTRUCTURE: 3.2

It is increasingly difficult to get funding for civil society development or support to NGOs in Bulgaria. For this reason, there are few resource centers remaining where NGOs can receive basic information or advice. Some of the NGOs that operated as local resource centers still exist but do not act as resource centers anymore. One of the few centers still functioning is the NGO Information Portal, www.ngobg.info, created in 2010. It has a database of active NGOs, and its purpose is to provide useful information for NGOs in one place.

Community foundations continue to raise funds for local priorities, but their work is far from sufficient to cover the organizational capacity building needs in Bulgaria. This creates a downward spiral as the decrease in funding leads to less support for infrastructure and more need for trainings and assistance (such as advice on NGO management, accounting, etc.). As noted earlier, a number of qualified people have left the NGO sector because of financial constraints. They have been replaced by less experienced individuals who require training. In the last year, the number of trainings targeting NGOs has decreased visibly, due in large part to the inactivity of the EU OPAC program. While there are still specialized trainings organized by expert NGOs, such as regulatory impact assessment trainings offered by the Institute for Market Economics, the availability of basic training is very limited.



There are examples of NGOs working together with businesses or the state. Examples of partnerships with business include Mtel Grant (a partnership between Mtel and the Bulgarian Charities Aid Foundation to provide grants, often for social projects), and the partnership between DANONE and the Dimitar Berbatov Foundation, under which 5% of every Danone product goes to renovate or build sports playgrounds in schools. With regard to the government, there are specific examples of ministries/state agencies setting up consultative councils in which NGOs participate. There is no unified policy, and each state institution applies its own criteria for cooperation.

There are several active NGO coalitions, such as the National Network for Children, the Civic Participation Forum, and the “Let Nature Remain in Bulgaria” Coalition. Nevertheless, there is no national NGO umbrella organization.

PUBLIC IMAGE: 3.1

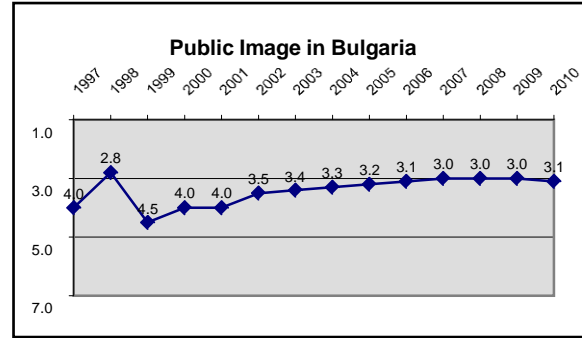
Public perception of NGOs remains unsatisfactory, and more people tend to mistrust NGOs than trust them. In an Open Society

Institute study, people ranked NGOs 9th out of 12 as a place to which they would turn if they had a problem. In comparison, the police and



media ranked better than NGOs; members of parliament ranked worse. Over two-thirds of respondents (68 percent) noted that they felt NGOs are not effective, and 62.8 percent felt that NGOs concentrate only on their own financial benefit. Over 90 percent of people participating in the survey could not identify a single organization which they trust or are willing to take part. Most NGOs cannot afford to have a public relations specialist on staff, or to invest in improving their public image or visibility.

Media coverage of NGOs has increased substantially in 2010, but this is not entirely positive. There are still a number of negative stories about NGOs. For example, a media outlet attacked an NGO coalition by issuing a special report on how NGOs misuse funds. This happened at the same time that an NGO umbrella group criticized the media – specifically the use of children in a TV reality show. Also, the media has stepped into competition with NGOs by organizing fundraising campaigns targeted to similar beneficiaries.



With regard to the government, the initial opening for collaboration with NGOs is no longer present. In general, the government lacks any strategy or policy for collaboration or dealing with NGOs or for civil society development on the whole.

There is no agreed upon NGO code of ethics. In 2010, there was an initiative by a group of NGOs headed by the Workshop for Civic Initiatives to create Good Management Standards for NGOs, but after the launch of the initiative there was not much promotion, and it is unclear whether it will be accepted by the wider NGO community.