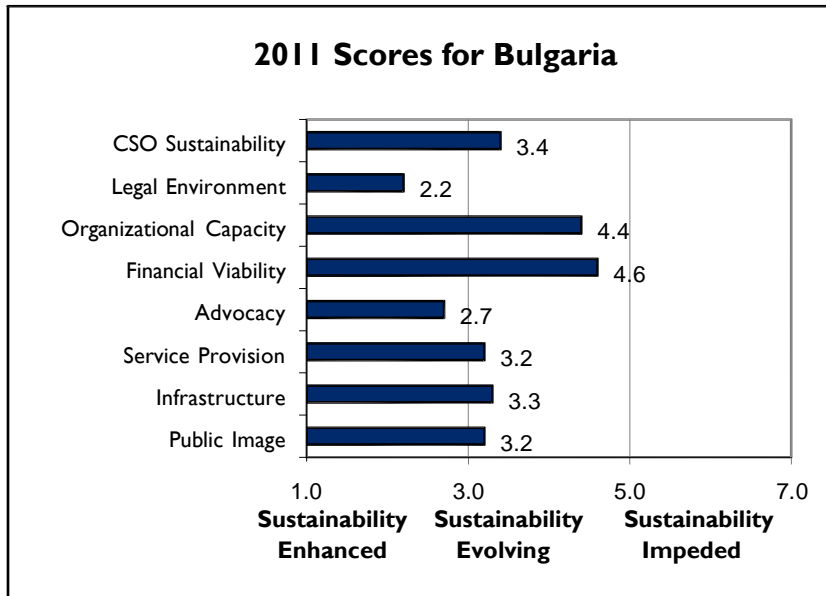


BULGARIA



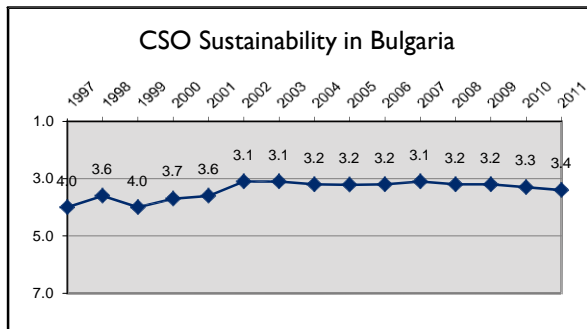
Capital: Sofia

Population: 7,037,935

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

Human Development Index:
55

CSO SUSTAINABILITY: 3.4



The sustainability of CSOs in Bulgaria deteriorated in 2011, with decreases in each dimension of sustainability with the exception of Service Provision. The only functional state funding mechanism for CSOs is in the area of social services. EU funds – distributed through the government – also focus predominantly on social projects. As a result, CSOs have the biggest impact and are the most natural partner of the state in the social services arena.

Despite having developed over 200 national strategies in a variety of fields, Bulgaria has no official state policy towards civil society. In addition, no state institution is responsible for cooperating with the sector. As a result, every state institution must develop its own approach for involving CSOs in decision making and providing funding to them.

Bulgarian civil society is facing a financial crisis. The 2012 state budget eliminated funding for grant competitions for public benefit projects by CSOs, a decision made without consulting the sector. In addition, no EU funding went to civil society development or capacity building for yet

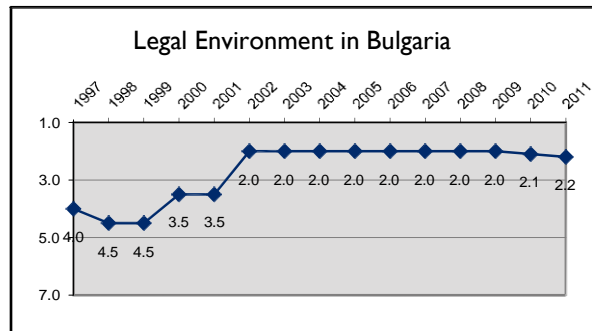


another year. Donations to the sector have not increased substantially.

The 2011 CIVICUS Index, which also assesses the state of civil society in countries around the world, for Bulgaria concludes that CSOs do not have significant impact on policy formulation or implementation.

There are over 34,000 registered CSOs, predominantly associations, in Bulgaria. Over 9,000 of these act in the public benefit. Fewer new organizations are registered in Bulgaria every year. Only 70 percent as many organizations completed the registration process in 2011 as in 2008, a decrease of almost 680 CSOs.

LEGAL ENVIRONMENT: 2.2



Bulgarian CSOs operate under a fairly enabling legal environment, although the unwillingness of the Central Registry to improve its registration practices, despite the recommendations made in a 2010 report, raise concerns about the state’s commitment to CSO legal issues.

In general, CSOs can freely express their opinions and do not experience harassment from the state. However, CSOs do face some administrative burdens. For example, the Central Registry continues to deny CSOs

registration for “excessive” economic activity. In addition, the Registry has advised some organizations to change the economic activities enumerated in their statutes in order to be registered, rather than officially denying registration, which could serve as grounds for an appeal. The Central Registry still does not allow CSOs to submit their registration documents electronically.

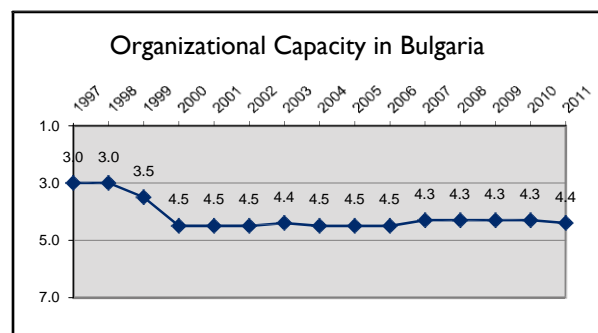
CSOs are exempt from income tax on grants, donations, and membership fees. The few CSOs that own real estate receive no exemptions from property tax.

CSOs are allowed to engage in economic activity as long as it is related to their missions and additional to their nonprofit activity. CSOs are also allowed to compete for government procurements. However, CSOs are often effectively unable to compete for larger procurements because of requirements for high financial turnover in previous years.

The availability of legal assistance for CSOs is inadequate, especially at the local level.

ORGANIZATIONAL CAPACITY: 4.4

The financial crisis has had a number of negative effects on the organizational capacity of the Bulgarian CSO sector. A growing number of organizations are focused on their mere survival rather than increasing their organizational capacity. Many organizations have stopped operating, especially outside of the capital. An increasing number of CSOs have no permanent staff because of a lack of financing. If a CSO can afford to have staff at all, it generally hires people to work on specific projects, and not as permanent employees. Fewer organizations engage in strategic planning



because of their unstable funding situation.

CSOs follow the law and create separate supervisory and management boards. In practice, however, they often confuse oversight responsibilities with management of day-to-day activities. For example, board members often work for the organization.

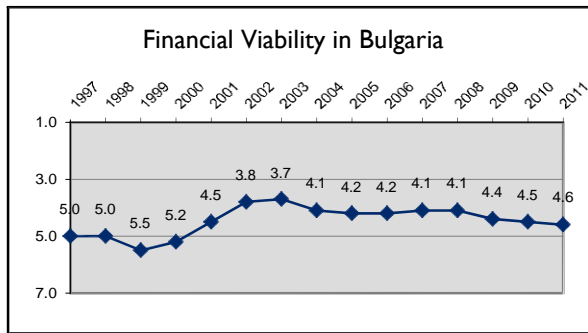
The CIVICUS Index confirms that citizen participation in CSOs is low, scoring only 40.5 out of 100. However, CSOs have begun to reach out to people outside of their immediate professional circles. Even large CSOs try to involve citizens in their work. For example, the Open Society Institute organized a panel consisting of fifty individuals and twenty-five CSOs to gather opinions and feedback on the European civil society house. The civil society house is a European Parliament initiative to create a single place for EU citizens to access information about CSOs, their rights, and their ability to participate in the EU decision-making process.

According to the Charities Aid Foundation’s World Giving Index for 2011, Bulgaria has one of the lowest levels of volunteerism in the world – only 5 percent of people volunteer. Most organizations still lack the necessary knowledge and skills to use volunteers effectively.

Some businesses create CSOs to access funding or to defend their position on certain issues, in particular when big investment projects collide with environmental protection. For example, investors in ski facilities formed a CSO with local authorities and others to counter CSO environmental coalitions.

CSOs now have access to better quality equipment at more affordable prices. On the other hand, organizations have fewer financial resources available to purchase modern equipment.

FINANCIAL VIABILITY: 4.6



The Bulgarian CSO sector is in the midst of a severe financial crisis. CSOs find it difficult to secure funding, much less to diversify their finances.

CSOs do not benefit significantly from EU funding. Most EU funding benefits various branches of the central or local government; a significant portion of EU money is channeled to infrastructure projects, such as building highways or water treatment plants, in which CSOs have no role. The only EU operational program that provides funding to CSOs is focused on

social projects. For the third year in a row, no EU money was provided for CSO institutional development through the Administrative Capacity Operational Program. A small number of other foreign donors continue to provide funding to the sector, including the America for Bulgaria Foundation, which has an endowment of \$400 million.

In 2011, the government provided nominally more grants to public benefit organizations (PBOs) through a competitive process. Six organizations received a total of €100,000 in grants this year, up from the four organizations that received a total of €75,000 in 2010. For the first time, the government published the protocol for the project evaluation process, in line with one of the recommendations of a CSO report on how to improve state funding. The protocol showed that out of 130 applications, over eighty were rejected for administrative non-compliance. Because of the burdensome administrative requirements, more than €250,000 of the €350,000 budgeted for CSO projects remained unspent.

In November 2011, the Ministry of Finance eliminated competitive funding for CSO projects from the 2012 budget while increasing direct subsidies provided to organizations listed in the law. This contradicted CSO recommendations to limit direct subsidies and transfer more funds to the competitive application process. Some local authorities provide funding to CSOs, but this is the exception rather than the norm.

No significant local Bulgarian donor supports CSOs. A few organizations re-grant foreign or corporate funds, but they predominantly target small initiatives. A few wealthy individuals have created foundations, but these do not target CSOs either, but instead provide scholarships, for example.

Official data from the tax authorities reveals that more companies are providing support to CSOs, although many companies are limiting the amount of their support given the difficult and uncertain financial situation. Corporate donations to CSOs in 2010, the last year for which official data is available, decreased slightly despite the fact that the overall amount of donations to all types of institutions increased by more than €4 million. CSOs received approximately 23 percent of the overall donations made by corporations in 2010; analysis conducted by the Bulgarian Donors' Forum indicates that state-run enterprises, a broad category that includes schools, hospitals, and state-owned companies, are a major recipient of corporate donations.

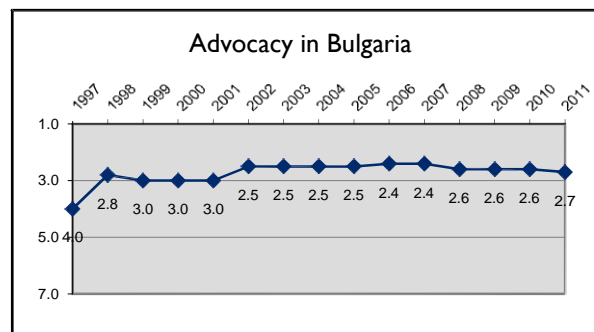
Thirty-eight percent of all individual charitable giving, or approximately €500,000, goes to CSOs, with the remainder going to kindergartens, schools, universities, and religious, healthcare, and other types of institutions. A number of CSOs initiate fundraising campaigns, but people often prefer to donate small amounts through text messages or donate directly to needy people. In addition, the state offers special tax incentives for donations to funds or institutions established by the state.

Some CSOs attempt to provide services for fees or implement economic activities, such as training or consulting services. Very few CSOs have property that they can rent out. Few registered associations rely on membership fees; some organizations make membership fees symbolic even at the time of registration.

Very few CSOs can afford audits. All PBOs are required to provide financial reports to the Central Registry, which then publishes them on a special website that is accessible to the public. Some organizations are also legally obligated to publish their reports on the Internet or in print media.

ADVOCACY: 2.7

The CIVICUS Index indicates that CSOs have limited ability to influence policies. Forty-nine percent of the CSOs surveyed say that CSO influence is limited, while only 1.3 percent responded that CSOs have significant impact on state policies. The termination of the competition for state grants, despite the analysis and recommendations of CSOs, is a telling example of how little CSO opinions are taken into consideration.



Nevertheless, CSOs initiated a few successful advocacy initiatives during the year. For example, as a result of a CSO campaign and in connection with the declaration of 2011 as the European Year of Volunteerism, the Ministry of Culture set up a working group to prepare a draft Law on Volunteerism. The working group, which consisted of an equal number of CSO and state representatives, developed a draft law, which was published for public comment at the end of the year. The Ministry of Culture has announced that it will support the draft law and introduce it to the Council of Ministers and the Parliament. Civil society also advocated against shale gas fracking in Bulgaria. Organized through social networks, more than 10,000 people joined protests in twelve cities and towns, resulting in a

moratorium on the technology. CSOs were also quite active around the elections, demanding greater transparency in vote counting.

There were also several examples of cooperation between CSOs and the government in 2011. The State Agency for Child Protection introduced a procedure to nominate CSO representatives to the Children’s Council. The Regional Ministry introduced public consultations for the next EU planning period. Representatives of the Civic Participation Forum, a CSO coalition with over 100 members focused on improving CSO participation in the decision-making process, participated in the ministry working groups developing the Bulgaria 2020 strategy, which determines the country’s priorities over the next eight years. However, CSO members in these working groups did not have voting rights. Moreover, CSO proposals to the Bulgaria 2020 strategic priorities were rejected without any explanation, while working group members representing ministries received feedback on their suggestions.

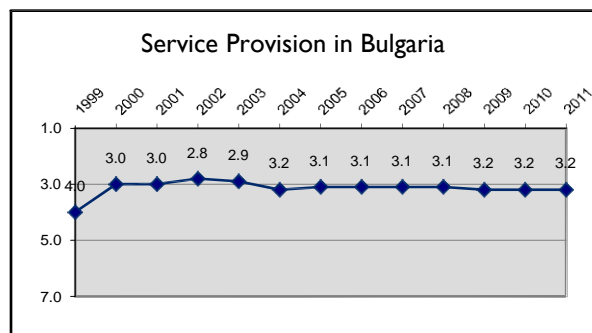
The Standards for Public Consultations adopted in 2010 are still optional guidance that few government institutions follow. The Ministry of Environment and Waters, one of the ministries that works more closely with CSOs, suddenly changed its procedures for appointing CSO representatives to its working groups in 2011. Previously, elections were organized among the more than 200 environmental organizations that are members of the Bluelink network. The ministry now allows any coalition, regardless of its experience or membership, to express its interest in participating in the working groups. At the same time, the ministry imposed additional requirements on CSO members of the working groups that do not apply to other members. For example, a CSO representative cannot be a member of a working group if he or she is also a member of the leadership or control body of a political party.

CSOs are comfortable with the concept of lobbying and proposed various legislative changes in 2011, including amendments to the Electoral Code. However, CSO lobbying efforts did not lead to significant results this year.

CSOs understand the importance of joint efforts. More than 160 organizations signed the letter sent to state institutions in support of competitive grants programs, and the Civic Participation Forum’s members are advocating for a better framework for citizen participation at the local level. However, in general, CSOs have little time or energy to devote serious efforts to such joint efforts.

After Bulgaria’s accession to the EU, another avenue for advocacy work opened up for CSOs – affecting the decision-making process at the EU level. However, CSOs have been unable to influence the decisions made in Brussels to date.

SERVICE PROVISION: 3.2

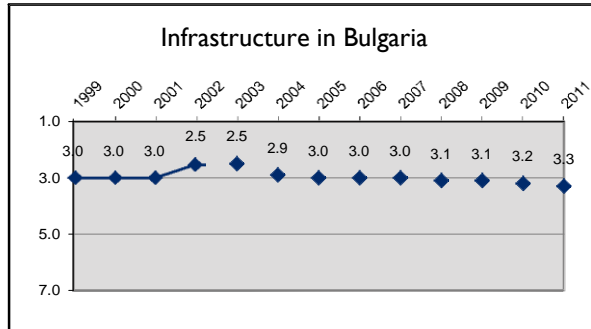


CSOs provide services in a number of areas, including education and culture, but generally lack the resources and capacity to provide housing services and are legally prohibited from providing healthcare services. Social services represent the most developed area of service provision, and there is a well-developed system for municipalities to contract with outside providers for such services. Most other services are financed through grants and not directly by the beneficiaries, which is a problem as beneficiaries become accustomed to getting “free” services. Nonetheless, CSO services respond to

the needs of local people.

CSOs generally provide services to target groups beyond their own members to attract grants or receive fees for their services. Some CSOs concentrate on providing only paid services, as they do not have access to other sources of support for their services. This trend, however, is dangerous as it causes some to question why these entities are considered nonprofit.

INFRASTRUCTURE: 3.3



There are no traditional CSO resource centers in Bulgaria. The information portal www.ngobg.info provides practical information regarding CSO operations, but is unable to build the capacity of CSOs more actively, as it is only an online tool. The number of local grantmakers has diminished over the past few years. While community foundations were established in the last several years to attract funds to solve local problems, they remain limited in both number and funding.

The number of active CSO coalitions has not changed dramatically in the past year. The most active coalitions continue to be the Civic Participation Forum, the National Network for Children, and various environmental groups. However, no coalition is strong enough to defend CSO interests effectively, as can be seen from the result of the campaign against eliminating competitive state grants to CSOs.

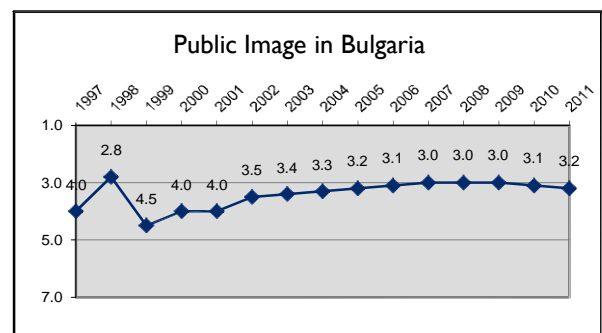
The number of CSO trainings decreased in 2011. Some specialized trainings, as well as some trainings offered by commercial companies, are available, but CSOs cannot afford them. There are almost no basic skills trainings readily available, although there are trainers that CSOs can hire. Demand for capacity building interventions overwhelms supply. For example, more than 450 people from 290 CSOs applied for 120 places in workshops on fundraising, CSO legal issues, and economic activities organized by the Bulgarian Center for Not-for-Profit Law in 2011.

CSOs and businesses join efforts on a number of initiatives. For example, some CSOs manage small grant programs funded by businesses, while others organize joint fundraising campaigns. In some cases, the government also supports CSO-business initiatives, but this is sporadic. For example, the Council of Ministers decided to reimburse VAT on the charitable text messages sent in support of UNICEF in response to a fundraising show organized by a leading TV company.

PUBLIC IMAGE: 3.2

Media still does not differentiate between advertising and charitable activities. Electronic media is not allowed to mention the names of companies that initiate charitable campaigns or provide large donations as this practice is considered a hidden advertisement, which is prohibited by law.

CSOs lack both the financial and human resources to invest in professional public relations. Some CSOs try to build long-term relationships with journalists, but these efforts are hindered by the high turnover of journalists among media outlets. Most media do not have journalists specialized in civil society issues and CSOs have



problems identifying journalists who might be interested in their causes. CSOs try to use social media more actively, but find that mainstream media outlets are still the best way to reach the largest segment of the population.

Public trust in CSOs remains low, largely because of the lack of active citizen involvement in community life. According to the CIVICUS Index, people in Bulgaria tend to lead closed lives within their circle of family and friends. CIVICUS also reported that when people were asked who the real representatives of civil society are, CSOs came in fourth place after students, pensioners, and environmentalists.

The central and local governments use CSO expertise and try to involve CSOs in various activities. However, because 2011 was an election year, work slowed down on a number of joint initiatives. Businesses generally have a positive image of civil society, and there are an increasing number of examples of businesses cooperating with CSOs.

The Ethical Code initiated in 2010 by the Workshop for Civic Initiatives Foundation has not been promoted or supported by the larger CSO community. At the time of its launch, almost fifty influential CSOs supported it; however, no information has been made publicly available about the initiative since 2010.