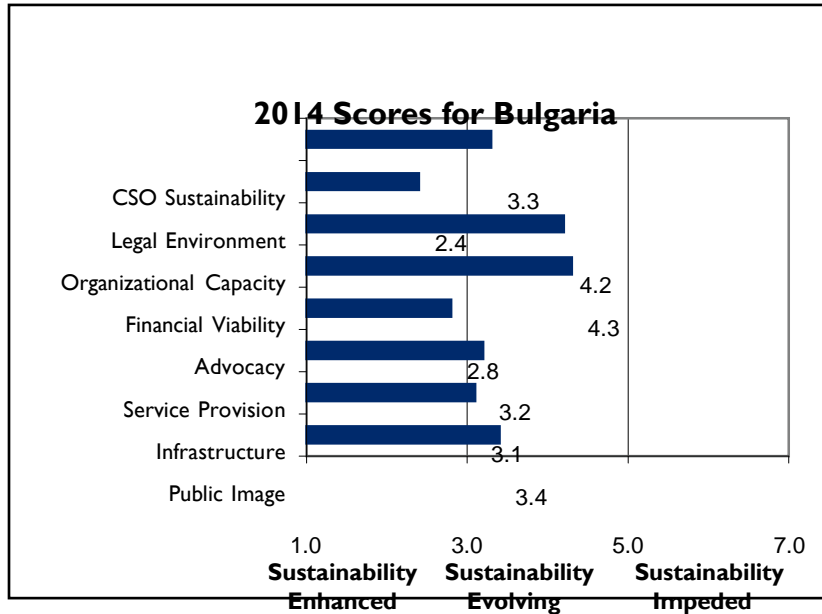




BULGARIA



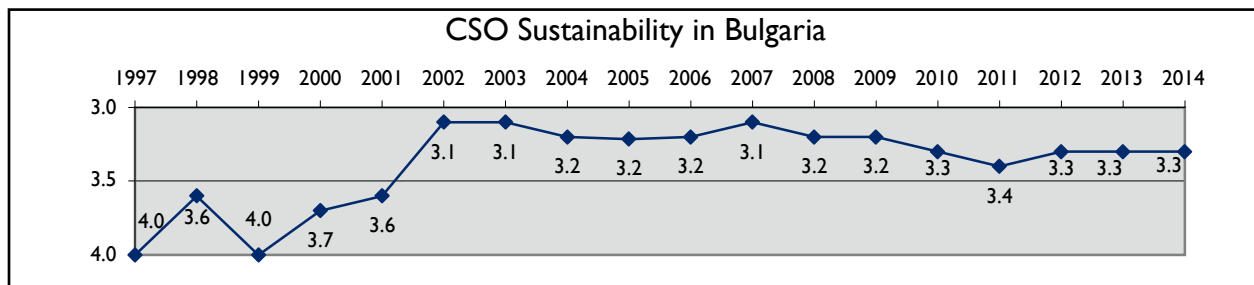
Capital: Sofia

Population: 6,924,716

GDP per capita (PPP):
\$17,100

Human Development Index:
58

CSO SUSTAINABILITY: 3.3



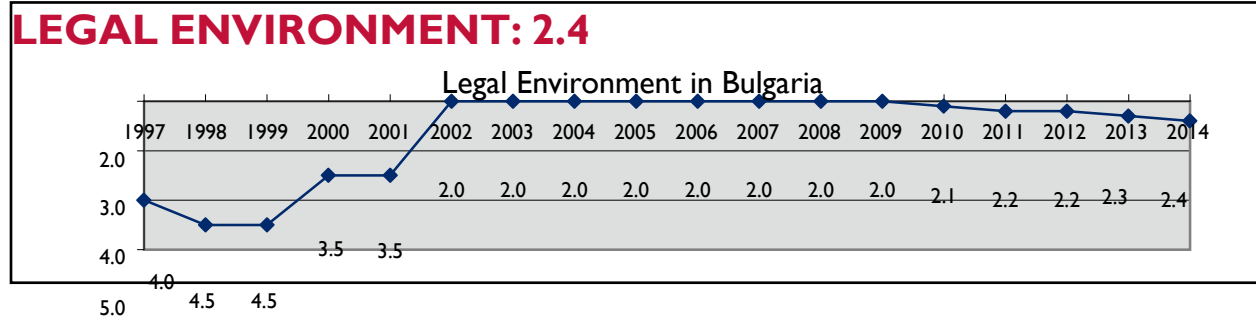
In 2014, CSOs in Bulgaria operated within an insecure political situation resulting from the 2013 protests calling for reforms and changes in the government, as well as the May 2014 EU elections, which the ruling party lost. The government, which was elected in May 2013, resigned in August 2014 and was replaced by an interim government tasked with easing political tension and preparing for new elections in October. Because of the pending election, the interim government had little incentive to pursue many longer-term initiatives. A new government was formed in November 2014.

Bulgaria also faced other challenges during 2014. One of the biggest Bulgarian banks went bankrupt in July, ultimately costing the national budget over €2 billion. In May, floods killed several people and caused extensive damage. More than 11,000 people, predominantly from Syria, requested refugee status in 2014. The Bulgarian public responded to these issues with a great deal of support, both in terms of donations and volunteer effort.

CSOs' access to funding improved slightly in 2014, but only due to short-term foreign support, as opposed to a long-term change in the funding environment. Funding under the European Economic Area (EEA)/Norway grants and the Bulgarian-Swiss Cooperation Program is scheduled to end in 2015, and the only institutionalized state support to CSO initiatives continues to be sectoral funds administered by a few ministries.



In 2014, 1,446 new associations and 283 new foundations were registered, bringing the total number of registered organizations to almost 40,000.



The legal environment governing CSOs in Bulgaria deteriorated in 2014, largely due to the worsening implementation of the law and delays in implementing the Strategy for Support to the Development of Civil Society Organizations.

CSOs in Bulgaria register through the regional courts. The process is not burdensome or expensive. The law clearly prescribes the internal governance rules for CSOs as well as the circumstances under which the state (through the courts or other state bodies) has the right to be involved in CSO operations. The law also clearly prescribes reporting requirements for CSOs.

While the law on registration and operation of CSOs has not significantly changed, judicial interpretation of the law is becoming more restrictive and sometimes goes beyond the letter of the law. In one rejection of a CSO’s registration, the court said that “behind the modern terms and words [of the organization’s stated purpose], there is emptiness,” despite the fact that the law does not give the courts the right to evaluate an organization’s purpose. In addition, while the registration process is supposed to be quick, there have been cases of significant delays. For example, the National Network for Children waited for over a year to register a change of address and new statutes, as the court continued to request additional documents.

There were some examples of administrative harassment in 2014, particularly against organizations protecting human rights. For example, the Bulgarian Helsinki Committee’s access to refugee centers was revoked because the Committee supported a critical Human Rights Watch report.

Though the first-ever Strategy for Support to the Development of Civil Society Organizations was adopted in 2012 and the interim government expressed willingness to act, the administration’s short tenure and the lack of a parliament prevented implementation of the Strategy for most of 2014. As a result, no steps were taken to implement the Strategy until November 2014, when the new government came to power. Draft amendments to the Nonprofit Legal Entities’ Act were published in mid-November for public consultation. Proposed changes included the creation of a Council for Civil Society Development and a Fund for Supporting CSOs, as well as improvements to the processes of registration and updating information in the Central Registry for public benefit organizations with the Ministry of Justice.

In 2014, the Ministry of Healthcare introduced a draft regulation on the Fund for Medical Treatment of Children Abroad. The regulation would demote the Fund Public Council’s CSO members to observers, thus eliminating their right to vote on proposals. CSOs believe this regulation is a reaction to CSOs’ criticism of the Fund’s director, who resigned in February after a year in office.

Corporate donors can deduct up to 10 percent of their profits for donations to public benefit organizations, while individuals can deduct up to 5 percent of their annual incomes for such donations. CSOs are also

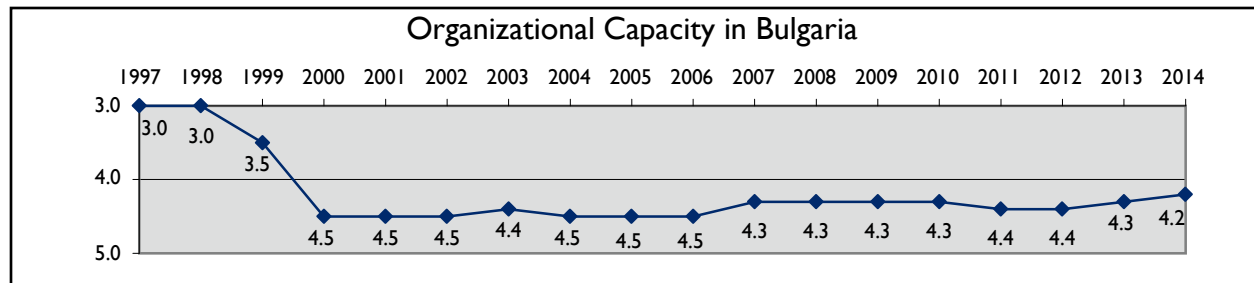


exempt from the donation tax levied by municipalities. Due to a new interpretation of the law by tax authorities, however, many municipalities have recently started requiring organizations to declare to the municipality every donation they receive, regardless of amount, even though the donations are not subject to municipal taxes. While the National Revenue Agency is working to develop a new form to allow one declaration for several donations, CSOs are still concerned about the authorities' intent and the burden of filing a declaration on non-taxable donations. This problem was solved with the amendments to the Local Taxes and Fees Law adopted in December 2014, which released public benefit organizations from the requirement to declare donations.

CSOs can engage in economic activities directly and earn income from the sale of goods or services. They can compete for public procurements, but some organizations have experienced delays in payments on government contracts, sometimes for years. The state also imposes bureaucratic burdens on the use of EU funds by refusing to accept expenses on spurious grounds (such as expenses that were for a roundtable as opposed to a seminar) and requiring the publication of announcements for all planned purchases, no matter how small.

There are few lawyers who specialize in CSO legal issues outside of Sofia. Instead, lawyers dealing with the registration and operation of commercial companies provide services to CSOs, although they often do not have the necessary knowledge.

ORGANIZATIONAL CAPACITY: 4.2



Local constituency building efforts remain weak. It is unclear to what extent CSOs realize the importance of involving people in their activities, although there are some organizations, like those involved in environmental protection, that connect with constituencies. Volunteerism is developing in Bulgaria, as demonstrated by the number of people who volunteered to mitigate the refugee crisis and flood damage in the summer of 2014. However, many of these activities were not associated with CSOs; rather volunteers organize themselves or are organized through campaigns run by TV stations or municipalities. CSOs do not have the capacity to manage all people seeking to volunteer, or even have initiatives that require a large number of volunteers.

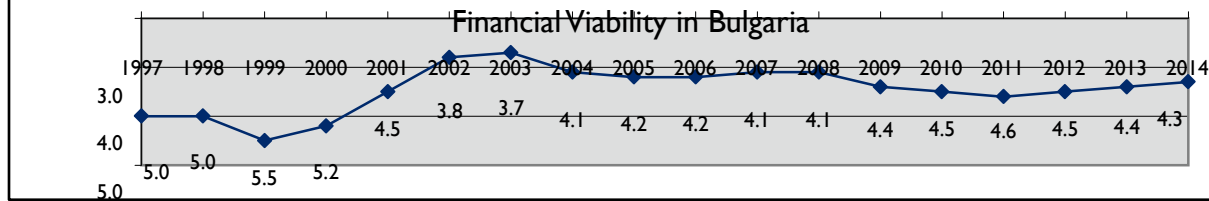
CSOs still do not engage in strategic planning because of their insecure finances. According to some donors, increased funding in 2014 prompted more organizations to undertake strategic planning.

According to an annual internal survey of the National Network for Children, CSO employment is decreasing. Staff frequently move from one organization to another due to organizational instability. The lack of core funding for staffing leaves some CSOs functioning essentially as project management institutions. It is still common for organizational staff to sit on boards of directors. Moreover, because most organizations are still young, founders generally have significant influence on organizational operations.

CSOs have offices only when they have projects to fund them. CSOs frequently use various information communication technologies, including social networks, and have access to inexpensive software.



FINANCIAL VIABILITY: 4.3



6.0

The two main international financial mechanisms—EEA/Norway Grants and the Bulgarian-Swiss Cooperation Program—provided more funding to CSOs in 2014 than in 2013. The latter provided more than 2.5 million BGN in 2014 (about \$1.4 million). The America for Bulgaria Foundation continues to be the largest private donor for CSOs in Bulgaria.

Several fundraising mechanisms have developed. The Workshop for Civic Initiatives has attracted more support for its donor circles, groups of people that meet periodically to make decisions on donations to various causes. SOS Children’s Village is trying to introduce face-to-face fundraising, or street collections. Yatoto.com, a new social network in Bulgaria, aims to provide funds collected through advertisements to various social causes.

According to annual research by the Bulgarian Donors’ Forum, the number of donations to various institutions decreased overall in 2013, the most recent year for which data is available, but the amount of corporate donations increased from €8.8 million in 2012 to more than €9.5 million in 2013. The portion of corporate donations going to CSOs as opposed to state-run healthcare, social, cultural, and other institutions increased from 25 percent to 37 percent. Donations from individuals to CSOs also increased in 2013, reaching €1.1 million and constituting 55 percent of all individual donations.

Despite these developments, funding diversification is limited for most CSOs. With the exception of CSOs providing social services, CSOs—particularly those working in the area of human rights—have no long-term financial stability. Thus, when foreign funding diminishes, CSOs suffer serious financial blows.

The state budget does not allocate funding for CSO initiatives, with the exception of funds to a set list of organizations that includes the Bulgarian Red Cross, the Union of Blind People, and the Rila Monastery, among others. Some ministries provide funds, but these are limited or for very specific types of activities. Funding is also limited at the municipal level. EU operational programs primarily fund service-providing CSOs.

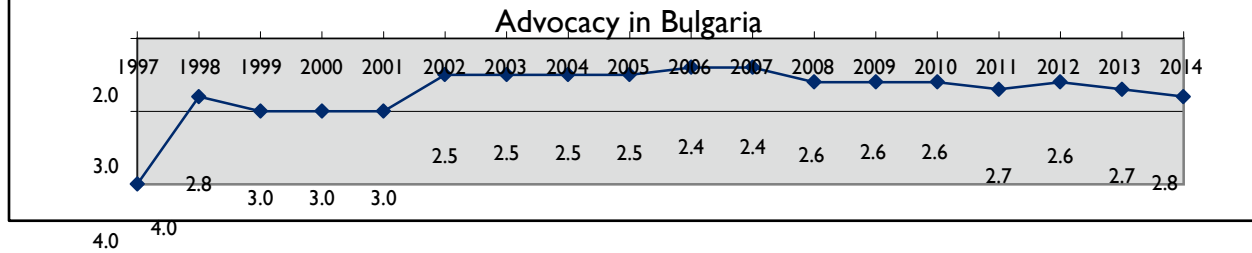
Membership fees are not a substantial source of income for most CSOs. Many full members of the Civic Participation Forum decided to downgrade to associate members in order to avoid paying membership fees when the Forum registered as a legal entity.

Economic activities continue to be a limited source of CSOs’ income. For example, under the EEA/Norway grants program, only about 20 percent of CSOs have declared that they engage in economic activities. CSOs fail to understand the purpose of economic activities and many even consider profits undesirable. CSOs also fear that engaging in economic activities will discourage the public from donating to them.

All CSOs are required to prepare financial reports and submit them to the National Statistical Institute. They are also required to publish these online. More than 10,000 registered CSOs—about a quarter of the registered sector—submit these reports, which might demonstrate the number of active CSOs in the sector.



ADVOCACY: 2.8



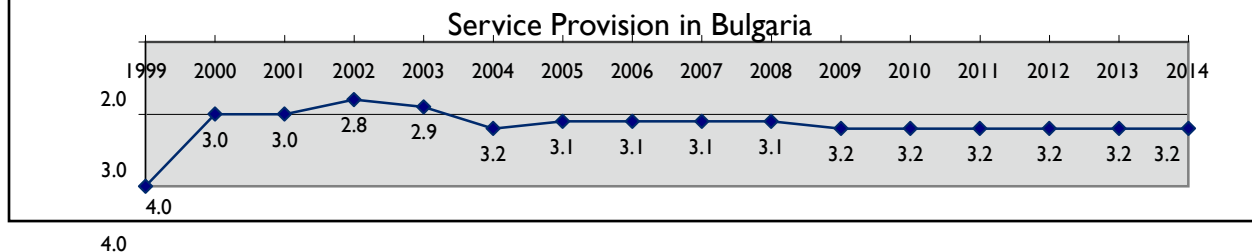
CSOs continue to lack clear channels to influence government decision-making. In 2014, there were almost no CSO policy initiatives or lobbying efforts due to tense relations between CSOs and the previous government.

CSO-government cooperation is better at the local level than the national level. For example, the Troyan municipality organizes a public forum to decide on spending priorities for a portion of its budget. According to CSOs, some existing cooperation mechanisms are ineffective because CSO input does not seem to influence the decisions made or policies adopted. For this reason, several CSOs have left the Civic Council under the Supreme Judicial Council, which incorporates civic organizations into discussions affecting the highest body of the judicial system that appoints all judges. Many CSOs considered the Civic Council of the Committee on Interaction with Civil Society Organizations and Movements that existed in the previous parliament to be ineffective. Moreover, implementation of the CSO Strategy was stalled again in 2014. A large CSO coalition organized a debate on the Strategy’s implementation, but no high-level officials attended, despite numerous invitations.

Without any consultation with CSOs, the government adopted a procurement regulation for EU grant programs requiring all grant recipients to announce public tenders for all purchases with grant funding, regardless of their value. After CSOs advocated against the regulation, it was amended, and now requires recipients to issue tenders only for purchases above a certain threshold.

Several CSOs continued their efforts to include CSOs as beneficiaries in the Operational Program for Good Governance for the period 2014-2020 and to incorporate a specific objective related to citizen participation in order to ensure funding for CSO initiatives. Even though their proposals were accepted, the amount of funding allocated for this program was insufficient to ensure real results.

SERVICE PROVISION: 3.2



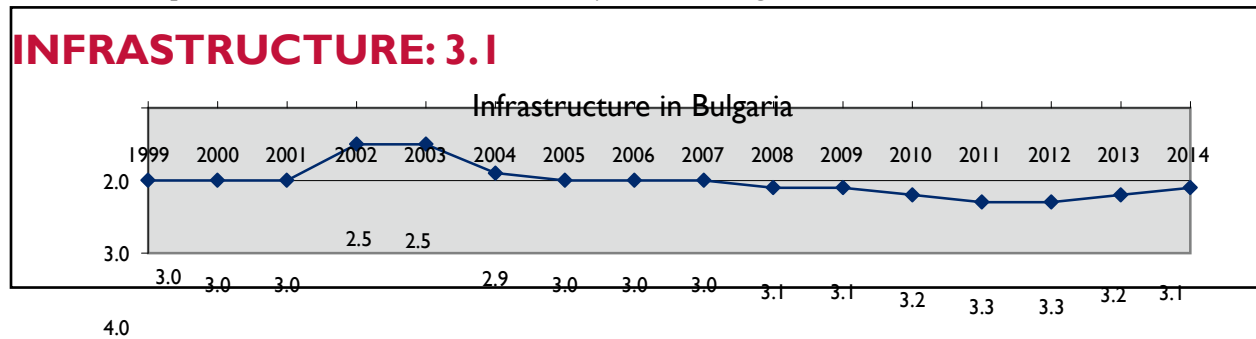
According to the NGO Information Portal, social services, education, and culture are the fields in which the largest numbers of CSOs operate. For example, CSOs operate daycare centers, provide social assistance for people with disabilities, early intervention for children with special needs, and foster care; provide training on various topics; and organize exhibitions, concerts, and cultural events. Social services provided by CSOs generally aim to satisfy the needs of vulnerable groups. CSOs often innovate and develop new services to



better satisfy existing needs. Most CSOs serve a broader group of clients outside of their membership.

CSOs do not typically charge beneficiaries for products and services. The public expects CSOs to provide their products and services for free. At the same time, CSOs focus more on achieving project results, rather than recovering costs.

The national government does not always view CSOs as potential service providers. For example, CSOs are still not allowed to provide health services. At the local level, authorities are still sometimes reluctant to transfer public services to CSOs since the municipality would then need to lay off personnel. Nevertheless, more than 20 percent of all social services funded by the national government are contracted to CSOs.



CSO networks have largely adopted the role of intermediary support organizations and resource centers for the sector. Both the Civic Participation Forum and the National Network for Children, two of the largest CSO networks in Bulgaria, support their members with information, consulting, and training.

There are a few local grantmakers in Bulgaria, including several community foundations and some organizations that re-grant mostly foreign or corporate funding. Local grantmakers also try to assist their grantees. For example, the Open Society Institute and the Workshop for Civic Initiatives, which both manage EEA/Norway Grants in Bulgaria, provide funding for capacity building and organize training events for their grantees.

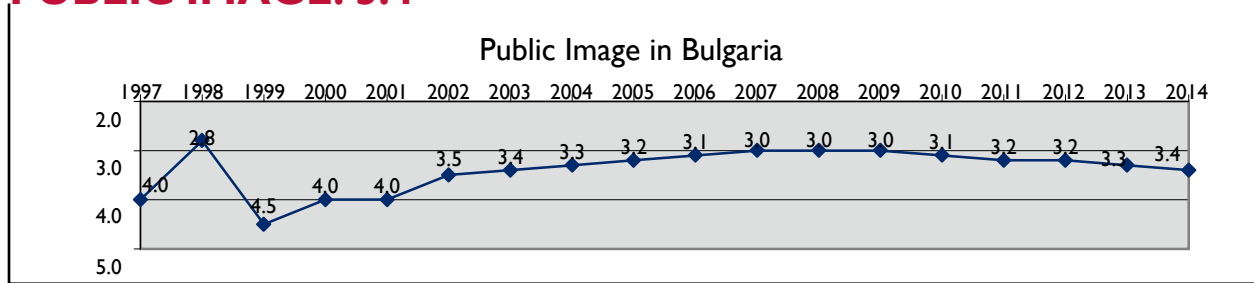
Organizations increasingly see the benefits of joining CSO networks and coalitions. Besides the networks already mentioned, the Official Development Assistance (ODA) Platform has an agreement with the Ministry of Foreign Affairs to support the Bulgarian government’s ODA program. During the consultation process for the new programming period for EU programs (2014-2020) in Bulgaria, the major networks, including the National Network for Children, the Bulgarian Donors’ Forum, and the Civic Participation Forum, jointly defended the interests of CSOs on several programs.

Training for CSOs is not sufficient, especially for organizations outside of Sofia. In general, if trainings are not donor-supported, it is difficult to find CSOs able to pay for them. The most typical trainings include basic CSO management and strategic planning, but there have also been trainings in fundraising, business planning, and other topics.

Intersectoral partnerships are growing in Bulgaria. For example, CSOs, companies, and individuals are part of the Just Home coalition initiated by Habitat Bulgaria, which provides homes for marginalized people. The Tulip Foundation continues to support a Bulgarian bank to develop a volunteer program.



PUBLIC IMAGE: 3.4



Bulgarian media outlets traditionally are more interested in negative stories. Some media defended the previous government and continued to write negative stories about CSOs involved in the protests in 2013. CSOs were called “sorosoids” (referring to recipients of Soros funding and essentially meaning foreign agents) in several official publications, undermining their public image. Only some CSOs responded to these attacks, while other decided that reacting would only hurt their organizations.

A large part of the public continues to have a weak understanding of the work of CSOs. Movements that began in civil society transformed into political parties; which created confusion and undermined the image of the sector. According to an annual study by the Center for the Study of Democracy, CSOs are among the groups in society that the public believes is corrupt.

Local governments consider CSOs to be stable partners, while at the national level, government views of CSOs vary. Some institutions, such as the Ministry of Labor and Social Policy, see the benefits of working with CSOs and involving them in decision-making processes, but government institutions frequently react negatively to CSO criticism. The business sector views CSOs as partners in their corporate social responsibility initiatives, as demonstrated by the increased level of corporate donations to CSOs in 2013.

While CSOs try to publicize their work, many of them lack the skills and knowledge needed to communicate effectively with the media. One exception to this general trend is the few larger organizations that engage in public fundraising. Small organizations do not have the resources to devote a staff member to media relations. Moreover, most CSOs are not inclined to spend funds on public relations because they believe that their accomplishments will naturally attract media coverage and public visibility. While CSOs generally use Facebook as a standard communication tool, a large portion of the population can be reached only through traditional media to which CSOs have more limited access.

Organizations are required to publish annual reports and active organizations generally do so. There is still no serious attempt at self-regulation for the sector, and no widely accepted CSO code or standards of ethics.