

BULGARIA



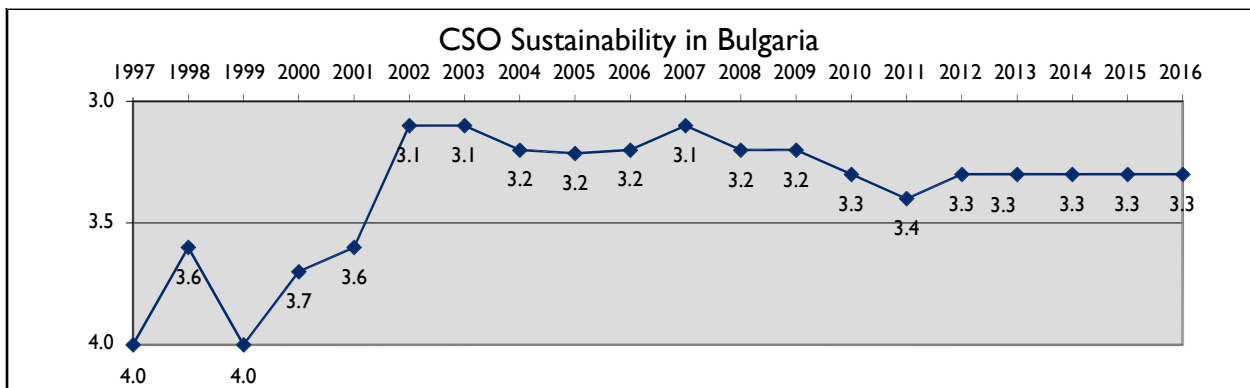
Capital: Sofia

Population: 7,144,653

GDP per capita (PPP): \$20,100

Human Development Index: 56

CSO SUSTAINABILITY: 3.3



Bulgaria continues to be the poorest country in the European Union (EU). According to Eurostat, as of 2015, Bulgaria had the highest risk of poverty or social exclusion (41 percent of the population), and the highest rate of people who are “severely materially deprived” (34 percent).⁷

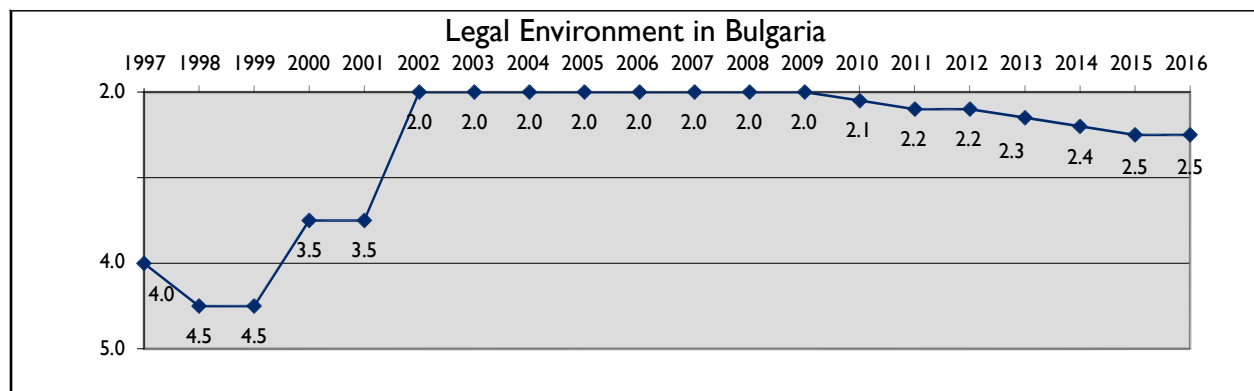
In 2016, Bulgaria continued to deal with the refugee crisis stemming largely from the war in Syria. In a public poll conducted by Alpha Research in September 2016, 61 percent of respondents identified refugees as the second biggest outside threat to the country, after international terrorism. According to almost half (43 percent) of respondents, the government should have a firmer policy towards refugees. A survey conducted by the Open Society Institute (OSI) in July 2016 found that hate speech has also increased in Bulgaria over the past few years.

⁷ <http://ec.europa.eu/eurostat/documents/2995521/7695750/3-17102016-BP-EN.pdf/30c2ca2d-f7eb-4849-b1e1-b329f48338dc>

Overall CSO sustainability did not change in 2016. Advocacy improved somewhat: amendments to the Law on Normative Acts created clearer standards for public participation in the law-making process and CSOs continued to organize advocacy campaigns actively. Financial viability, on the other hand, worsened slightly with the conclusion of two major funding programs. In 2016, there were some negative media campaigns against CSOs, particularly environmental organizations. CSOs are often the drivers of change, including as defenders of the rights of minorities, migrants, and other marginalized groups, and hence are often seen as the enemy, especially by nationalist groups. This has led to a public debate as to whether CSOs—especially foreign-funded organizations, which are often accused of representing foreign interests—are beneficial for Bulgaria.

There are more than 47,000 CSOs registered in Bulgaria. In 2016, 1,579 new associations and 370 new foundations were registered.

LEGAL ENVIRONMENT: 2.5



There were both positive and negative developments affecting the legal environment in which CSOs operate during the year. While CSOs had increasing problems with registration during the year, amendments to the Law on Non-Profit Legal Entities (hereinafter referred to as the CSO Law) were adopted in September that should address these deficiencies.

Registration under current procedures continued to worsen in 2016. Judges more frequently considered criteria outside the scope of the law when making registration decisions, leading to significant delays in the registration process. In addition, in some cases, registration was denied on spurious grounds. For example, in 2016 some CSOs' registrations were denied because the judge questioned the feasibility of the organization's objectives or determined that its sole reason for establishment was to attract funds, or because an organization's name was in a foreign language. In addition to the court registration, any change in the board of directors or the official representative of a CSO still requires registration in the Bulstat registry, as well as the Central Registry if the CSO is a public benefit organization.

Steps are finally being taken to address these issues. In September 2016, following a prolonged advocacy campaign and numerous public consultations, the parliament adopted amendments to the CSO Law. The amendments aim to speed up registration, which currently can take more than a month to complete. Under the new provisions, registration is expected to take just three days, and registration authority will move from the courts to the Registration Agency, an independent agency under the Ministry of Justice where companies also register. The amendments will also make it easier for CSOs to register changes to organizational statutes and board members. In addition, the law foresees the creation of a special budget line for CSO projects and a Civil Society Development Council, a consultative body on CSO policy chaired by a Vice Prime Minister. The amendments also call on the government to regularly adopt strategies to support the development of CSOs,

although it does not establish a set time period for these strategies. The new provisions will not take effect until January 1, 2018, so their impact remains to be seen.

Another positive legal development is the amendment to the Law on Bulstat, which prohibits banks and other institutions from demanding proof of registration from CSOs, as this information is now available online. However, many of these institutions have not yet changed their internal procedures to comply with this new provision. Also in 2016, amendments were adopted to the Law on Normative Acts which improve the regulations for public consultations and regulatory impact assessments.

Despite the positive legislative changes, some CSOs—particularly environmental organizations—were subject to administrative impediments in 2016. For example, based on unsubstantiated allegations published in a newspaper, the Prosecutor’s Office ordered a state audit of several environmental CSOs’ EU-funded projects. While newspapers previously published negative articles about environmental and other CSOs, this is one of the few cases in which the state acted on such publications. The state institutions responsible for managing EU funds did not defend the accused CSOs even though they had approved the CSOs’ projects and activities and monitored project implementation.

The Bulgarian Helsinki Committee, which monitors human rights, also experienced difficulties in 2016. First, the Ministry of Labor and Social Policy declined to renew the contract that gave the Committee access to specific state-owned social institutions that it monitors. Second, in late October, the chairperson of the Committee was attacked by two unknown persons. This is the first publicly reported physical attack against a high-profile human rights activist.

During the year, the State Agency for National Security started to penalize CSOs that did not prepare and submit internal rules against money laundering within four months of registration. Many CSOs are not aware of this deadline and therefore sometimes do not fulfill the requirement in a timely manner. The Agency has issued fines of about €1,000 for such delays, which is burdensome for many new organizations. Meanwhile, most for-profit companies are not required to submit any anti-money laundering rules.

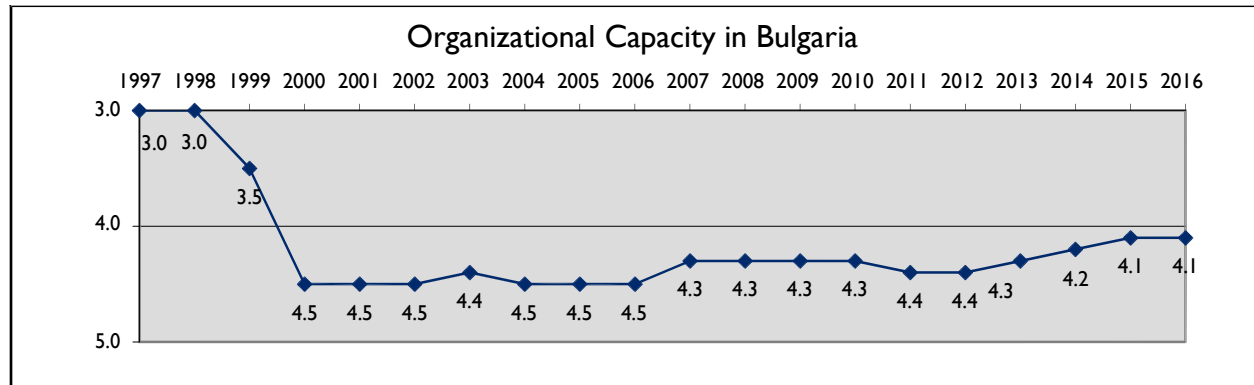
A new Law on Counterterrorism was adopted by parliament in December 2016. The law, which will enter into force six months after its promulgation, will allow for a CSO to be terminated if the Council of Ministers places it on a terrorist financing list or if there is information that it engages in terrorist activity, as defined in the law. Such proceedings can only be initiated by the chief prosecutor. A CSO does not have the right to remedy the violation prior to termination, a right that exists in other cases in which termination is sought. The parliament also continued to discuss the draft Law on Advocates, which would limit the possibility for CSOs to provide legal aid. However, this law was not adopted during the year.

CSO income from donations, grants, and membership fees is tax-exempt. Tax deductions are available for donations to public benefit organizations within certain limits: up to 10 percent of the profit of corporate donors, and up to 5 percent of the income of individual donors. However, donors can receive even higher deductions by donating to certain state institutions instead, placing CSOs at a disadvantage. In October 2016, the parliament amended the VAT law to allow companies to make VAT-exempt food donations to food banks.

CSOs are allowed to earn income and provide goods and services for a fee. They can participate in public procurements, but applications often require CSOs to meet requirements that do not apply to them in practice. For example, tenders often require submission of a declaration listing the organization’s owners, which CSOs do not have, reflecting the administration’s lack of interest in taking the specificities of CSOs into account.

Both CSOs and lawyers have limited knowledge of the legal framework for CSOs. Lawyers generally do not have the expertise to provide help on more complex CSO-related cases.

ORGANIZATIONAL CAPACITY: 4.1



While many CSOs understand the need to build a loyal core of supporters, some organizations, especially smaller ones, find it difficult to focus on attracting supporters as they are worried about their mere survival. According to OSI research,⁸ only around 20 percent of the population is a member of any type of CSO, including sports clubs, trade unions, and political parties.

Few CSOs engage in long-term planning. According to the National Youth Forum, less than 20 percent of its forty CSO members have some form of written strategy and plan more than two or three years into the future. Many CSOs recognize the need to change their strategies, for example, by conducting more public outreach, but are unable to devote resources to such purposes because they mainly receive project funding and lack institutional support.

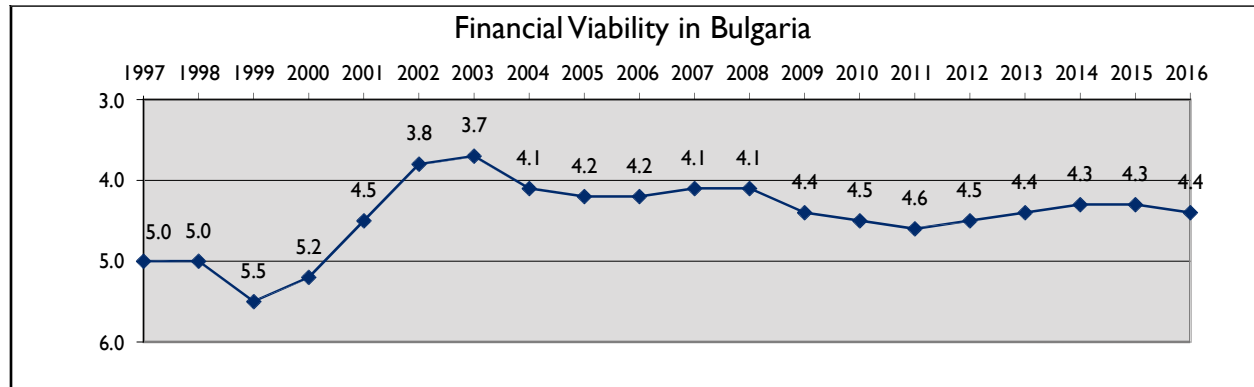
Most boards of directors are still not very involved in the activities or actual governance of CSOs. In some organizations, staff members serve on boards of directors.

According to the National Statistical Institute, the number of people employed in CSOs increased from 22,905 in 2014 to 27,040 in 2015. Nonetheless, CSOs find it difficult to attract employees, as they cannot offer the long-term stability and high salaries that other sectors do. The level of volunteerism in the country is generally low and according to CSO experts, negative media campaigns against the sector have made it more difficult for CSOs to attract volunteers and members. According to the 2016 World Giving Index, only 7 percent of the population in Bulgaria volunteered in 2015, compared to just 4 percent in 2014. Despite this, in 2016, Caritas organized a campaign to engage volunteers in Sofia to help refugees integrate into society better. This effort was recognized as one of the best volunteer campaigns in the 2016 Volunteer Initiative Awards, organized by the National Alliance for Voluntary Action and the Tulip Foundation.

The advancement of technology has provided CSOs with cheap access to high-quality equipment and Internet access. Microsoft donates its software to CSOs through Techsoup. CSOs frequently use social networks (primarily Facebook) to promote their activities. While CSOs often find it too expensive to rent offices, they increasingly utilize co-working spaces, such as the NGO House in Sofia.

⁸ <http://www.ngogrants.bg/public/portfolios/newsItem.cfm?id=282> ; Democracy and Citizen Participation. Public Attitude Towards Democracy, Rule of Law and Main Human Rights in 2016; 28 February 2017

FINANCIAL VIABILITY: 4.4



CSO financial viability declined slightly in 2016, as two of the sector’s foreign sources of funding—the European Economic Area (EEA)/Norway grants and the Bulgarian-Swiss Cooperation Program—stopped awarding new grants. The EEA/Norway program, which has provided more than €10 million in grants to Bulgarian CSOs since 2013, is expected to have a new program cycle, but not until the end of 2017 at the earliest. No information is available on whether the Bulgarian-Swiss Cooperation Program, which provided more than €6.6 million since 2012, will resume funding. America for Bulgaria Foundation remains the biggest donor for CSO projects, especially in the fields of democracy and rule of law. In 2016, America for Bulgaria Foundation approved grants to sixty-two CSOs valued at more than \$9 million, and disbursed over \$10 million to ninety-four CSOs.

Some EU operational programs issued calls in 2016 for which CSOs were eligible. However, the special program supporting citizen participation under the EU Good Governance program was postponed for a third consecutive year. This program is supposed to have a separate fund dedicated to CSO projects, but because of a debate on how the program will be managed, specific steps to start the program were only taken at the end of 2016. The operational program Science and Education for Intelligent Growth delayed signing some contracts with CSOs when it became evident that several shortlisted candidates had the same address, objectives, and people in their management. Moreover, many CSOs are concerned that most EU calls for proposals apply the so-called de minimis rule for state aid (which limits EU grants to an individual organization to €200,000 over a period of three years to ensure that market competition is not compromised by improper state support to specific entities). Under this approach, CSOs are subject to a de facto funding ceiling. CSOs argue that most of the programs for which they apply should not be considered state aid as they do not support economic activity.

State funding to the sector remains limited. The State Gambling Commission, which provided €1 million for CSO projects in 2015, did not release a new call in 2016. A February 2016 article on standartnews.com claimed that most of the grant recipients in the 2015 competition did not have any previous history (two were newly established) and some of the organizations were linked to gambling companies. In December 2016, amendments were adopted to the Law on Gambling to channel funding from the State Gambling Commission to the Ministry of Youth and Sports. On a positive note, in 2016 the CSO Law was amended to create a special budget line to finance CSO initiatives on a competitive basis. Funding amounts and conditions for distributing the funds are not clear yet, as the law will enter into force only in 2018. At the municipal level, local authorities, mainly in large cities, continue to provide a portion of their budgets for CSO projects.

CSOs try to diversify their funding and recognize that corporate and individual donors are important in this regard. However, robust data on donations to CSOs is lacking. The most recent data from tax authorities shows that corporate donations increased by 22 percent to over €23 million in 2015. However, tax authorities have stopped differentiating between donations to various types of recipients, such as CSOs, state hospitals, and social institutions; thus it is unclear what portion of this amount went to CSOs. A number of large com-

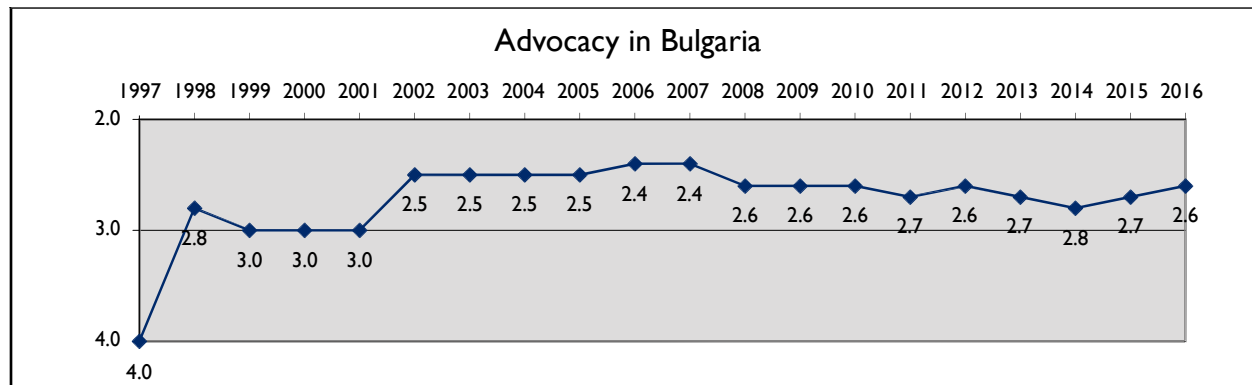
panies support CSOs. For example, Telus International Bulgaria provided €74,000 to twenty CSOs through its Community Board; Google supports a number of CSOs through its Google AdGrants, which includes an advertising package worth \$10,000 a month; and Vivacom continues to provide grants for a wide variety of CSO initiatives that address local needs throughout the country.

According to a survey conducted by the Bulgarian Donors' Forum,⁹ individual donations decreased in 2015 by 19 percent to around €3.15 million. The two most important donation methods for individuals are SMS donations (which account for around 40 percent of the total amount of donations) and donation boxes, as both are easy and anonymous. According to the 2016 World Giving Index, the percent of Bulgarians that donated money to charity decreased from 27 percent in 2014 to 13 percent in 2015.

CSOs consider engaging in economic activity to generate income, but most CSOs find it difficult to change their traditional grant-recipient approach and be more entrepreneurial. Membership fees are not a substantial source of income for most CSOs.

The law provides clear accounting requirements for CSOs. CSOs must differentiate between various types of income and expenses, as well as submit annual reports to the National Statistical Office and tax declarations to the tax authorities if they engage in economic activities. According to the National Statistical Office, more than 13,000 CSOs submitted financial reports in 2015.

ADVOCACY: 2.6



CSO advocacy improved in 2016 with the adoption in April of amendments to the Law on Normative Acts. The amendments require the publication of the government's agenda to change existing or adopt new laws; extend the timeline for public consultations on draft laws from fourteen days to thirty days, except in special cases when only fourteen days is required; require all drafts to be published in a single government portal for public consultations; require a list of proposals received and reasons for proposals not being adopted to be published online; and require a regulatory impact assessment for any amendment or adoption of legislation. While the government initiated the process of developing these amendments, CSOs were heavily involved in and supportive of the process.

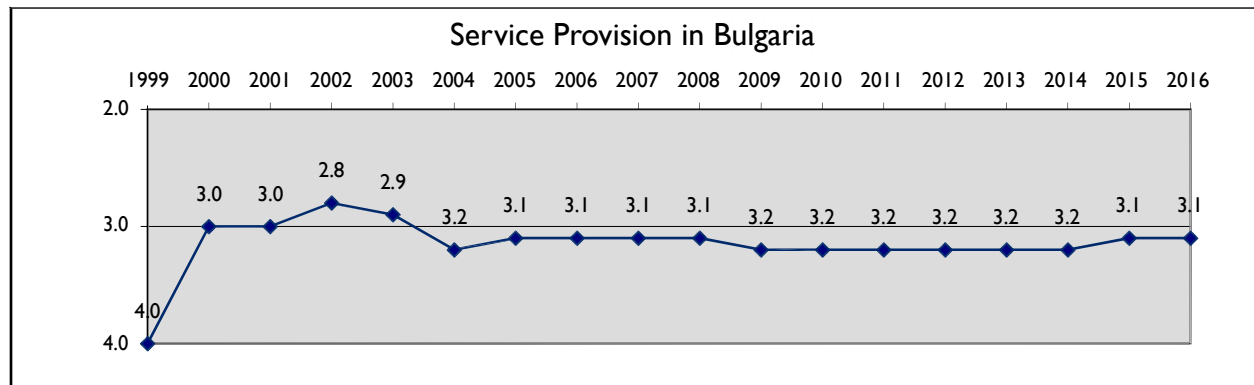
CSOs organized a number of awareness-raising and advocacy campaigns in 2016. For example, WWF organized a campaign to protect Pirin mountain. The Children Without Bars campaign, which called for reform of the juvenile justice system, continued in 2016, collecting almost 5,000 signatures for an online petition. While the Ministry of Justice developed a draft law addressing the concerns raised by the campaign, it was not supported by the government prior to its resignation in November 2016.

⁹ <http://www.dfbulgaria.org/wp-content/uploads/2016/10/Дарителството-в-България-2015-анализ.pdf>

On the other hand, CSOs' relations with public institutions continue to depend significantly on the attitudes of the state officials in charge, rather than institutional policy. Furthermore, CSOs often lack the resources and staff to be actively involved in decision-making processes. In 2016, cooperation between CSOs and policymakers advanced in some areas while it deteriorated in others. For example, during the development of the National Youth Program, CSOs were involved in a number of consultations and many of their recommendations were taken into consideration. On the other hand, no high level decision-makers attended the national meeting of the National Network for Children, an umbrella network of over 140 CSOs working on children's issues. Furthermore, some institutions harbor negative attitudes towards CSOs. For example, the rules of the Public Council of the State Fund for Treatment of Children were changed in 2016 to limit the involvement of CSOs. As a result, several CSO members of the Public Council resigned.

The amendments to the CSO Law resulted from a two-year long advocacy campaign by a group of CSOs, including the Bulgarian Center for Not-for-Profit Law (BCNL), the Bulgarian Donors' Forum, the Citizen Participation Forum, and the National Network for Children. These efforts were supported by the Public Council of the Parliamentary Committee for Interaction with Civil Society and Citizen Complaints, which BCNL chairs and the Citizen Participation Forum and National Network for Children are members of. While the parliament did not take all of the Public Council's decisions into consideration, at the initiative of the Public Council, members of the Parliamentary Committee introduced key proposals that led to the amendments to the CSO Law.

SERVICE PROVISION: 3.1



CSOs provide a wide range of services in social welfare, education, culture, and other fields. Examples include care for the elderly, homes for children with disabilities, and assistance at refugee camps. CSOs also provide expert services such as research, analysis, and consulting. Donor-funded services are based on assessments of the needs of CSO constituents, while paid services clearly respond to market needs.

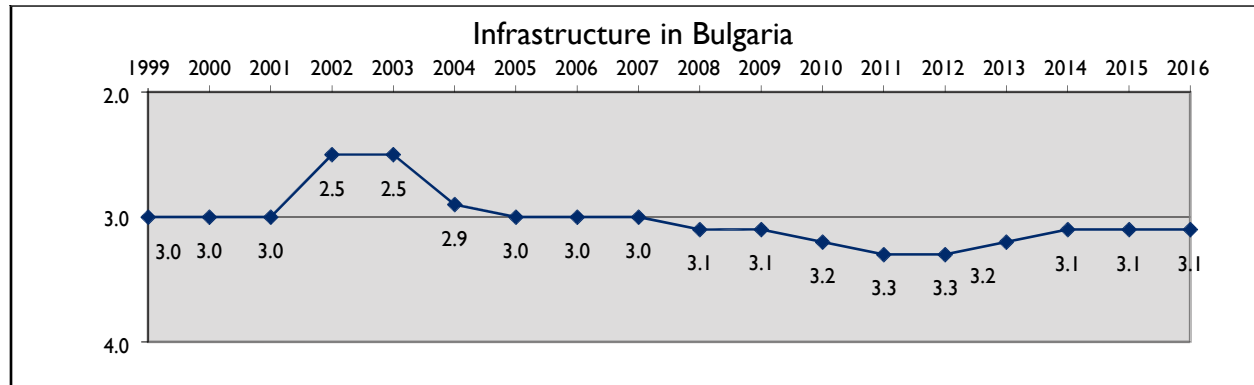
While some services are supported by grant funds from international and corporate donors, many services rely on funding from national or local government bodies through social contracts (such as services in the social area) or public procurement (including research and training). For example, the government contracts OSI to conduct a rating of Bulgarian universities. Many CSOs are learning to market their services and are increasingly charging participation fees for trainings they organize.

Although the parliament amended two laws in 2015 to allow the government to contract with CSOs for medical and educational services, the government has not used this new opportunity to date. In practice, such contracting might be difficult to implement. For example, potential service providers in education must meet certain ISO standards, which is a significant burden.

Municipalities are not eager to contract with CSOs for foster care services. Moreover, it is not clear if authorities are willing to share responsibility with CSOs even for traditional social services. While there are examples

of municipalities that contract out many of their services to CSOs, there are also a number of cases where the level of partnership between CSOs and municipalities is extremely limited. For example, while Sofia contracts twenty-nine out of fifty-two services to CSOs, Plovdiv only delegates three out of forty-four social services to CSOs.

INFRASTRUCTURE: 3.1



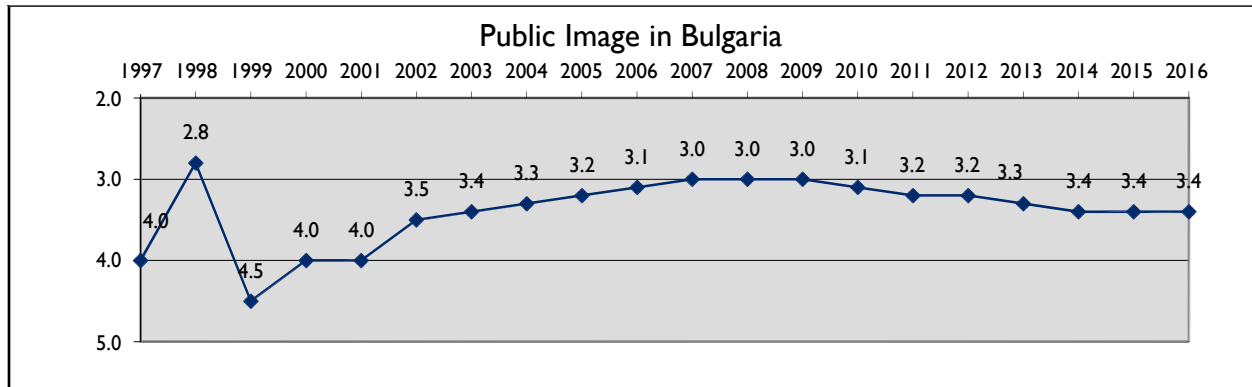
Some larger networks—such as the National Network for Children, the Citizen Participation Forum, and the National Youth Forum—act as intermediary support organizations, providing information, consultancy services, and training to their member organizations. In addition, some expert organizations act as resource centers and provide assistance to other organizations. For example, the Bulgarian Donors’ Forum provides assistance in the area of philanthropy. BCNL provides consultations and trainings to CSOs on the laws affecting their work; maintains the NGO Information Portal; and operates the NGO House, a co-working space for CSOs.

A number of local organizations distribute corporate or foundation funds. OSI was the local operator of the EEA/Norway grants together with the Workshop for Civic Initiatives Foundation (WCIF). WCIF also manages some corporate funds, including from SAP Labs and Eurofootball. The Trust for Social Achievement receives funding mainly from the America for Bulgaria Foundation. BCause (formerly the Bulgarian Charities Aid Foundation) also manages corporate funds, in addition to developing payroll giving for specific organizations.

CSOs have access to a number of trainings, of which some are fee-based, and others available at no charge. BCNL organizes an annual CSO Summer School, a five-day training program for civil society activists covering the basics of CSO operations. There are also advanced trainings in specialized topics such as advocacy, business planning, and fundraising. Both trainings and training materials are available in Bulgarian.

There are various examples of partnerships between CSOs and the media, business, and government sectors. For example, in 2016 the National Alliance for Voluntary Action (NAVA) continued to operate a social enterprise for sewing with the help of a municipality, which provided an office; another CSO, which provided funding for equipment; and a business, which provided scholarships. Reach for Change and NOVA TV continue to work together to support social entrepreneurship: Reach for Change organizes a competition for social enterprises targeting children, while NOVA promotes the program, provides funding for it, and involves its employees as mentors.

PUBLIC IMAGE: 3.4



While many media outlets, both public and private, provide coverage of CSOs and feature their activities and achievements, another large group of media outlets—especially privately-owned newspapers and online media—are part of a campaign against CSOs. In 2016, such media outlets actively campaigned against environmental organizations, referring to them as “the green octopus.” The same media outlets attacked foreign-funded watchdog organizations that often take critical positions towards the government. Media outlets at the local level, on the other hand, cooperate with CSOs and try to showcase their activities.

The public image of CSOs is not very good. According to a survey on public attitudes towards democracy, rule of law, and fundamental human rights carried out by OSI in 2016, only one-third of respondents trust CSOs. On the other hand, according to the same survey, trust in CSOs is higher than trust in political parties or the government.

Businesses and many government authorities partner with CSOs, indicating a positive attitude towards the sector. There are, however, examples of companies or authorities that are hostile towards specific CSOs. For example, there is often conflict between environmental organizations and businesses investing in ski and tourism infrastructure.

CSOs try to promote their activities. Bigger organizations invest in building relationships with mainstream media and try to involve them in their work. Smaller organizations predominantly rely on social media, as well as local media, to promote themselves.

CSOs are required by law to publish their financial reports online and they comply with that requirement. Most organizations also publish activity reports. Although some CSOs have developed individual codes of ethics, there is no generally accepted code of ethics for the CSO sector.