

**Bulgarian Center
for Not-for-profit Law**

**ANNUAL
REPORT
2009**





**BULGARIAN CENTER
FOR
NOT-FOR-PROFIT LAW**

**Annual Report
2009**



BCNL thanks for the financial support to:



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About Us

The Bulgarian Center for Not-for-Profit Law (BCNL) was established in July 2001 as a public benefit foundation and registered with the Central Register at the Ministry of Justice.

BCNL has established itself as the leading indigenous expert on non-profit organizations (NPO) legal and financial issues and an important resource center for NPOs throughout Bulgaria. BCNL focuses on legislative assistance to NPO-related issues, the implementation of NPO legislation, and capacity-building, as well as providing legal support services to NPOs.

Our activities include:

- Consultations on the general legal and tax framework of foundations and associations;
- Maintenance of an online database with updated NPOs legislation, a specialized NPO news section and e-newsletters, maintenance of an internet based forum as well as an accounting services database;
 - Registration and amendments to associations and foundations;
 - Preparation of legal surveys, analyses and documentation;
 - Organization of training dealing with the legal and the tax framework of NPOs - their management, economic activity, social services provision, advocacy;
 - Preparation of strategies and development plans for non-profit organizations.

BCNL Staff:

Ralitsa Velichkova, Director, Legal Expert in NGO Legal Framework;

Luben Panov, Program Director, Expert in NGO Legal and Financial Framework;

Pavleta Aleksieva, Program Director, Legal Expert in NGO General Legal and Tax Framework;

Alexander Yolovski, Financial Director;

Atanas Slavov – Legal Expert in NGO Legal Framework and Social Contracting;

Marieta Dimitrova, Legal Expert in Social Contracting and Antidiscrimination;

Lachezar Stanchev, Legal Expert in NGO Legal Framework.

BCNL Board of Trustees:

David Moore, Chairman, Vice President of the International Center for Not-for-Profit Law (ICNL);

Vyara Mukova, Treasurer, Attorney-at-Law;

Svetlana Georgieva, Member, Journalist;

Desislava Bizheva, Member;

Stephan Klingelhofer, Member, Senior Vice President of the International Center for Not-for-Profit Law (ICNL);

Ivo Hristov, Member, Associate Professor, Doctor of Juridical Science, Professor at Sofia University and Plovdiv University;

Ralitsa Velichkova, Ex Officio Member

What Happened in 2009

Dear Friends and Colleagues,

This past year was marked by the economic crisis which, undoubtedly, influenced the NGO sector in Bulgaria. As the crisis provides an opportunity to reconsider what happened and identify lessons learnt, it is also a possibility for development. Here is how we saw last year:

We again raised the issue of creating an NGO support fund. Such a fund would prove that the state has a policy on the development of the NGO sector. The creation of such a fund would enable NGOs working on EU projects to access short-term financing until the actual receipt of funds for project activities.

The development of the NGO sector, viewed from a different angle, was the focus of another initiative that took place in 2009 – the creation of a database of active NGOs. The results show that a significant number of registered Bulgarian NGOs do not operate actively. The reasons for this are to be analyzed. This analysis may, though indirectly, relate to another aspect which influenced NGO sector development – the project funded under the EU Operational Programs. Funds for NGOs under the Operational Programme Administrative Capacity (OPAC) were envisaged only at the launch of the program and no funds for such organizations are stipulated for 2009 (and 2010). This certainly does not help the sustainability of the NGO sector.

We also looked at the NGO sector development through the prism of the efficiency of the institutions which interact with the sector. We launched a project for assessment of the activities of the Central Registry of Non Profit Legal Entities at the Ministry of Justice. The idea behind this project is based on our belief that the availability of a functional and efficient registry boosts the transparency and accountability of public benefit NGOs.

In 2009, we drafted proposals for improving the consultation process involving citizens and organizations in the adoption of legislative and policy acts by the administration. The more important part related to the adoption of these rules by the administration is still ahead and we hope we will be able to do this in cooperation with other civic organizations whose missions and objectives incorporate actual civic participation in decision making.

With regard to legislative changes related to the sector, we focused on the Conflict of Interest Prevention and Disclosure Act. In one of our publications, we reviewed the models of NGO-municipality partnership through the prism of statutory regulations and restrictions which provide the framework but are not an obstacle for the successful continuation of local-level partnerships.

The number of our publications in 2009 increased and their topics vary from reviews of Bulgarian NGO legislation to overviews of good models of civic participation in decision making. Our website features information about the NGO legislation in several Black Sea countries as a result of our successful Black Sea Civic Society Law Fellowship Program launched in 2009.

On a more personal note, a young and very promising colleague joined our team and at the same time we had to say goodbye to our key expert in the area of social service reform – Nadya Shabani.

This is how 2009 looked in general terms. Referring back to my introductory words, I can say that we associated the crisis with development and with an opportunity to take new directions for – this we believe is the working model in the crisis period.

RESULTS OF OUR WORK in 2009

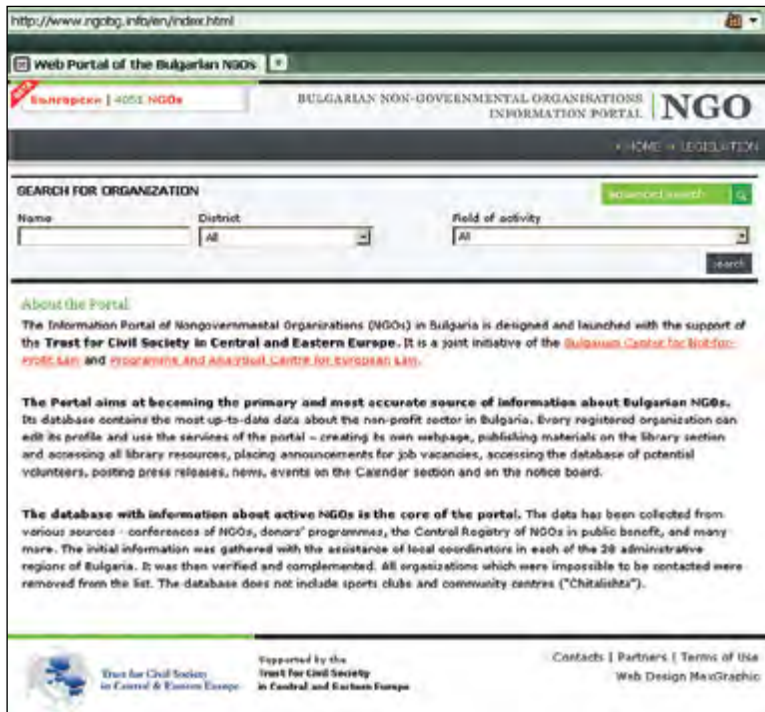
- Drafting a law for the creation of an NGO Support Fund;
- Creation of a national database of active Bulgarian NGOs;
- Preparation of a set of proposals on improving civic participation in decision making;
- Participation in a working group on the adoption of a new Law on Normative Acts;

Legitimacy through Visibility: Online Database of Active Bulgarian NGOs

One of BCNL's key initiatives in 2009, in partnership with the Programme and Analytical Centre for European Law (PACEL) Foundation, was the creation of the Bulgarian NGO Information Portal.

The purpose of the information portal is to become a platform for communication and presentation of NGOs before the public and the donors where active foundations and associations can, on their own, build and maintain their image, inform the public about their initiatives, update their data, receive up-to-date information about the NGO sector, and look for employees, volunteers and partners.

In the period January – September 2009, a large-scale research took place, summarizing information about more than 5,500 Bulgarian NGOs, included in reference books, existing thematic databases, lists of grantees under various funding programs, conference participants, etc.



The collected information was checked, supplemented and corrected with the assistance of a team of regional coordinators in the 28 districts of the country through personal contacts, by telephone or email.

Parallel to this process, the creation of the database and its website (www.ngobg.info) began. Our main goal is to offer a user-friendly application which will provide maximum information to the users. The official launch of the web portal took place on 22 February 2010.

www.ngobg.info offers:

Search of organizations – search based on 13 different criteria;

Calendar of events – each registered organization can publicize information about forthcoming events;

News – the website editor reviews media publications on a daily basis and makes a selection of the most interesting NGO-related events;

NGO careers – job and internship advertisements accessible to all visitors;

Publications – a free source of information by and about the sector;

Volunteers – volunteer advertisements by NGOs. Volunteer applicants will also be able to publicize advertisements in search of volunteering opportunities;

Press releases – each registered organization can prepare a press release based on a common template which will then be publicized on the website;

Create Your Own Website – a free opportunity for each registered NGO to create its own website.

And more...

Information about public procurement and grant competitions, questionnaires, a newsletter and numerous information materials.

Participation of NGOs in the Decision Making Process

Participation in working groups and legislative initiatives

The improvement of the legal framework for NGO participation in decision making continued to be a priority for the Bulgarian Center for Not-for-Profit Law in 2009. Our efforts in this direction included the participation of BCNL experts in the inter-institutional working group at the Ministry of Justice on the creation of a new draft of the Law on Normative Acts where they presented an opinion on the legislative drafting focusing on the forms and procedures of civic participation in the legislative process. The key provisions stipulated in the draft include: the regulation of a thirty-day period for public discussion of draft statutory instruments, the opportunity for NGOs to get involved in written consultations, discussions, surveys, joint working groups with the institutions. In addition, within thirty days from the finalization of the public consultation process, the agency which conducted the consultation shall publicize on the internet public information about the adopted and rejected proposals as well as the reasons for that.

A BCNL expert took part in the working meetings for preparing proposals aiming to regulate the activities of the public councils at the local level as part of the initiative of Balkan Assist Association. The proposals envisaged amendments to the Local Government and Local Administration Act, thereby strengthening, at the statutory level, public councils as a form of participation of local communities in local policy making. Later on, the proposals were discussed at a roundtable organized by the Ministry of Regional Development and Public Works.

During 2009 BCNL continued to monitor the lobbying draft legislation. Two draft Laws on Lobbying were introduced in Parliament which have different ideas and philosophy. One of them was targeting professional lobbying – influencing legislation against a fee, the other one had a more inclusive approach (qualifying as lobbying every contact with state officials with the aim of changing legislation). BCNL prepared an initial opinion and took part in the meetings of a leading committee in the Parliament responsible for the preparation of the legislative amendments between the first and second reading. Our main goal was to avoid any burdensome effects on NGOs and citizen initiatives in the field of advocacy of their rights and legal interests. In this respect we succeeded to promote the idea not to treat statements made during public discussions or statements provided at the request of institutions as lobbying activities. The public-benefit activities of not-for-profit legal entities aimed at improving legislation and supported by public institutions at the local, national, European or international levels shall not be considered as lobbying activities.

Civic Participation Forum

On 27 May 2009, the Civic Participation Forum was established in Sofia – an informal group of 55 NGOs from across the country aiming to improve civic participation in decision making. BCNL is one of the founders who took an active part in identifying the priorities and the structure of the Forum. BCNL participated in the working meeting of the Civic Participation Forum held in the town of Hissar in July 2009 and also in the joint meeting of all members in November 2009. In November, the Forum approved the main principles of civic participation drafted by the Bulgarian Center for Not-for-Profit Law which will serve as a basis for further discussions with administration representatives. At the meeting, Luben Panov from BCNL was voted co-chair of the working group on interaction with institutions at the central and local level and thus became a member of the Civic Participation Forum's Coordination Board.

In 2009, the Forum submitted proposals on improving civic participation to the Republic of Bulgaria's National Assembly and to the Council of Ministers and held meetings with the President of the National Assembly Ms. Tssetska Tsacheva and Ms. Romyana Bachvarova, Head of the Cabinet of the Prime Minister. The meetings were attended by a BCNL representative and discussed opportunities for joint initiatives.



Civic Participation Forum

Goals

The Civic Participation Forum aims to achieve the following goals:

- Strengthen civic participation in political decision making processes as an ongoing practice at the local, regional and central level.
- Impact and pressure on decision makers whenever they refuse the efficient involvement of citizens in the drafting and formulation of decisions and policies at the local, regional and central level.
- Well-defined and explicit legislative regulation of civic participation in decision making processes at all levels and concretely formulated obligations of decision makers to this end.

Structure

The Civic Participation Forum is governed by a Coordination Board composed of a Secretariat and the chairs of the Forum's working groups. At the joint meeting of members in November 2009, four standing working groups were set up. Each of them is chaired by two co-chairs and, as per the Forum's rules, at least 50% of the co-chairs come from outside Sofia.

Priorities

The meeting of the Civic Participation Forum held in July 2009 adopted the key priorities of the organization with regard to the National Assembly and the Council of Ministers. These priorities include as follows:

- Boost the transparency of the process of drafting and discussing draft legislation and strategies, including the adoption of clear-cut rules for public consultation with citizens and their organizations. These rules should be prepared by a joint working group including both NGOs and executive power representatives;
- Appoint contact persons from the administrations of the National Assembly and the Political Cabinet of the Prime Minister to assist the interaction between the NGOs and the administration;
- Assess the effects of the existing financial mechanisms for allocation of state funds to NGOs (e.g. Operational Program Administrative Capacity, annual state budget subsidies, etc.) and formulate joint proposals on enhancing their efficiency and transparency;

Ongoing visibility of Bulgaria's positions in the EU and active involvement of NGOs in the preparation and planning of the next 2014-2020 program period.

Standards and Rules for Policy Consultation with NGOs

In 2009, BCNL experts prepared an analysis of Bulgaria's existing legal framework on the forms and mechanisms for involving citizens and civic organizations in public policy making and legislation adoption; they conducted a comparative study of existing models of NGO involvement in the decision making processes in Central and Eastern European countries. Based on these two documents, BCNL came up with a Strategy Paper incorporating the different steps that should be taken to improve the NGO participation in decision making in Bulgaria. The results of our analytical activities and our ideas on strategic changes were presented and discussed with public institution and NGO representatives at a working meeting called "NGO Involvement in Decision Making" organized on 27 February 2009.



Subsequently, we set up a working group with representatives of the National Assembly, the Ministry of Labor and Social Policy, the Ministry of Health and the Ministry of Justice. The purpose was to draft standards and rules on consultation with NGOs of draft legislative and policy acts. In addition, a set of rules was drafted on nomination and appointment of NGO representatives in different con-

sultative boards and councils to ensure actual representation, clear-cut appointment criteria and efficient decision making. The drafted rules were presented at official meetings in the public institutions and support for their adoption was pursued. To examine the international experience in the field of NGO involvement in decision making processes and public financing of NGOs, in April 2009 BCNL organized a study trip to Croatia for representatives from public institutions and leading NGOs. Meetings were organized with representatives of the Civil Society Development Council at Croatia's Council of Ministers, MPs from the respective parliamentary committees, representatives of the National Civil Society Development Foundation, and active NGOs involved in decision making processes who shared their experience and good practices of civic participation, regulated at the national and local level.

Social Policies and Initiatives

BCNL experts drafted proposals on amending the Social Assistance Act (SAA) and its Implementing Regulation. The proposals focuses on the straightforward formulation of the mayor's powers in the competitions for outsourcing social services to external providers, the creation of a relevant regulation for direct contracting and the specification of the relations between hired staff and external providers after the social service is outsourced.

BCNL took part in a working group at the Ministry of Health to draft amendments to the Rules of Operation and Organization of the Fund for Medical Treatment of Children Abroad. The proposed draft Rules aimed to optimize the activities of the Fund in a way which is conducive to more efficient functioning and response to children's treatment needs. The draft also proposed an improved mechanism for involvement of NGOs as members of the Fund's Public Board.

A BCNL expert participated in an inter-institutional working group whose main purpose was to develop a policy document on the deinstitutionalization of the specialized institutions for children. The working group was composed of representatives of parents' organizations, children's service providers, other NGOs involved in the child protection policy making, and public institutions active in the social policy realm¹. The developed policy document outlines the context in which the deinstitutionalization process, its key principles and stages and pursued goals should take place. The concrete steps for closing down the institutions for children in Bulgaria were also identified. The draft of the policy document was ready in November 2009 and adopted by the Council of Ministers in 2010.

Social Policies Platform

In 2009, with the active participation of BCNL, a strategy paper on social services in Bulgaria called "White Paper – Effective Support through Social Services for Vulnerable Groups in Bulgaria. Key Principles" was developed. The document

¹ The Ministry of Labor and Social Policy, the Ministry of Education, Youth and Science, the Ministry of Health, the Social Assistance Agency, the State Agency for Child Protection.

was the basis of a project implemented by Social Policies Platform² funded by the Open Society Institute and the Trust for Civil Society in Central and Eastern Europe. BCNL took part in the presentation of the White Paper in the towns of Ruse and Lovech.

The White Paper reflects the vision of NGOs on successful social policy and aims to introduce a good governance concept resulting in effective social support. The principles set forth in it provide the main directions for formulation and implementation of an adequate social policy for support through provision of social services to vulnerable groups in compliance with EU standards.

At the same time, based on the assessment of the factual state of social policy in the framework of service provision in Bulgaria, specific recommendations were identified that should be adopted by the government in order to ensure the practical implementation of the stipulated principles.

The White Paper was presented and discussed by representatives of public institutions and more than 50 NGOs from across the country at a conference held on 26 November 2009 in Sofia. The event was attended by Mr. Phil Madden, Vice President of the European Association of Service Providers for People with Disabilities, who shared the British experience in implementing the principle of individual budgets in the social field.



European Association of Service Providers for People with Disabilities, who shared the British experience in implementing the principle of individual budgets in the social field.

² *Social Policies Platform* unites 15 NGOs active in the social sphere in Bulgaria: Samaryani Association; BCNL; SOS Children's Villages Bulgaria; For Our Children Foundation; Caritas Bulgaria; Initiative for Health Foundation; Help the Needy Foundation; Bulgarian Association for Persons with Intellectual Disabilities; ECIP Foundation; Institute for Social Activities and Practices; Partners Bulgaria Foundation; Step by Step Foundation; Ethnic Minorities Health Problems Foundation.

Financial Viability of NGOs

In 2009, the Bulgarian Center for Not-for-Profit Law continued to raise the issue of the financial viability of Bulgarian NGOs. Our activities focused mainly on the promotion of the idea for creating an NGO Support Fund. BCNL organized two working meetings (in February and September) with NGO representatives where the possibility of adopting an act to regulate the establishment of such a fund was discussed. BCNL experts drafted the tentative text of the act to establish the Fund and, what is more important, the NGO representatives in the group discussed and approved the leading principles which should be underlying the establishment of the Fund. The draft envisages the main activities of the Fund: to provide grants for strengthening civil society and to disburse interest-free loans for bridge financing of EU projects of NGOs. The Fund will be governed by a Steering Committee composed of representatives appointed by NGOs and will have administrative support of the Ministry of Justice (which currently coordinates the budget subsidy competition) or the Council of Ministers. External experts may be hired to conduct monitoring and evaluation of projects.

Why should an NGO Support Fund be created?

1. The existence of an independent civil society is equally valuable as the existence of good roads, stable economy or clean nature. The withdrawal of many international donors and the underdeveloped charity culture put the viability of Bulgarian NGOs at risk.
2. EU financing causes a liquidity crisis in many NGOs due to the necessity to spend funds that are only subsequently covered by the donor. The lack of a mechanism similar to the FLAG Fund for municipalities is a serious problem for most NGOs.
3. In almost all countries in Central and Eastern Europe, including the non-EU countries, mechanisms for financial support of NGOs are envisaged – creation of specialized foundations / funds for financing civic organizations with start-up capital provided by the state; tax concessions for mission-related commercial activities; a 1% mechanism, incorporating the taxpayers' right to determine an NGO recipient of 1% or 2% of the taxes paid by them; charity lotteries whose receipts are allocated for support of NGOs, etc...

... Bulgaria has not adopted any of the above mechanisms.

That is why a mechanism for financing NGOs which is independent but financially provided for by the state needs to be created.

Which are the key operating principles of the Fund that we support?

1. The Fund should be governed by representatives appointed by NGOs who should have at least five-year actual experience.
2. The funds allocation mechanism of the Fund should be as transparent and politically independent as possible and should be subject to civic control.
3. The priorities of the Fund should be determined through an open discussion with the civil society.
4. The funds should be spent on activities that facilitate the development of an active and independent civil society, including monitoring of the state.
5. Only public-benefit organizations which do not access budget subsidies should receive financing from the Fund.
6. The state should ensure that annual financial resources are provided and allocated by the Fund annually.
7. The state should draw up a strategy on the provision of an additional capital to the Fund to make it independent from the budget in the long run.

In September, the idea of creating the Fund was officially supported by 21 NGOs³. Unfortunately, the initiative was hampered two times in 2009 due to external factors – the elections and the deepening financial crisis. Therefore, the

³ Balkan Assist Association; Association for Development of Bulgarian Healthcare; ECIP Foundation; EcoCommunity Foundation; Tulip Foundation; Bulgarian Charities Aid Foundation; Workshop for Civic Initiatives Foundation; For the People Foundation; The Red House Center for Culture and Debate; Media Development Center; SOS Children's Villages Bulgaria.

planned meetings with representatives of the Ministry of Finance and other institutions did not take place.

In 2009, BCNL experts prepared two opinions on the financing of NGOs. One of them was drawn up at the request of the Ministry of Justice in connection with the preparation of the 2009 budget subsidies application guidelines and the application form for NGOs. The second opinion was drafted in connection with received signals from NGOs on problems with their registration in the Central Register of Public Benefit Organisations at the Ministry of Justice. In the latter, the BCNL experts back with arguments the possibility for Public Benefit Organisations to have additional commercial activities related to their non-profit purposes. Both opinions were submitted to the Ministry of Justice and publicized on our website.

Political Debate “The State and the Civil Society”

For a third consecutive year, the Bulgarian Center for Not-for-Profit Law organized a national conference of NGOs. On 12 May 2009, more than 70 representa-



tives of civic organizations attended a debate among politicians from leading political parties on the topic “The State and the Civic Society”. The first part of the conference took the shape of a political debate with numerous questions asked by NGO representatives and serious commitments to changes made by politicians. Discussed topics included the necessary type of state policy with regard to the NGO sector and the extent to which the involvement of NGOs in decision making is guaranteed. The idea for creating an NGO Support Fund managed by NGO

representatives according to clear-cut rules and a transparent funds allocation mechanism received support from the politicians and NGO representatives.



Black Sea Fellowship Program

In April 2009, BCNL launched its Black Sea Fellowship Program. It spanned over nine months in which BCNL hosted a total of 14 fellows from 8 Black Sea Region countries: Azerbaijan, Armenia, Georgia, Moldova, Romania, Russia, Turkey and Ukraine. Most participants were representatives of leading NGOs and NGO legal framework stakeholders in their home countries. The program aimed to introduce the fellows to the international standards and principles of the NGO legal framework and present to them various models of regulation in CEE countries. During their stay, the fellows conducted studies on NGO legislation in their own countries following in four basic areas: NGO registration, NGO taxation, public financing of NGOs and NGO participation in decision making. Those studies and the contacts of the organizations working on the NGO legal framework in each of the eight countries will be publicized in a separate section on the BCNL website.

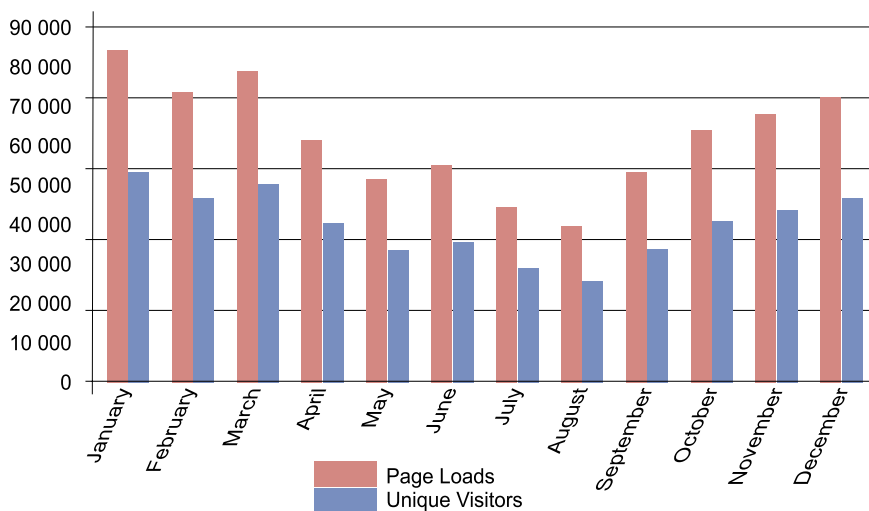


NGO Resource Center

In 2009, BCNL experts took part in a variety of trainings, seminars and conferences across the country. The topics of these events focused mainly on the provision of social services, the regulation of public councils and the opportunities for NGOs to get involved in decision making processes.

A significant part of our activities in 2009 was dedicated to the provision of consultations and legal support to NGOs as well as to persons who are interested in establishing or participating in an NGO. The total number of provided consultations is 447, including 31 court registrations and re-registrations, assistance in more than 40 registrations of NGOs in the Central Register with the Ministry of Justice, as well as 347 consultations in the area of taxation, social service delivery and good governance and operation of NGOs.

In 2009 BCNL continue to publish updated information on its web page www.bcnl.org. We published over 30 news on important initiatives and events related to NGO activities and our experts answered to 44 questions through the on-line forum. The average unique visits are 37, 874 and below you can find detailed information:



At the end of the year, BCNL initiated the creation of its new website at www.bcni.org. Its purpose is to provide better structured information in a more user-friendly manner.



International Participation and Activities

Albania

On 9 March 2009, the Albanian Parliament adopted a law on the organization and functioning of the Civil Society Support Agency (Act No.10093). The act was signed by the President, published in Albania's State Gazette on 2 April 2009, and entered into force 15 days later. The Agency is a public legal structure governed by a Supervisory Board (civil society representatives constitute a majority in the Board - 5 representatives, whereas the public administration will have 4 representatives) and it will distribute grants for NGOs. Its financing will come from the state budget – for 2009 it totalled 1 million USD. As an additional guarantee of the provided financing, the law stipulates that the state cannot provide a smaller budget to the Agency than the one allocated the previous year. Thus, it is expected that the amount of the funds to be distributed by the Agency will grow over the years. In addition to the Agency's financial provisions, its administrative expenses will be covered by a separate state budget line and premises for its activities will be provided.

A BCNL expert was involved in the process of drafting of the law through provision of comments on its wording and also worked on the Statute of the Agency, its grant disbursement procedures and a variety of other documents related to the establishment of the Agency, e.g. selection procedures for the Supervisory Board members, etc.



International Working Group of Inclusion Europe

In 2009 BCNL representatives continued their participation in the activities of the International Working Group composed of legal experts at the Inclusion Europe Pan-European Network. The group aims to track the process of ratification of the Convention on the Rights of Disabled People adopted by the United Nations. The meeting of the Working group in Prague, in November 2009, reviewed the process of ratification of the Convention in the individual EU member states. Comments were made on separate aspects of the implementation of art.12, art.19 and art.23 of the Convention in the above countries and the progress of each country with regard to raising public awareness toward disabled people's right to live in the community and related issues on "inclusive" education; practical challenges in the implementation of "supportive" decision making as opposed to the practice of placing disabled people under guardianship and declaring them incapacitated.

Black Sea NGO Forum и Eastern Partnership Civil Society Forum

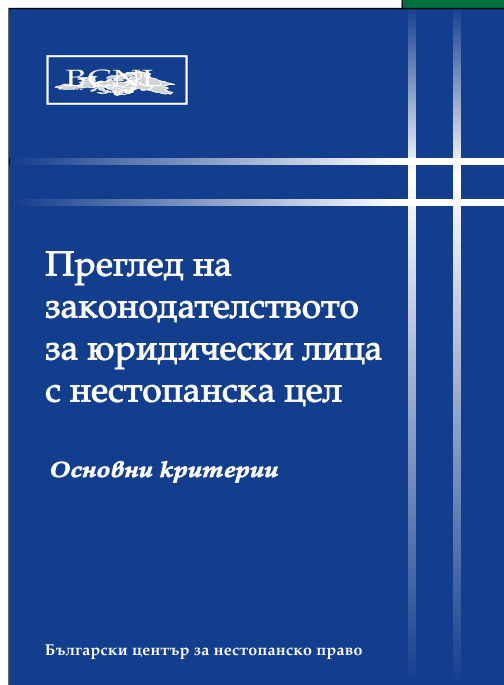
In the period October - mid-November, a BCNL representative attended two important forums on civil society development in the Black Sea Region. The second Black Sea NGO Forum took place in Bucharest, Romania, and the Civil Society Forum under the auspices of the new EU Eastern Partnership Program was held in Brussels, Belgium. The meeting in Brussels approved a Forum coordination mechanism composed of 17 members – representatives of NGOs from the EU and the region.

Publications and Studies

Publications

NGO Participation in Decision Making

In 2009 BCNL published a new book dedicated to NGO participation in decision making. The study contains as follows: i) an analysis of the legal framework of NGO participation in policy making and law drafting in Bulgaria; ii) a comparative analysis of the models of NGO participation in deci-



sion making (in selected EU and Council of Europe member states); iii) a Strategic Paper on NGO participation in decision making which contains proposals for improvement of the legal framework for civic participation.

Review of NGO Legislation 2009

In 2009 the publication presenting an overview of Bulgarian NGO legislation was supplemented and modified. The new version features the main

changes that took place until early 2009, e.g. free access to the meetings of the National Assembly committees without a special invitation by an MP and the adoption of the Conflict of Interest Prevention and Disclosure Act. The publication also covers: the organization, for a second year in a row, of a campaign for preserving tax incentives for public-benefit NGOs and their donors; presentation of the results of the one-year administration of the Operational Programs Human Resources Development and Administrative Capacity and the unprecedented termination of the EU Phare procedure under the 2006 Civil Society Development Project.

Analyses

The Bulgarian Center for Not-for-Profit Law, at the request of the Bulgarian Donors Forum, prepared an analysis of the situation with the VAT levied on charity text messages (SMS) in five countries – Slovakia, Romania, Hungary, the UK and the Czech Republic. The findings of the analysis show that, among these five countries, only Hungary levies VAT on text messages⁴.

BCNL experts, at the request of the International Center for Not-for-Profit Law, conducted a study on the regime of procurement in five European countries, including Bulgaria, which focuses on the existence of simple procedures for procuring services to NGOs.

USAID NGO Sustainability Index

In 2009 BCNL was invited for the second time to coordinate the preparation of the NGO Sustainability Index for Bulgaria⁵. BCNL, with the help of a group of 12 experts, discussed the Index indicators and summarized the findings of the participants.

⁴ Some of the other countries levy VAT on text messages sent from prepaid cards.

⁵ The USAID NGO Sustainability Index is initiated by the United States Agency for International Development in all CEE and Former Soviet countries.

FINANCING



INDEPENDENT AUDITOR'S REPORT

**To the management of
Bulgarian Center for Not-for-Profit Law
Sofia**

We have audited the accompanying financial statements of Bulgarian Center for Not-for-Profit Law (the Foundation), which comprise the balance sheet as at December 31, 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes (from page 8 to page 12).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Bulgarian Financial Reporting Standards for Small and Medium-sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

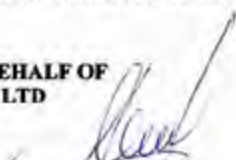
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of "Bulgarian Center for Not-for-Profit Law" as of December 31, 2009, and its financial performance and its cash flows for the year then ended in accordance with the Bulgarian Financial Reporting Standards for Small and Medium-sized entities.

**FOR AND ON BEHALF OF
ATA CONSULT LTD**


**Radosveta Vesselinova
Certified public accountant**

*February 26, 2010
Sofia, Bulgaria*



PROFIT AND LOSS ACCOUNT
of Bulgarian Center for Not-for-Profit Law it Law for the year ended 31.12.2010

		thous.BGN	
EXPENSES	Notes	Current Year	Previous Year
		thous.BGN	thous.BGN
I. OPERATION EXPENSES			
A. Cost of regulated activities	10		
1. Programs costs		268	108
TOTAL A:		268	108
B. Administrative expenses			
TOTAL I:		268	108
II. FINANCIAL EXPENSES			
1. Losses from currency exchange rates	11	40	8
TOTAL II:			
III. TOTAL EXPENSES		308	116
IV. RESULT		54	6
GRAND TOTAL		362	122
REVENUE			
I. OPERATING REVENUE			
A. Income from regulated activities	9		
1. Financing		268	108
TOTAL I		268	108
II. FINANCIAL INCOMES	11		
1. Interest incomes		15	5
2. Gains from currency exchange rates		46	4
TOTAL II:		61	9
III. PROFIT FROM ECONOMIC ACTIVITIES		33	5
IV. TOTAL REVENUES		362	122
GRAND TOTAL		362	122

