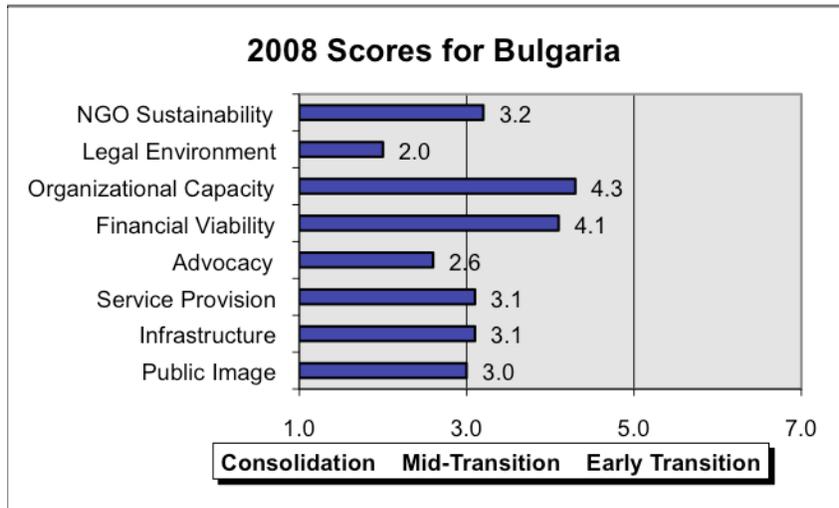


## BULGARIA



**Capital:** Sofia

**Polity:**  
Parliamentary Democracy

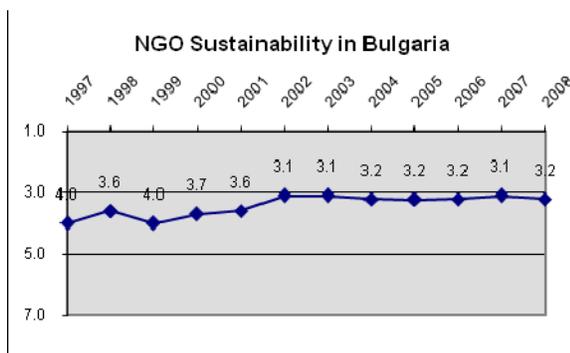
**Population:**  
7,204,687 (July 2009 est.)

**GDP per capita (PPP):**  
\$13,200 (2008 est.)

### NGO SUSTAINABILITY: 3.2

Bulgaria has more than 30,000 registered NGOs, including more than 3,700 “chitalishta” (traditional Bulgarian community centers), according to Bulstat, the official Bulgarian statistical source. More than 6,500 NGOs are registered in the Central Registry of Public Benefit Organizations, including sports clubs and schools’ boards of trustees.

EU. The EU program on administrative capacity has a special component for NGO capacity building. In late 2007, and during 2008, it provided roughly thirty-seven million BGN (about \$24 million) for NGO projects – a massive inflow of funding compared to the six million BGN (about \$4 million) provided under CSDP.



These large amounts of EU funding are distributed by the state, which leads to questions about the political impartiality of the process and its effect on grant recipients’ ability to criticize the government. Despite the new funding opportunities, independent funding sources are decreasing, which has led to worsening financial viability. The global economic crisis also began to take its toll on the NGO sector.

In 2008, several changes affected the NGO sector. The withdrawal of donors such as USAID and the end of the PHARE Civil Society Development Programme (CSDP) was softened by the start of the operational programs of the

Because of the changes in the donor environment, some NGOs have started to change their scopes of activities in order to survive. There is a trend toward two distinct types of organizations: NGOs using volunteers and receiving support through local philanthropy, and NGOs dependent on state funding.

## LEGAL ENVIRONMENT: 2.0

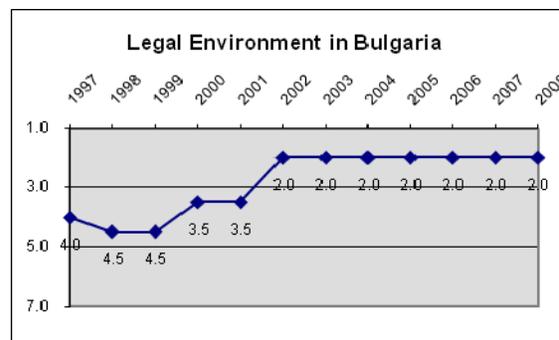
There were no major changes in the legal area in 2008. However, problems with implementation of legislation relating to the Central Registry of Public Benefit Organizations and administrative impediments have worsened the NGO situation. In general, the NGO law in Bulgaria provides sufficient freedom for NGOs. The registration process is relatively fast and easy. State involvement in NGO management is not an issue.

NGOs faced some administrative impediments, such as the new requirement that NGO board members provide proof of a lack of convictions in order for the NGO to participate in public procurement tenders or competitions under EU operational programs.

The operation of the Central Registry has been an issue for the last several years. The registry, where all public benefit organizations enter their data, is electronic and searchable, but it is difficult to find information about organizations in the registry database. In addition, the information uploaded is not updated regularly and often contains errors. The Central Registry also has a supervisory role, but has almost never carried out any monitoring on whether reported activities correspond to reality.

While there are no specialized NGO lawyers outside of the capital, basic issues are covered by general lawyers. For more specialized issues,

NGOs go to the capital to consult with lawyers with expertise in NGO law.

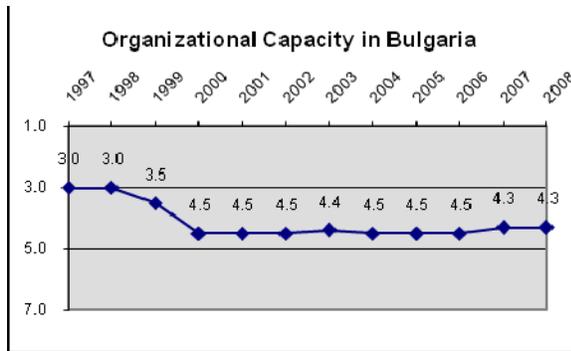


In 2008, as in 2007, the government sought to eliminate tax benefits for donors and for NGOs that receive donations. In 2007, these proposals were voted down in Parliament, and there are signs that the proposals might be changed so as not to affect NGOs negatively. Still, the constant attempts by the Ministry of Finance to change the tax environment for NGOs create uncertainty. NGOs are required to register as taxpayers under the VAT Law if their earnings from economic activity exceed a certain threshold. Donations through text messaging are becoming a popular method for supporting charitable causes, but VAT is charged on the amount of the donation, which is the cost of the text message. On the other hand, NGOs receiving funds under the EU PHARE program are now allowed to cover VAT with grant or contract funds.

## ORGANIZATIONAL CAPACITY: 4.3

NGOs are still not actively engaging their constituencies. Two major types of organizations are developing. Organizations with permanent staff are becoming more professional and have even better access to resources. On the other hand, a growing number of volunteer organizations at the local level achieve results without much funding. These NGOs are closer to their constituencies, but the gap between them and the professional NGOs is increasing.

The NGO sector receives much training to improve its capacity. One of the EU operational programs, the Operational Program for Administrative Capacity (OPAC), provides funding for organizational capacity trainings, but the actual impact is questionable.



More NGOs know about strategic planning, but few use it because of the short funding horizon

### FINANCIAL VIABILITY: 4.1

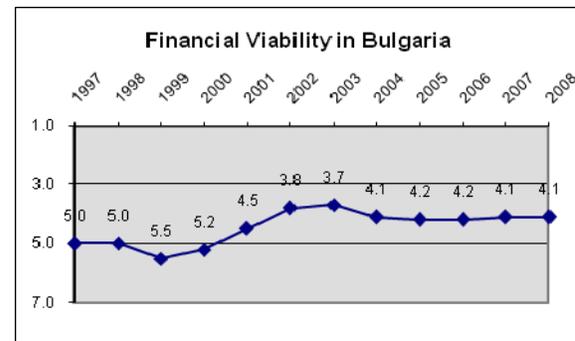
In 2008, several new sources of funding for NGOs were created while other assistance programs were phased out, such as that of the Swiss Agency for Development and Cooperation, the Netherlands' Matra Program, and USAID. New funding sources included OPAC, providing thirty-seven million BGN (about \$24 million) for NGOs in its first two calls for proposals; the NGO Fund of the Financial Mechanism of the European Economic Area (funded by Norway, Iceland and Liechtenstein); and the Bulgaria Fund, a three-year mechanism funded by USAID and managed by the Balkan Trust for Democracy. The Trust for Civil Society in Central and Eastern Europe (CEE Trust) will continue its support to Bulgarian NGOs through 2012. The America for Bulgaria Foundation, which started operations in 2008, offers grant opportunities for NGOs.

Even though state funding for NGOs is increasing to a certain extent, such support is still minimal. There is no mechanism for distributing funds to NGOs at the local level. Nor do the EU operational programs reach the local level. NGOs traditionally receive in-kind support such as office space from local authorities.

In the last few years Bulgaria has seen some increase in private and corporate philanthropy,

most NGOs have. NGOs prefer to tackle smaller problems rather than big issues.

The increase in volunteers and increased level of giving to charitable causes were positive trends. The situation with technical equipment of NGOs improved somewhat as some donors allowed project budgets to cover replacement of old computers and office equipment. Meanwhile, prices of equipment have gone down.



as well as in volunteers. Open Society Institute-Sofia used many volunteers in recent projects, which reduced its budget substantially.

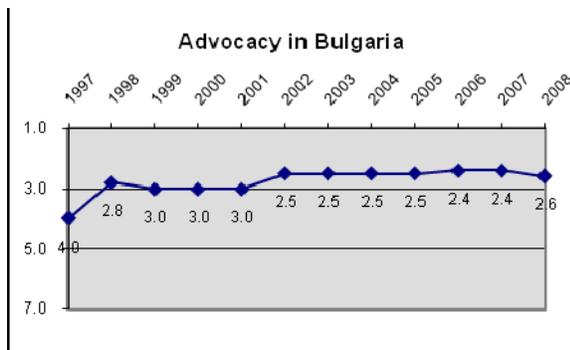
Diversification of funding is still underdeveloped. Organizations that depend on project funding do not target corporate and private donations, and organizations that depend on donations do not target grants.

Several new corporate programs benefit certain NGOs. A good example is the NGO SOS Kinderdorf, which benefits from various corporate programs including that of the biggest Bulgarian mobile telephone company. The general picture is not very promising, however. Membership fees are not a major source of funding except for business associations.

## ADVOCACY: 2.6

As noted, a serious issue is the fact that most NGO funding provided through EU mechanisms is distributed by the state. This leads to political dependence of NGOs and seriously affects advocacy organizations that might be less eager to criticize their donor. It also creates potential corruption opportunities, such as channeling funds to organizations in which state officials are involved.

The general political framework has worsened, with allegations of political corruption and strong business lobbies behind major policy decisions. This reduced the effectiveness of NGO campaigns that confronted business interests, such as the coalition of green NGOs fighting against the construction of hotels and resorts in nature parks and reserves. In addition, there is no law on lobbying even though two draft laws have been introduced in Parliament. It is unclear whether, if adopted, these laws will take into consideration the role of NGOs or will create obstacles for their work.



Some parts of the government showed increased interest in working with NGOs, but other parts such as the police remain closed to NGOs. The number of expert and public councils within government institutions increased, but their efficiency was questionable.

The Ministry of Justice has started discussing its strategies with NGOs, while the chairman of Parliament has reacted quickly to NGO requests for action. Most advocacy work, however, happens through informal channels, and there are few official mechanisms through which NGOs can interact with institutions. One such mechanism is the Parliamentary Commission on Civil Society and Media, which has had a limited effect on the civil society framework in the last three years.

NGOs conducted several campaigns such as the campaign for adoption of the Law on Referenda and the campaign against the termination of tax benefits for donors. Environmental organizations continued their campaign against illegal construction in nature parks, but were unable to achieve their goals.

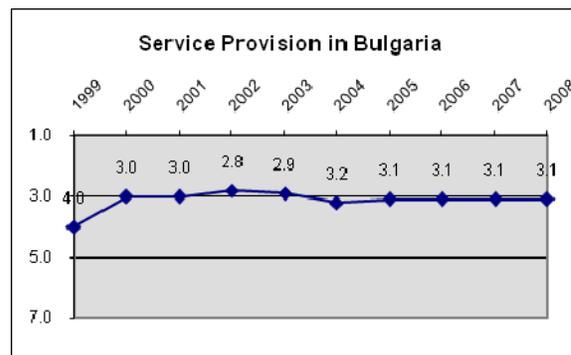
With regard to advocacy for NGO legal reform, NGOs showed support for various initiatives aiming at improving or defending the legal framework, such as the creation of an independent but state-financed fund for civil society, introduction of a 1 percent mechanism, and the campaign to retain tax benefits for donors, described above.

### SERVICE PROVISION: 3.1

NGOs are increasing their portfolio of services, but several problems continue to exist for service-providing NGOs. NGOs are still prohibited by law from providing health services. Still, NGOs work in the health area providing consultations and organizing public awareness campaigns.

While in the future NGOs could replace municipalities as the main social service providers, this is not happening because contracting to NGOs would mean losing municipal jobs. In municipalities, NGOs are mainly used to provide new services not traditionally delivered by local authorities, such as domestic violence shelters, drug rehabilitation centers, and crisis centers for the homeless.

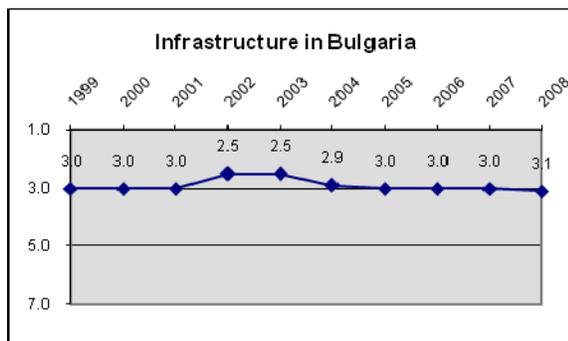
NGOs provide better quality services than the state, but are still not the predominant service providers. Charging fees for services provided is not a widespread practice, and NGOs still depend mainly on project funding.



### INFRASTRUCTURE: 3.1

Practically no intermediary support organizations (ISOs) exist, but it is debatable to what extent ISOs are necessary if NGOs are not interested in paying fees for their services. Expertise and training are available to the NGO sector, although usually for a fee.

general, the situation regarding non-state funding is not very positive, however.

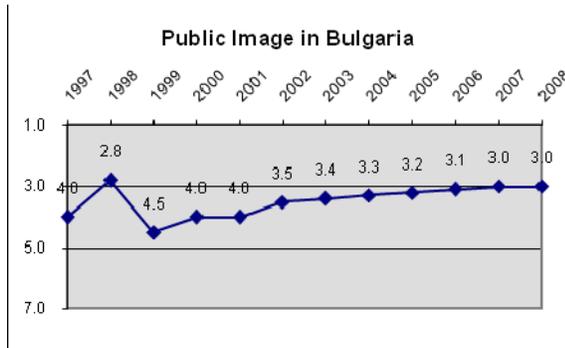


Local grantmakers include the central government and municipalities. Businesses are more and more involved with community projects and corporate social responsibility. In

The structure of the NGO sector in Bulgaria is very fluid. Not many stable networks operate and no organization represents the sector as a whole. There is no centralized place where people can get information on the NGO sector, such as an NGO portal. The portals that were created in past years are not updated. There are some umbrella organizations, such as the Bulgarian Association of Regional Development Agencies, interest-based coalitions, and informal groups of NGOs operating in different sectors such as social issues, human rights, and local development. Formation of coalitions is not a priority for NGOs, who are not willing to support them financially over the long term. For example, an NGO coalition working on Bulgaria's priorities for international development assistance has about seventy organizations on its mailing list, less than ten of which react to e-mails.

## PUBLIC IMAGE: 3.0

The general perception of NGOs has not worsened and has even improved somewhat. NGOs are using the media more often. They have started using professional PR services and some PR agencies provide their services pro bono to NGOs. In general, NGOs understand the benefits of publicity but rarely announce the results of their activities. Local media is more responsive to NGO initiatives.



Businesses use their philanthropy to NGOs for their own PR purposes, but this benefits the NGOs as well. The government attitude towards NGOs remains unclear because the state policy on NGOs is not clear. On the other hand, state officials are more responsive than in the past to NGO requests for meetings.

A number of NGOs publish annual reports and all public benefit organizations are required to provide their annual reports to the Central Registry where they are uploaded on the Internet. The information in the Central Registry is not up to date, however, and there are organizations that do not submit their reports as required. In addition, the latest ethical code initiative that started in 2007 did not succeed, so NGOs in Bulgaria do not have a working ethical code.