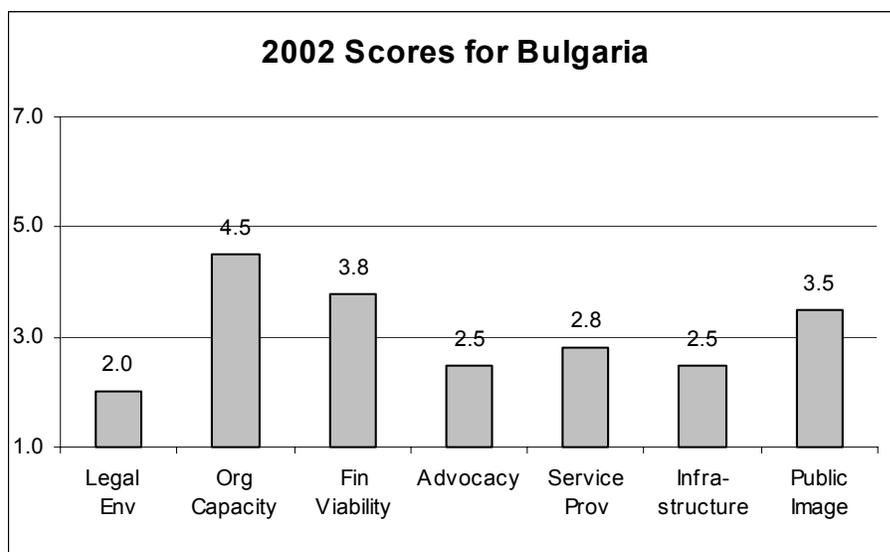

BULGARIA



Capital:
Sofia

Polity:
Parliamentary
democracy

Population:
7,621,337

**GDP per capita
(PPP):** \$6,200

NGO SUSTAINABILITY: 3.1

There are around 8,000 NGOs in Bulgaria, including political and religious organizations. About half of these are “Chitalishta”,

NGO SUSTAINABILITY	
2002	3.1
2001	3.6
2000	3.7
1999	4.0
1998	3.6

and are not covered in this analysis. Approximately 1,900 organizations are considered “active”.

Several long-standing problems continue to hinder the development of the NGO sector in Bulgaria, including dependence on international donor funding, and limited

traditional Bulgarian educational and cultural organizations, most of which provide a very limited scope of services

possibilities for local fundraising and revenue collection; weak organizational capacity and insufficient service offerings, particularly in the social sphere; and the need to improve the sector’s public image.

At the same time, some important developments have taken place over the past year that promote NGO sustainability, which account for the improved score this year. Some important amendments to the tax and other related NGO legislation were adopted. The advocacy capacity and the infrastructure of the sector have also improved. NGOs managed to provide greater input in legislative and policy decisions at both national and local levels. Support networks and centers were strengthened, and information sharing and training activities gained momentum.

LEGAL ENVIRONMENT: 2.0

The 2001 NGO law clearly defines the registration and operation of NGOs and limits state power over the sector. The legal

LEGAL ENVIRONMENT	
2002	2.0
2001	3.5
2000	3.5
1999	4.5
1998	4.5

framework for NGOs was further improved this year with the introduction of the concept of public benefit organizations (PBOs) and subsequent amendments to the tax legislation.

The level of tax deductions for both self-employed persons and businesses donating to PBOs was increased from 5 to 10 percent. In addition, donations to PBOs of imported goods are now exempt from VAT. Amendments providing for additional tax deductions to donors of PBOs have been drafted and introduced to Parliament. Finally, recent amendments to the Public Procurement Law allow NGOs to compete for government contracts at the local and central levels. While the passage of this legislation is a positive step, it remains to be seen how all of these new amendments will be enforced.

To implement the new law, an electronic version and web site of the Public Registry for PBOs were developed and became fully operational in 2002 with the help of

the USAID-funded Resource Center Foundation. The number of registered organizations rose from 120 in 2001 to 373 by the end of October 2002. As the process of registration did not proceed at the expected pace initially, the deadline was extended until the end of the year in order to allow more organizations to register. The positive impacts of the registry include increased trust by the public and the donor community in the PBOs, and improved administrative structure and management of resources by all registered organizations in accordance with the new law.

There are several legal clinics and law courses on NGO law offered in secondary cities, such as Plovdiv and Veliko Turnovo. Additionally, training opportunities provided by local lawyers and organizations with expertise in NGO law have increased.

Overall, the improvement in the legal environment for NGOs can be attributed to the continuous work of NGOs and parliamentarians, and in particular the International Center for Not-for-Profit Law (ICNL), supported by USAID, and its affiliate partner organization the Bulgarian Center for Non-for-Profit Law (BCNL), which has established itself as the leading organization on NGO legal issues in Bulgaria since its establishment in July 2001.

ORGANIZATIONAL CAPACITY: 4.5

The organizational capacity of the NGO sector as a whole remains weak. Constituency-building has not become a core aspect of NGO activities, with the exception of a few associations like sports and business clubs. Most NGOs do not collect membership fees on a regular basis, nor do they try to expand their constituency base.

In terms of internal management structure, there is little change from last year. While there is a clear division between staff and members, as the law postulates, the internal staffing structure is quite unclear, especially for small, understaffed organizations, where one person often performs several different functions.

ORGANIZATIONAL CAPACITY

2002	4.5
2001	4.5
2000	4.5
1999	3.5
1998	3.0

According to MBMD survey data published in January 2003, the number of temporary personnel employed in the NGO sector remains small. Fur-

thermore, 61 percent of NGOs in the country have no staff employed on labor contract. According to NGO leaders, the majority of their personnel are volunteers. There is, however, a lack of clarity on what constitutes “volunteer” work, and whether or not it allows for some type of compensation.

There are great variations in the level of technical advancement within the NGO sector, ranging from well-equipped, larger

NGOs to smaller organizations with old computers and slow, dial-up Internet connections. Yet, in general, the level of technical equipment is relatively good. Internet connectivity has increased to 60%, compared to 25% in 1998, and the web-sites of many NGOs have been re-designed to serve better their communication needs.

In order to adhere to the new NGO law, most organizations have now declared a clear mission, to which they try to adhere. There is also an increased appreciation of the importance of strategic planning for organizational success, which is demonstrated by the rising number of requests for strategic planning courses and consulting services.

FINANCIAL VIABILITY: 3.8

NGO financial viability remains a problem, yet there are noticeable improvements since last year, mainly in the area of financial management systems and transparency that have resulted from requirements in the new NGO law. In accordance with the law, all PBOs listed in the public registry must provide the public with access to their annual reports and financial statements. While only NGOs with a turnover of a million levs or more must have independent financial audits, most PBOs are

FINANCIAL VIABILITY

2002	3.8
2001	4.5
2000	5.2
1999	5.5
1998	5.0

willing to share their financial documentation with the public and the donor community.

The new law allows NGOs to charge fees for services and products offered. This new legal possibility is already being exer-

cised and is starting to have results. At this point, around 15 percent of NGO income can be attributed to such revenues, and this amount is expected to grow in the future.

Overall, the sector has demonstrated greater awareness of the need to cultivate local financial and non-monetary support from communities and constituencies. While philanthropic support remains low, there are “success” stories of tapping into local resources, primarily in the business communities in secondary cities, such as Russe, Varna, Vidin and Chepelare. Some 23% of all NGOs report receiving donations from Bulgarian business. In part, this can be attributed to deductions that businesses get when donating to PBOs.

In this respect, a promising development has been the launch of the USAID-supported “community funds,” which have been set up in several regions. In most

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places, they have proved to be a useful mechanism to mobilize local resources from multiple sources – including NGOs, businesses, municipal governments, and citizens – to address local needs.

Last year, approximately a quarter of all

organizations reported minimal revenues from membership fees. However, NGOs have to put more effort into cultivating their constituencies, increasing the level of membership fees, and collecting dues on a more regular basis.

ADVOCACY: 2.5

NGO advocacy capacity has increased over the last year. NGOs continued their work with policy-making committees, and provided valuable input into legislative activities. For example, the Bulgarian Media Coalition (BMC) continues to be a major player in the legislation and regulation of media.

NGOs have also expanded the range of their advocacy, getting involved in a variety of issues, ranging from anti-

SERVICE PROVISION: 2.8

While NGOs continue to provide services in a variety of fields, including democracy, economic development and environment, they do not sufficiently cover the social sphere. This is partly due to objective legislative constraints, such as the ban on individuals owning a health clinic. At the same time, with social safety nets disintegrating and social problems multiplying, there is a great need for NGOs to step in and provide services that were previously provided by the state. However, the government rarely awards grants or contracts to NGOs to provide such services. At the lo-

corruption strategies to endorsing foreign policy objectives, such as future NATO and EU membership, to amending tax and environmental legislation. While NGOs have recently been active in drafting legislation, in many cases, this legislation has not yet been adopted.

In general, there is a favorable environment for NGOs to become involved in legislative and regulatory processes on various issues. This can be partly attributed to the greater degree of openness of the new government, both at the national and local levels.

cal level, municipalities often make in-kind contributions to encourage NGO involvement in social service projects.

On the positive side, the development of stronger NGO networks, such as DemNet, have added to the quantity and the quality of goods and services provided, including workshops, publications and expert analysis. Intermediary Support Organizations (ISOs), such as the Resource Center Foundation, do get some of their operating revenues from earned income, primarily from training courses and conferences. Collecting revenues from services is a regular practice among the business associations.

INFRASTRUCTURE: 2.5

There is a clear improvement in the infrastructure of the NGO sector, with several support networks, and widely-used resource centers now in place. The networks unite organizations in various areas, such as democracy promotion, economic development, social services, environmental protection and culture.

Local community foundations and ISOs do provide grants for locally-identified needs, but mostly through re-granting of international donor assistance. Intersectoral partnerships have been on the rise, including collaboration with media, business, and government agencies.

INFRASTRUCTURE	
2002	2.5
2001	3.0
2000	3.0
1999	3.0

Information sharing is a common practice. A new electronic registry created by Foundation Resource Center, which will be regularly updated, is likely to contribute further to strengthening intersectoral relations. The number of local trainers and training opportunities appears to address NGO needs. Moreover, best practices in training have been “exported” to the rest of the region.

There is no organization representing the interests of the sector as a whole since past attempts have proven that there is no demand for such a body. The Union of Bulgarian Foundations, created to represent the interests of the sector, still exists, but now fulfills different functions.

PUBLIC IMAGE: 3.5

According to the MBMD survey data of January 2003, public awareness of NGOs continues to rise. About 68% of the respondents in this year’s open-ended, public-awareness survey had a clear idea about the role and significance of NGOs, in comparison with 52% in 2000, 61% in 2001 and 64% in 2002. 46% of the population evaluated NGOs positively.

PUBLIC IMAGE	
2002	3.5
2001	4.0
2000	4.0
1999	4.5
1998	2.8

There is also an increase in local press coverage of NGO projects. For example,

Club Open Society Russe funded 40 different projects aimed at increasing NGO sustainability. These projects attracted media attention that resulted in 600 publications in the local press. This extensive coverage has contributed to the rising awareness of the role of the sector, and most likely, to improving the sector’s public image.

By law, PBOs are obliged to publish their annual reports, which also contributes to raising public awareness of NGO activity. In addition, the fact that government institutions are becoming more open to NGO input is likely to improve NGOs’ social standing.

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As far as business is concerned, the positive perceptions of NGOs seem to prevail more at the level of small and medium-size enterprises, while big business appears largely negligent of the sector. Only a few “elite” NGOs, such as the banking association, are widely-recognized in business circles.

Finally, as a result of media training, exemplified by the work of the Bulgarian Me-

dia Coalition (BMC) and ProMedia, NGOs’ public relations skills have increased. BMC has trained 460 representatives of 380 NGOs from around the country, and has attracted 225 journalists from 225 different local and national print and electronic media to their seminars. While there is a clear improvement in NGO media-outreach capabilities, there is still a need for ongoing training in this area, as well as organizing communication campaigns to further improve the public image of NGOs.