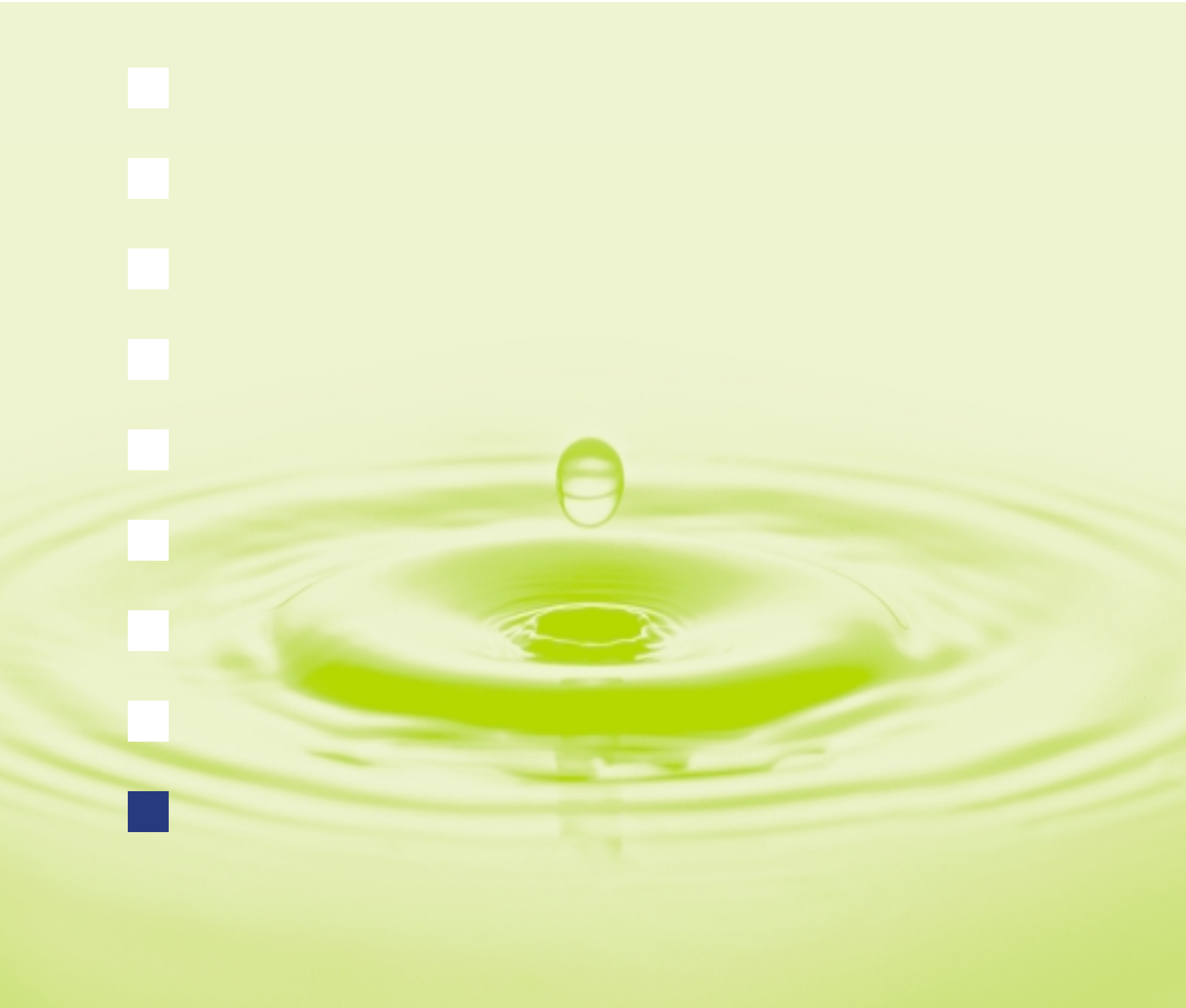


Bulgarian NGO sector in the context of development

1.4 Key Research Questions and Criteria

In conclusion, our choice of research questions and criteria included:

- What is the Bulgarian development agenda and what is the NGO sector view on it? To what extent does it resemble the ideas of the 'people-centered' development?
- Who are the actors in development and what are their roles and interactions? To what extent is the approach of 'public policy as a process' realized?
- What is the role of the NGO sector in development? To what extent does it address the 'triple global crisis'?
- What are the resources that NGOs have at their disposal? To what extent are these resources adequate for their perceived role in development?
- What are the future challenges and opportunities for the development of the NGO sector in Bulgaria? To what extend is the sector sustainable?

PART II.
ANALYSES

ANALYSES

2.1
The Bulgarian Development Agenda

In this section we discuss the issues and targets on the contemporary development agenda in Bulgaria and who 'owns' them. We also look at the underlying values and theoretical assumptions on which this agenda is constructed. Finally, we compare this situation with the ideas of 'people-centered' development.

2.1.1
Constructing the Bulgarian Development Agenda

We used the concept of 'development agenda' in the sense of a generalized vision of the major development agents about the type of society the development should aim at as well as, more concretely, in the sense of clearly defined development priorities, targets and beneficiaries. We felt that constructing such an agenda was possible as after 1997 the development policies in Bulgaria evolved consistently around several key issues – pluralistic democratic political system, market economy, membership in NATO and EU accession. This agenda was supported by different political parties and societal forces as it had this "double positive' meaning of both charting a development path for the future of Bulgaria as an EU member and bringing a closure to the past by altering and replacing the failed structuralist development strategy.

In order to construct this development agenda, we first looked at some major government documents and tried to analyze not so much the factual side of it but to surface values and assumptions behind it. We found serious inconsistencies between the stated development goals – such as in the title of the current government Program 'People are the Wealth of Bulgaria' – and the actual provisions.

We also looked at a number of World Bank and EU Delegation documents providing guidance to, as well as assessment of, the development programs in Bulgaria. We found strong influence of the international financial institutions on the development thinking and action in Bulgaria transmitted mostly through the government but also through some NGOs and think tanks.

The notion that the development agenda of the government is not the same thing as the development agenda of the society is a truism, but we have been very much alerted to it by the fact that the trust of people in institutions has been extremely low and this was frequently reported by the opinion research agencies (see for example ASA, 2002). The discrepancy between what the politicians believed

should be the priorities for the country's development and what citizens themselves demanded had been demonstrated to us both by the abundant sociological research and by our fieldwork.

Most of our attention, however, has been directed to a "specific version' of the Bulgarian development agenda constructed from the point of view of the NGO sector. Having in mind the diversity of interests and positions in the sector, we expected substantial differences in views and opinions yet, much to our surprise, the picture was quite coherent (when we exclude the energetic promotion NGOs were making of their particular area of activity in an attempt to prove its centrality and 'priority-to-be' among the other development objectives).

2.1.2 Dominant Views of Development in Bulgaria

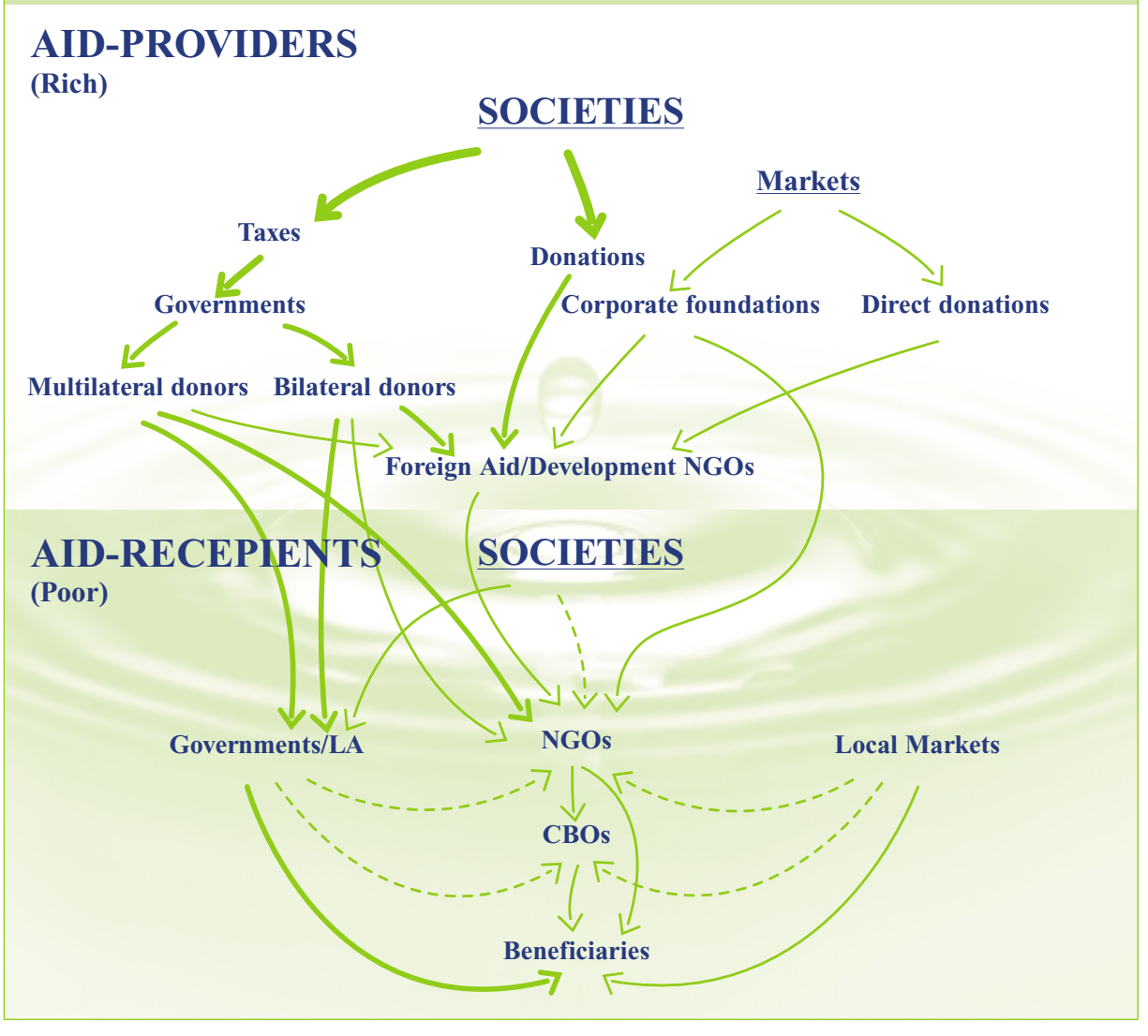
As already briefly discussed in section 1.3, the past almost fifteen years of transition have been guided by liberal development values and strategies, particularly strongly after 1997. There is a strong national support for these values and strategies – in thought and in action – in all sectors of the society as a reaction to the past centrally-planned development and as a symbol of the new "civilization choice of Bulgaria' to join the family of the liberal democracies in the West. Liberal (and neo-liberal) is synonymous with development in general while the past strategies are synonymous with underdevelopment. Thus liberal development is seen as progressive, positive and beneficial for all. This attitude is strengthened and promoted by the international agencies that provide resources for development and are themselves largely considered to be the very source of the modern liberal development thinking. As the web of relationships between development assistance providers and recipients shows on Figure 2.1, their role is crucial.

Of course, every society generates its own resources for development but in the case of the aid-recipient countries these resources are largely insufficient to cover the costs of broad transformational processes and development projects, such as fundamental reforms in public institutions, privatization, liberalizations of financial markets, etc. Large transfers from the West come with conditions and influences that affect the construction of the Bulgarian development agenda and strengthen the already formulated local vision of the 'twin objectives of development' – liberal democracy and market economy. Although members of in the society still bear suspicion towards Western agencies and proposals, the 'double positive' meaning prevails.

This consensus about the objectives of development, however, seems to mask a huge variety of assumptions and expectations of what exactly these might mean. Analysts (see IME, CLS, IRIS, CSP, etc.) have pointed out the weaknesses of the political discourse that uses and misuses liberal concepts beyond reason thus blurring the boundaries even between far apart political standings. Together with the governments and the donors, independent think tanks in Bulgaria have played an extremely important role in formulating and advancing our current development agenda. Strong and influential think tanks have been a unique distinctive feature of the public policy process in Bulgaria among other countries in transition (Bezlov, 1999; Dajnov 2001; Dakova, 2001).

Generally, these were the main agencies – government, donors and think tanks – that after 1997 have been involved in a complex interplay of co-creating development strategies and they could be said to have collectively 'owned' them. Although they were all following liberal models of development, they could articulate and promote them to varying degrees – with the think tanks being the strongest promoters of orthodox liberal ideas, the donors having also strong stand on liberalism but having to balance pressures from home and from the host

Figure 2.1. Development Aid Web in Bulgaria



country as well, and with the government trying to promote liberal reforms but also trying to mitigate social tensions and disruption. This has created complex relationships between them - ranging from cooperation through coordination and competition to confrontation - but this complexity was generally seen to have a positive effect on the liberal development thinking and action in Bulgaria. In the paragraphs below we will look separately at the role of these agencies.

The important role of the think tanks in formulating and promoting a particular development agenda for Bulgaria vis-a-vis the government and the public at large have been well studied (see for example Dajnov, 2001) and confirmed by our own fieldwork. Think tanks were, indeed, looked at as 'arenas' where the agendas of democracy and civil society were to be developed, especially since the mid-1990s. Their high visibility and public profile stemmed from their functions as creators and interpreters of the Bulgarian development agenda – a role that they have played due both to their own capacities in this area and to the inability of other societal figures and institutions to articulate such a development agenda in the media.

The way independent think tanks influence the

development agenda is through their strong expertise and analytical capacities, close ties to the government, very good relationships with the media, and long-term support from the donors. Although think tanks are all registered as NGOs their assumed links with the civil society and the NGO community have been weakened over the years. Thus think tanks seem to take their strength from their individual technical expertise and the ability to influence the public through the media rather than from the fact of being the representative voice of the civil society in the public policy-making. Whatever problems this has created (which we will look at in more detail in section 2.3), it has also 'freed' think tanks to express views based solely on their own values and preferred development theories and bodies of knowledge. Generally, we felt that the majority of the think tanks have concerned themselves mainly with providing liberalist prescriptions or liberalist critique to issues of macroeconomic development, economic reform, privatization, institutional reform, foreign policy, security, etc. Much fewer agencies and research and policy initiatives have focused on grassroots self-organizing, citizens' empowerment, community economics, community cohesion and safety, etc. As these last areas were of immediate interests to the majority of our NGO respondents, they felt that they have benefited only modestly from the products and resources of the think tanks compared to donors and governments. Thus we came to the conclusion that think tanks have provided strong input in creating the current liberal development agenda but have contributed little, if at all, to the establishment of the 'people-centered' (Korten, Table 1.4 in section 1.3) view of development in Bulgaria.

The role of donors in Bulgaria has been both praised and contested from all other groups of actors in development. At one end of the spectrum donors' aid has been seen as serving their own interests and totally unfavourable for the recipient country, and at the other – as the crucial force behind all development achievements, not only with the financial resources provided but also with the technical expertise, know how and lessons learned from long and diverse experience gained around the world. There are many types of agencies and many types of relationships among them, as schematically illustrated on Figure 2.1., but the prevailing attitude among our respondents was positive. Where there was criticism expressed, it was directed mostly towards some operational areas rather than towards fundamental values and strategies of development, although the latter was also present as we will see in section 2.1.4.

Donors' work in Bulgaria is also well studied and many of the findings from previous research (Dakova, 2001) have been supported by the data generated during our review. Donors – multilateral (e.g. WB, EU), bilateral (e.g. USAID, DFID, SDC), private foundations (e.g. C S Mott) and public foundations (e.g. Novib) – have decision-making power and overall influence on formulating and implementing development assistance strategies targeted towards all sectors – public, private and civil society. Donors' views and strategies experience stronger influence from home environment rather than from the local environment in which they operate. Thus the origins of donor development policies should be seen more in the context of the overall 'Northern' development thinking from the second half of the 1990s rather than as a result of their concrete interactions with the local development actors.

As already discussed in section 1.3, the mid-1990s witnessed a shift in the views of the international aid institutions from the hard-core neo-liberal orthodoxy towards 'softer' approaches that recognize the role of the state and the civil society in development alongside the markets. The development field in Bulgaria seems to have benefited from this shift as in principle the majority of the development agencies operating in the country have adopted this broader view on development which is not concerned with any economic growth only but aims at integrating also issues of human development, equity and sustainability. In our view

some agencies (e.g. UNDP) have come close to the ideas of 'people-centred' development even if this is more evident in their papers than practices. The core purpose of most international assistance programs is expressed in terms of alleviation of poverty by providing resources, technical assistance, capacity building, and partnership opportunities to the public, private and not-for-profit sectors. We found out that no matter how marginal the views of the pro-poor development in Bulgaria compared to the neo-liberal views, they are stronger with the donors than with the local policy-makers.

The government might look like a recipient of both donor and think tank resources but of course it has its own way of generating resources of all types and this gives it serious leverage in the process of formulating and implementing the Bulgarian development agenda. Current government with its supposedly centre-to-right political orientation is seen as trying to compromise between the neo-liberal prescriptions of the international monetary institutions and local advisers and the more 'people-centered' ideas as proclaimed in the government program by the motto ,'people are the wealth of Bulgaria'. However, together with the government critics from both ends of the political spectrum, we have found certain inconsistencies in its development rhetoric and its real policies, which we will look at more deeply in the next section. Generally, we found the government adhering to the neo-liberal development models and, despite the rhetoric, showing little understanding about other types of development strategies.

Has the political opposition put forward an alternative development agenda for Bulgaria? Although it claims so, we found it unconvincing to accept this claim based solely on the political platforms and pre-election promotional materials of the socialists (former communists) and their political allies. Without seeing any clear and consistent critique of their past development practices and any strong ideological and practical realization of their new development doctrine, suspicions about their ability to present viable alternatives run deep among all development actors.

In conclusion, it is the neo-liberal strategies that dominate the development thinking and practice in Bulgaria and there is little recognition for 'people centred' alternatives. As we will see later, the latter are of more interest to some donors and local development NGOs which are guided by these alternative views in their practice but are either too busy or do not have the capacity to articulate them in a more conceptual form and to provide them as input in the current development debate.

The realization that there was too little visibility of the alternative 'people-centered' views in development talking and writing in Bulgaria confirmed our expectation that our current review would result in writing a 'minority report' in the hope that it will contribute to initiating new debates or enriching the old. This also made us put forward the following prognosis – we believe that 'people-centered' development views will not be generated and promoted by the traditional socialist political space. Rather, these will be put forward as ideology and strategy for development by a new, small but fast growing class – some would probably call it middle class but we would call it, after Korten, the class of 'sustainers'. Korten (1995) has divided all people in three classes – not according to what they possess but according to what their consumption patterns are. Thus he distinguishes the classes of consumers (those who consume more than what they need), sustainers (those who can but do not consume more than what they need) and marginals (those who consume less than what they need). Our current review gave us sufficient evidence that the class of sustainers in Bulgaria is in the making.

2.1.3
State of Development in Bulgaria

Extensive reviews of Bulgaria's progress towards certain development targets are available from WB and EU on a regular basis. The government itself has a number of different instruments (quarterly reports on main economic and social indicators, sector reviews, public hearings, etc.) to communicate their own assessment of this progress. Independent think tanks are producing their version of the same assessment (e.g. CED quarterly and annual reports on the state of Bulgarian economy). However significant and interesting the differences among these readings, the assessment criteria for policies and actions in all of them put forward questions like: to what extent were the barriers for the development of the market removed? And, how much economic growth was achieved?

In addition to these, the 'people centered' view would put forward another set of questions:

- What levels and sectors have the development policies and actions focused on?
- What kind of economic growth has been achieved and how did it benefit the poor?
- To what extent was economic growth balanced with the concern for sustainability?
- To what extent have self-reliance and economics of communities been encouraged?
- What direct pro-poor action has been taken?
- To what extent has the vulnerability of communities to local and global changes been reduced?
- Has the development enhanced community cohesion and safety?

Having neither the space, nor the goal to make an extensive analysis of the state of development in Bulgaria, here below we will only focus on several areas that bring to the surface certain values and assumptions behind the current development strategies. In our review we have tried to avoid the short answer to the question 'what are the development priorities for Bulgaria' which is 'membership in EU and NATO' – as all development actors have rather solid agreement on this, we wanted to look beyond this formula and see if there is a 'devil in the details'.

In terms of ***economic development*** at the macro level, the government is said to have achieved good results as it managed to maintain the growth tendency in the past three years (at around 4% annually) and because there has been broad political consensus around the main principles of the country's economic policy. However, the level of growth is insufficient compared to the other candidate countries in the process of EU accession. The fact remains that in both absolute and relative terms, social conditions for the majority of the population have deteriorated. People on the margins face the greatest difficulty. The alleged economic growth has not translated into improved quality of life, neither has it generated social optimism (OSF, 2002). Relying on the 'trickle-down' effect has failed the policy-makers again (as it always had).

In addition to the macro economic stabilization, strong focus has been put on the privatization, which was seen as the main instrument for attracting foreign investment, improving the competitiveness of the economy and increasing the share of exports in GDP. WB and EU have been quite critical about the apparent delays in privatization and have put pressure on the government to treat this as a key priority. The level of exports has also been found worryingly low. This focus on export-led growth has kept both the government and the aid agencies busy with large privatization deals and with support to export-oriented sectors. Despite constant declarations and sporadic gestures of attention, small and medium businesses and the 'economics of the community' were still largely ignored.

Despite the resources and efforts channelled to environmental protection and regeneration, it cannot be said that economic growth policies have integrated the view of sustainability and protection

of natural resources in Bulgaria. This is the area (after the judiciary) where EC is the most critical of the government pointing out the fact that decisions are made in the pursuit of desired short-term economic effects with little understanding of the short- and long-term environmental effects. Instead of bringing prosperity, this policy would bring further degeneration of the communities.

The perceived gains in the economic area seem to disappear when it comes to the area of ***social development.*** Policies and projects for modernizing the educational system have failed and today it is still incapable of attracting and retaining poor children as students in the lower educational levels as well as preparing the students in the higher educational levels for the demands of the local and global labour market. The attempts to reform the health care system were contradictory and chaotic and led to a general decline of its capacity to serve the needs of the population, especially the marginalised groups. Three of the eight 'millennium development targets' of the government are related to health care - decrease infant mortality rate, improve health status of mothers and limit the spread of HIV/AIDS, tuberculosis, and syphilis. All these are clearly identifiable as 'diseases of poverty' and could not be tackled only by introducing private care and effectiveness thresholds in the health care system and not addressing the poverty itself. Although the government would quickly point out – in some cases rightfully –the fact that the current situation has a lot to do with the legacy from the past, we found it hard to trust its claim that they, indeed, considered people as the most important resource for the country's development.

With regards to ***poverty*** alleviation, we found that donors were more concerned – or at least more vocal - about it. Although the government had shown commitment to poverty reduction (as the per capita income in Bulgaria is only 28% from the average for the EU), it still hasn't made it a distinctive area of development with all the necessary policies, agencies and resources devoted to it. Poverty continues to be seen as an 'undesired side effect' of the transition to market economy, which could be, mitigated 'indirectly' through the trickle-down effect of the economic growth. Meanwhile, the government has focused on increasing the effectiveness of the social care system. Donors have appreciated its efforts to focus the social payments and the subsidized employment programs on the neediest. These strategies reveal quite limited notion of poverty on the side of government and donors, poverty as 'lack of income' and the respective strategy to combat poverty – provide direct payments or subsidized work places (income) to poor.

From the 'people centered' view, poverty is not just lack of income and because of that, as indeed the practice around the world has shown, it cannot be overcome by providing certain level of income only. A more recent and already widely spread concept of poverty sees it as 'deprivation' and 'exclusion', as inability of poor to function properly within their own society because of a lack of material and non-material resources and because of social norms and policies that foster their isolation. The cause of poverty is not just the lack of resources in a given society; actually, the concentration and misuse of resources play a more significant role. This concept of poverty emphasizes the need for more complex and diverse pro-poor development strategies that include also capacity building, empowerment, self-organizing and inclusion in political life. We found this aspect on poverty reduction completely missing from the government anti-poverty strategy, which for us further undermined their commitment to people as 'the wealth of Bulgaria'.

This brief analysis shows that although in the current development discourse of government and donors there are some concepts that could be linked to the 'people centered' approach, the practice is still guided entirely by the economic growth paradigm.

2.1.4 NGO Perspective on Bulgarian Development Agenda

In the current review, we asked about a hundred NGOs of different types to comment on the Bulgarian development agenda and its priorities. About 40% of the interviewees contributed to the discussion with a varying degree of confidence and informed judgment, 40% found it difficult to express an opinion and 20% dismissed the question as they believed government had no development agenda at all and generally did not have a clue what to do with the situation in the country. These results showed that, putting the think tanks aside, the NGO sector lacks interest, experience and confidence in conceptualizing development and in providing distinctive input into the debate about it.

One reason for this is the apparent division between 'thinkers' and 'doers' in the NGO sector (Dajnov, 2001) where the think tanks have taken the lead in designing and interpreting the development priorities and strategies for the country while the operational NGOs have focused on practical changes in concrete areas. Dajnov goes on further to analyze the effects of the lack of interaction between the two groups of NGOs and concludes that it deprives the think tanks of the opportunity to be the voice of the civil society and the NGOs – from the possibility to make informed choices to back up some alternatives for development and to reject others.

Another reason can be identified straight from the diagram in Figure 2.1. As the flow of resources shows, NGOs 'hang in the air' in terms of local connectedness and support. This weakens the interests and the need for the NGOs to have independent standing on issues related to the local development agenda – at the end of the day, with no independent sources of support, they have to submit themselves to the priorities of the other development agents (government and donors).

The lack of interest and ability of NGOs to contribute to the definition of the national development agenda is also seen as result of the self-image the sector has created for itself, i.e. an image of a 'compensator' who fills in the gaps left by the state due to its lack of resources, expertise or interests in these areas. Thus NGOs are seen as working alongside the government development agenda without trying to actively influence it.

Yet another reason is seen in the fact that the NGO sector has not managed to demonstrate its strength as an alternative to the state (BMC, 2001). There is a paradox for the NGOs in countries in transition – if they want to influence the state, they have to "come closer to it' and then they are easily co-opted and distanced from their functions as civil society; if they remain firm on their civil society positions, they are easily marginalised and are not allowed access to the process of defining the development policies.

It is generally recognized that NGOs, apart from think tanks again, have had much less success in influencing the government's development agenda and promoting their own issues and priorities on it compared to other actors such as trade unions and business associations.

In the following paragraphs we will look at Bulgaria's development priorities as seen by the group of the operational NGOs. We will also compare their "version' of the development agenda with the reality of their own activity to see how close or distant in respect to this agenda the NGOs are.

Bulgarian NGOs do not see the development agenda differently from the government or the general public and equate it with the EU accession process. Unpacking the assumptions and expectations hidden behind this formula should be a matter of a separate and much larger research. Here, we can only point out several findings:

- NGOs knowledge and critical understanding of the EU accession process is comparable to that of the general public and they do not pos-

crucial one for the development of the sector. However, there are burning questions regarding the way in which this qualified and experienced personnel will be remunerated in the future and if this high level of expertise would be relevant and needed for the task the sector will be expected to perform in the EU accession/membership context;

- The number of people employed or volunteering remains low, according to some quantitative surveys (MBMD, 2002) – although the sector has a very high appreciation of its human resources, it apparently finds it difficult to attract and retain good activists and professionals. The main explanation is the lack of resources for appropriate reward of their work.

- Information, know how, factual connections generated in the sector seem to be a very strong resource which gives clear advantage to the sector regarding, in particular, the state administration and the local authorities.

- Material basis of the sector is developing but still raises concerns – very few NGOs posses any property; there is no favourable treatment of NGOs as tenants from the state, apart for the local authorities in some cases; and material basis is aging after the initial investment done by the foreign donors programs.

- The main source of funding for the NGOs is still the project funding which, on the one hand, allows them to do their activities and to serve their beneficiaries but, on the other hand, does not allow them to undertake long-term commitments to any cause, beneficiary group or a field of activity or to work on their organizational effectiveness, efficiency and sustainability.

- Using alternative sources of funding – e.g. income from for-profit activities, paid services, etc. – is still very limited and is rather an auxiliary than the main funding strategy. For the majority of the Bulgarian NGOs, making first steps in this direction is still a task for the future.

- The state continues to be indifferent to the resource needs of the NGOs and not to take responsibility for sharing the resources for development. So far, all achievements regarding the environment in which NGOs operate and their access to resources have been due to the persistence and creativity of NGOs and donors while the process of opening of the state to public-private partnerships is still in a very early stage.

- The NGOs see the building of capacities to access EU funding as the main guarantee for their future development.

- Bulgarian NGOs believe that they will continue to be dependent on foreign funding in the next 3-5years.

The above conclusions paint a picture of the Bulgarian NGO sector which still relies on external resource flow, which generates little financial resources itself and sees its strengths in resource intensive areas (e.g. high level expertise).

Our research didn't have the task to generate quantitative data but to use the existing ones and wherever relevant to compare – or confront – them with the data coming from the qualitative research. The most recent studies providing quantitative information on resources were conducted by MBMD (2002), BCNL (2003), B-CAF (2003).

When asked to rank their most valuable resources, the NGOs produced the following list:

- Human resources with their professionalism, experience and motivation;
- Contacts and partnerships with others;
- Equipment – IT and communication mainly.

We will use this ranking to look at the different types of resources in the sections below.

2.4.2
Human Resources

Some *quantitative* characteristics of the NGO sector human resources could be found in the recent surveys - researchers qualify the number of people employed in the NGO sector as low and the number of the existing NGO as a whole - as insufficient. According to MBMD, only 61% of the NGOs now have paid personnel and although it has grown from 42% in 1998, it is still insufficient, especially having in mind the low number of employed people per organization which for the vast majority of NGOs is between 1 and 5 - 82% of the NGOs rely on volunteers in order to do their activities even if some of them may have also paid personnel. The majority of the NGOs employ up to five people, and only one fifth can afford employing more than 20 people. The lack of resources explains the next trend – among the categories of full-time personnel, part-time personnel and volunteers, the latter group has increased the most compared to 1998 – by 31%. Employees also increase, but part-time workers remain at the same level – apparently, people search stable employment and NGOs cannot provide this to them. This is imposed to a certain extent by the changes in legislation where flexible forms of employment are not encouraged and this to a detriment of the sector.

These data have been confirmed by the respondents of the current review – rarely NGOs, including grant-makers or national umbrellas, have more than 10 people as permanent personnel.

With regards to volunteers, many NGO respondents refer to them as an available resource but few characterize them as a very important resource. Volunteers are young people with good education but they are rarely utilized on the basis of their qualification. They are mostly involved in activities and rarely in administrative work. Volunteering is still seen as a problematic area in Bulgaria – both for motivating people to volunteer and for managing volunteers successfully. Fewer volunteers are adults – rarely organizations target them because of the assumption that they will not be interested. Small and medium organizations are more active in using volunteers. Bigger organizations and donors have fewer volunteers but with more long-term relationships.

A relatively strong category within the NGO human resources is the group of the collaborators – NGOs report that they work with between 10 and 40 people, mostly experts and consultants in different areas. There is also a positive tendency, our review found out, to use experts from other NGOs, to exchange experts between NGOs. Some of these are technical experts in a given area – e.g. solid waste management – but others are NGO management consultants who are engaged in supporting the organizational development.

Respondents place great importance on the partnerships and often refer to them as one of the most valuable resources of the NGO sector but the levels of these partnerships are quite different. The most common level of partnership is the exchange of human and non-material resources (experts, know how, contacts, etc.) among NGOs or between NGOs and local authorities. More long-term partnerships exist between NGOs, less continuous are partnerships between NGOs and local authorities but the tendency is to increase the use of partnerships as a permanent instrument for addressing local problems by creating permanent consultative bodies. The most short-term are those between NGOs and businesses, which are only related to a particular situation or a problem. This fact causes concerns because relationships with businesses are considered crucial for attracting more substantial support. Partnerships with central institutions are more limited – only donors and some large national level organizations are the ones that have strong standing in the dialogue with the government. Partnerships which involve sharing of material and financial resources, joint planning, implementation and evaluation of activities, reflection and learning – are, unfortunately, very rare.

Our respondents rarely referred to members as a resource – apart from considering them as a source of financial support but one that is insignificant as contribution to the financial sustainability of the organization. This perception probably affects negatively the possibility of considering members an important resource. Membership decreases generally across the sector and where there are members they are mostly formal and passive. Thus membership is an underdeveloped and neglected resource of the sector and endangers sustainability. This fact points to a crisis in associative culture and self-organizing, in volunteer effort for common good and in participation.

Among the *qualitative* characteristics of the NGO sector, motivation of the people working in it seems to be the most appreciated one. In the past, there has been high turnover in the sector, our respondents say, because people were just coming to see what this is about but now there are only those who want to commit to this type of work. The strength of the sector is that there are many young, educated and ambitious people who want to succeed – the sector is attractive for them. This is recognized by all stakeholders as a distinctive feature of the NGO sector human resources – evident in the enthusiasm related to the work, patience and persistence despite the difficulties, hard effort despite the lack of resources and security, pioneering type of the work, etc. Some reservations are expressed by the local authorities but without concrete example, just generally – sometime they confuse motivation with payment or think that one should substitute the other. Some NGOs are also critical about motivation but on concrete examples showing just unsuitable people rather than a general problem.

NGO human resource is characterized also by the high-level educational background – the majority of people working there with a humanitarian background. NGOs are generally very happy with the productive mix of skills that is available to their organizations, no matter if this is through paid personnel or volunteers or collaborators.

Probably the most widely discussed qualitative characteristics of the NGO sector human resources was the expertise of the people there – the sector is considered to be the best generator of ideas as it was the one that received the highest investment of foreign funds for training, exchange and learning. Depending on their own experience, respondents have very different attitude to this question – some fanatically support the idea of the high expertise of the sector while the others contest it, stressing the fact that there are also many amateurs or just enthusiasts who, despite their good intentions, do more harm than good due to lack of relevant expertise. The sector has seen the development of this expertise and the long-term process of accumulating it, as the main investment of the donors and the best guarantee for the future functioning sector. Those who have a positive attitude, related it to the high educational level of the people, to the additional training received in the country and abroad, to the practical experience, the opportunities to exchange experience, etc. At the same time, the other group, talking not about their organization but about the sector as a whole, state that the sector does not have sufficient expertise and professionalism and this is why it is not making serious progress. There are two aspects to this negative opinion – one is related to the lack of technical expertise of the NGOs in the area they are supposed to work but this is rarer; the second is about the inability of the NGOs to operate in the changing environment – legal, fiscal and political and this causes greater concern among the respondents.

Another qualitative characteristic mentioned by a group of respondents is the diversity of the people in the sector – they come from different social, economic, ethnic, age and professional backgrounds. The most encouraging tendency is seen in the fact that more and more young people that take leadership positions in the sector.

But some respondents note that people in the sector are tired and frustrated – those who have been there for 10 years feel run down due to the constant strug-

gle to achieve even a small change in an unfavourable environment and with very limited resources. However, the majority thinks that people have benefited from working in the sector, they have developed different working culture based on open sharing, team work, solidarity and this gives them advantages when they take jobs in other sectors.

2.4.3 Non-material Resources

Among the non-material resources of the sector, the respondents consider information an exceptionally important resource and one that is produced extensively by the NGO sector. NGOs generate a lot of information themselves and they have the skills and equipment to access information produced by others; because of this resource NGOs are more flexible, up-to-date, more successful in finding and utilizing opportunities, etc. Channels of information are diverse and easily accessible. The easiest is the electronic channel and it is well utilized by the organizations. MBMD survey supports this conclusion – while in 1998 only 25% of the NGOs had access to Internet, in 2002 these were 60% and about 40% of them had their own web site. They also use information from foreign sources due to their good language skills.

Another group of respondents focuses on the fact that there is not enough information for a particular type of NGOs – small, provincial, lacking equipment and technical skills - and this is a serious obstacle for their work. They experience weak communication, difficult access to information, especially about funding; they say the channels of information are limited and difficult to access. Due to their lack of communication capacities these NGOs cannot fully benefit from the current information flow and feel very isolated.

The role of the NGO Resource Centers has been widely discussed – while their existence was seen as desirable, their performance in the past has provoked different opinions – generally, it was believed that they have not functioned properly. Host NGOs have competed for resources to become Resource Centers but when the project finished they stopped providing the services that were needed for the local NGO community. The information, publications, directories, d-bases, consultations and technical services at the Centers were highly appreciated but as these were expensive to produce and they relied entirely on external funding – as the clients were largely seen as unable to pay for the services – these were unsustainable.

Another non-material resource was thought to be the networks that existed in the sector – all NGO respondents believed this was a resource but very few think it was an important one – these were mostly the environmental organizations that have well developed and functioning networks that believed it is a crucial resource. Most of the existing networks are informal structures connecting NGOs in the same field of activity. It is very rare networks to cross the boundaries of their own field or sub-sector. In geographical terms, networks exist on local, national and international levels – the NGOs in Bulgaria are active mostly in the first two levels. The benefits of creating and maintaining networks are seen as: i) access to information; ii) exchange of information; iii) exchange of knowledge and experiences; iv) communication, dialogue, discussion; and v) direct partnerships and interaction.

Good image as a resource was also very much discussed but without generating commonly shared opinion. Many respondents returned to negative examples from the past (e.g., the misuse of non-profit status by foundations that were importing cigarettes and alcohol in the early 1990s) but could not give more recent examples and ones coming from their own environment – we felt that this was not a valid instruction to look at the sector's current image through a decade-old examples. The majority of the NGOs and local authorities actually expressed more positive opinions and believed that

the sector has a good image although there are also some negative opinions while the media has more negative attitude but there also some positive opinions. Positive image is related to the fact the NGOs are "recognizable' – their identities and impact is visible and appreciated by the other sectors and the public. Compared to previous years, there are much more and better-known examples of practical solutions, good practice, real help, productive partnerships, etc. These perceptions of our respondents confirmed the MBMD research (2002) which main conclusion is that in the last five years the image of the NGO sector is improving and its popularity has increased by more than 16 points – at the end of 2002, 68% of the people surveyed report that they have concrete knowledge of the role and the meaning of the NGOs. This is very good progress having in mind the strong negative accumulation at the beginning of the 1990s. The image of an NGO is frequently associated with independence, public benefit, civic association, help, charity, self-organizing of different social groups, and this creates a positive image for the sector.

There was a smaller but still significant group of NGOs that believed that the sector does not have a good image because it works on a piecemeal basis, it is very opportunistic and runs after funding and this is the only purpose of its existence – to spend money that they get who knows how. But this is a generalized opinion and no examples were provided by the respondents except for the highly publicized cases of distant or recent past.

A small group of NGOs felt that their positioning and leadership is clearly a non-material resource of the sector – large organizations and donors commented on this resource of the NGO sector with respect to the leading role that the sector has had in democratization, promoting good practice in various fields of the social and economic development. NGOs have had visible contribution to significant achievements: i) elaboration and promotion of legislation; ii) participation in the process of decision-making; iii) creating important conditions for the development of the sector itself; iv) decisive participation in the reform process in all spheres.

Know how as a resource is mentioned by quite a few respondents, mostly grant-makers or large NGOs that have worked in partnership with foreign donors and have developed additional skills and knowledge, experience, good professionalism. These organizations work on national level and are appreciated by the other sectors as well. The know how is associated with innovation, finding new solutions to concrete problems, adapting foreign experience, etc. It is referred to as a specific technology that has been developed through learning and practical application and has been codified and documented in some form of a transferable knowledge. This is seen as a resources but it is seen more as a possibility for the given organization to play an important role in the respective sector than as an opportunity to generate financial revenues. Thus NGOs tend to provide know how for free inside the sector. Some attempts are being made to sell know how to other sectors (as an expert participation in public policy processes; consultative bodies) or foreign donors (as a special advantage in winning project funding).

The following two *qualitative* aspects of the non-material resources were discussed - flexibility was appreciated mostly by the local authorities with respect to the NGO ability to respond more adequately and spontaneously to the needs in the community, to make quick decisions, to adapt their approaches to the changes in the environment, to provide the necessary experts; this was also regarded as an important qualitative characteristics of the sector as a whole regarding its working culture, work rules and regulations, innovativeness, human resources, etc. Uniqueness was the other qualitative characteristic understood in two main aspects: i) uniqueness of an NGO in its operational context – geographical or topical – and respectively the importance of the role it plays in addressing particular needs; and ii) uniqueness of the expertise of the NGO, its technologies and methods of work.

2.4.4
Material Resources

The level of the material resources available to the sector was considered at a much lower level than the human and the non-material resources. Nevertheless, most of the NGOs seem to be happy with their material resources – most of them consider it acceptable or sufficient especially in terms of the equipment. Fewer NGOs have transport and those who don't have it report this as a problem.

Some *quantitative* dimensions of the material resources on the NGO sector include:

Office space - looking at MBMD survey again, we see that about 75% of the NGOs use office space and of them 15% own their premises, 22% use it free of charge. The same study shows that in the past 5 years there has been very little change with this respect. Another important finding is that the cost of the office and personnel has increased substantially – if in 1998 the majority of the organizations have spent 1-10% of their budgets on covering office and salaries costs, in 2002 they spent 10-40% and more.

Office space is a problem in the capital and the big cities, less so in the small cities where the local authorities normally give space free of charge. The increased cost of renting has presented a major challenge for the larger NGOs – many report that this has become an unbearable burden and NGOs are forced to look for other solutions – sharing offices, moving to unpopular neighbourhoods, etc.

Equipment – about 73% of the NGOs posses some sort of equipment, 57% have computers and these percentages have not changed during the years although the numbers of the units have increases (e.g. in 1998 – NGOs have possessed 2,063 computers, while in 2002 these were already 3,093).

The material basis of the NGOs is improving and commentators see this as a sign of stabilization and consolidation of the sector. NGOs look at the material basis as a potential generator of income from services – renting out part of their premises, renting out equipment, providing administrative services, etc. Many NGOs have started to develop further their material resources and look on it as a future source of alternative funding.

Regarding the *qualitative* characteristics, about half of the NGOs reported concerns about the ageing of their material resources, especially IT and communication technology.

2.4.5
Financial Resources

Through the current review we tried to generate some *quantitative* data in order to complement the existing ones from 2002 (MBMD). Unfortunately, less than a third of our interviewees provided the necessary written information about their finance, which did not allow us to make any generalizations for the analysis. Large NGOs and grant makers presented the necessary financial information while the small NGOs avoided presenting this sort of information. Thus we had to abandon the idea of providing fresh quantitative information abut the level of the financial resources available to the sector which also made it impossible to judge more systematically to what extent these resources have been used efficiently, e.g. producing the best possible result for the resources used.

In terms of the *qualitative* characteristics, the financial resources of the NGO sector were termed as insufficient (everybody with the exception of several large NGOs and grant-makers stated that the resources are insufficient to carry out their work) and project-based (foreign funded projects are the largest part of the NGO funding for the bigger part of the respondents).

2.4.6 Resources for NGO Sector Development

Generally, the respondents felt that there were no significant resources to support their work and development, or that these resources were declining sharply, or that they were not informed about them and were trying to do everything on their own.

Human Resources – some NGOs reported that they use professional recruitment agencies to find qualified personnel for their projects but the majority relies on personal contacts and informal networks. Both approaches give good results – NGOs feel that finding paid personnel is not a big problem but developing and retaining them is not easy due to the lack of stability and financial incentives on the job. Volunteer centers exist but only in a limited number of towns in the country – there is no such center in Sofia even. This requires NGOs to run their own campaigns for recruiting volunteers but this often has limited or temporary results.

Non-material resources – the need for information, consultations and training became the most evident during the review and as did the limited offers for such services. NGO resource centers exist in only a limited number of places; there are some small consultancy groups that provide services based on the current projects they run and not on the basis of the existing needs and demands. There are some strong infrastructural organizations – NGOs that provide services to other NGOs - but they are also limited in their opportunity to serve large and diverse needs. The situation with the infrastructural organizations is quite alarming and needs urgent attention.

Material resources – these are available to NGOs at market prices only – the state has not made any special provision regarding the space or other material resources for NGO work. Nevertheless, some NGOs make a move towards acquiring and managing assets to realize income for core costs and for programs. Positive experiences in this area are still rare.

Financial resources – the sources of financial resources were the most discussed in terms of development need. The main source of resources continues to be the project funding form foreign donors and subsidies or grants from the state. Membership fees and income form economic activities have only marginal contribution.

Project funding – this is the largest and the most accessible source of resources for the vast majority of the respondents. About one third of the respondents report that they have more than one project running at the moment but this still does not give them opportunity to plan safely their work. Special interest are the EU programs and we have provided detailed information on them in *Appendix B.*

State support and subsidies – about one third of the organizations outside Sofia have worked on projects in partnership with the local authorities in the areas of environment, culture, arts, social services, education and local self-governance. The participation of the state was in providing office space and space for the realization of the events. Although the respondents mention also financial support from the state, they haven't provided us with any figures. The general attitude is that the state at the moment has very little resources to share with the NGOs and it cannot be a reliable source of funding.

Donations form individuals and businesses – this area is growing faster as a practice. There are only a few respondents that have never asked/received donations from private individuals or companies. In most cases the contribution has been in-kind – goods, services – and much rarer in cash. In almost half of the cases the NGOs who have approached these individual or corporate donors have been an intermediary between the givers and the organization's beneficiaries and not the direct beneficiary of the donation. However, the general situation is that business and individuals are not willing to use

NGOs as intermediaries. NGOs have some successes in this area due to personal contacts.

Economic activities – about half of the respondents say that they have economic activities related to the core activities of their organization. Most popular are the paid consultancy services, publishing, paid training, social services, renting out of properties, etc. What is the share of these revenues in the organization's budget was impossible to establish – respondents were proud to talk about their experience in running for-profit activities but were reluctant to provide any figures. They see it more as a test of the abilities of the organization and the environment, and not so much as a serious income-generating effort. It is seen as a big challenge as NGOs feel they do not have the necessary expertise, human resource and technologies to do this and that the environment is unfavourable even for business itself.

Membership fees – very few respondents mention this as a possible source of resources that they would like to develop in the future. It is still seen as an area of symbolic relationships rather than an income source.

PART III.
PROSPECTS

PRO
SPECTS

3.1
Introductions

This section introduces the discussion about the future sustainability of the NGO sector, which, in fact, does not feature prominently as a topic of any active or on-going debate within the sector. The concept is familiar but raising it causes only embarrassment for the respondents.

The closing part of this research is devoted to the future of the Bulgarian NGOs and NGO sector from the point of view of sustainability. A number of reasons determined the choice of this perspective.

Firstly, as already discussed in section 1.2.1, during the preliminarily consultations with the Reference Group, sustainability was identified as the issue of primary interests for the Bulgarian NGOs. The questions raised by the respondents included: what sources and ways of funding are used by NGOs? Do they have for-profit activities, sub-contracting by the government, own income (fees for services, membership fees)? What ideas do they have for reducing the dependency on external (foreign) funding and increasing their sustainability?

Secondly, with some major donors leaving the country, the question of sustainability – its potential and limitations – has topped the discussions among donors and among analysts. Bulgarian NGOs, especially the larger ones, seem to be at a crossroads – their major foreign donors are exiting the country and are trying to 'hand over' programs and partners to someone else. NGOs are concerned that there is nobody to be 'handed over' to. Only the ones with strong commitment to their beneficiaries, their activities and to the broader societal change they aim at would have a chance to transit successfully to the 'post foreign donor' era. Strong commitment, however, has to be combined with the respective understanding and technical knowledge of sustainable development and sustainable institutions in order to translate general commitments into concrete strategies.

During the research, however, we found out that there are more and more questions but much fewer answers than expected. Sustainability does not feature prominently as a topic of any active or on-going debate within the NGO sector. The concept is familiar but raising it causes only embarrassment for the respondents. Although concerns about sustainability are quite strong both on the side of the NGOs and the donors in Bulgaria, the real debate about the different visions of sustainability, about

who or what should be sustained, about the appropriate timeframes for sustaining activities and structures, about what are the responsibilities of the different stakeholders in the whole process – this debate has not happened yet.

This situation has driven us to look at the prospects about the future of the NGO sector by approaching the topic of sustainability in more depth in the hope that the current research will not only highlight the gap between the general and the local level of technical knowledge about sustainability but will also generate sufficient interest and energy for the sustainability debate to unfold.

And finally, although this part is called 'Prospects', we found out that very few respondents were ready to tie themselves to any prospects for the future of the sector and even of their own organization and were more inclined to express their general desires and recommendations for the future. We have acknowledged the difficulty of making prospects in the uncertain context of development in Bulgaria but have also noted the lack of analytical and visioning skills and approaches for the long-term perspective.

3.2 The Sustainability Discourse

This section takes a broader analytical approach and looks at several related and overlapping concepts – sustainable development, sustainability, sustainable project interventions and sustainable institutions.

3.2.1 Sustainable Development and Sustainability

The question of sustainability has been an important feature of the development thinking and practice in the 1990s and it continues to be prominent at the beginning of this century – in some sort of a 'Gramsci effect' (after the Italian thinker Antonio Gramsci whose central idea might crudely be paraphrased this way: greater than the tread of a mighty army is an idea whose time has come) it captures today's debate on the value and validity of development.

Thomas (*et al*, 2001, p. 62) explains how sustainability came on the agenda and identifies three sources of concern about it: i) environmental lobby and its concern about decreasing of resources; ii) policy concern about on-going social and economic change and the sustainability of peoples' livelihoods; and iii) donor concern about continuous longer-term effect of their interventions (related to their exit strategies).

The most popular definition of sustainable development reads: 'sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (WCED, 1987) and reflects not only the environmental concern about depletion of resources but also the issues of distributional equity (i.e. putting the emphasis on meeting the needs of the poorest as the ultimate goal of sustainable development) and intergenerational justice (i.e. assuming moral responsibility for the wellbeing of the generations to come).

Sustainable development and sustainability are overlapping concepts that share a number of aspects as shown on Table 3.2.

Table 3.2 Overlapping aspects of sustainable development and sustainability

Sustainable development	Sustainability
Sustainable livelihoods	Continuity
Enabling environment	
Sustainable use of resources	Development of capacities
Self-reliance, self-supporting organizations	
Increasing equality	Realization of capacities through performance
Reducing vulnerabilities	
Ability to continue (sustained impact) – after forms of earlier support finished	Potential for the activities to be self-supporting; an extended time frame
Diversity of interests/desirability	Learning
Changing constraints/feasibility	

Source: Based on Eade and Williams, 1995, p. 19-20

The main instrument to steer and measure sustainable development so far has been the 'triple bottom-line' concept comprising sets of indicators related to environmental soundness, economic viability and social acceptability. This approach has come under criticism recently for various reasons but particularly because these three 'bottom-lines' are often conflicting and the trade-offs tend to be in favour of the economic targets. An alternative is a 'principle-based approach to assessment for sustainability, which emphasizes the interconnectedness and interdependency between these three areas and not the rivalry among them and can be used pro-actively in planning and decision-making (Pope *at al*, 2004).

No matter how actively researched and promoted, the concepts of sustainable development and sustainability are not universally accepted. Economists have argued that sustainable development is not particularly useful as it does not bring anything new to the old utilitarian principle of 'maximizing welfare' and it is also impossible to operationalize (Beckerman, 1954). Development practitioners have also sounded caution against uncritical application of these concepts – not everything in development could or should be sustained (Chambers, 1997, p. 70; Hyatt, 2003, p. 15).

Bearing in mind these warnings, our research has kept the appreciation of the concepts of sustainable development and sustainability and has adopted a principle based-approach to assessment for (not of) sustainability.

3.2.2 Sustainable Program/Project Interventions

Although nowadays sustainability is often seen as a buzzword, it was arrived at as a response to changes in the context of development practice in the early 1980s - the new call was for demonstrating greater effect with smaller resources and for understanding that development is not only about modernization and growth any more but also about reducing vulnerabilities. LaFond (1995) and Allen and Thomas (2000), talking about the changes in the context point out that until the 1980s, investments in developing countries occurred in a climate of optimism based on two assumptions – that the world economy would continue to grow like in the 1960s and 1970s; and that the external support for developing countries (ODA) would also increase. None of these has materialized. Economic situation has deteriorated in the developing countries (recession, debt, oil crisis, declining terms of trade in early 80s), new development ideologies gained momentum (preference to private sector solutions and focus on cost-effectiveness and 'value for money') and donors have had to find other ways to invest in development. Thus interest in sustainability has occurred in a context of diminishing resources for development interventions and concerns about the quality of investment.

Defining sustainable interventions, Eade and Williams (1995, p. 20) list the following characteristics:

- To be sustainable, an intervention should promote equality and social justice;
- It should use the resources to meet current and future needs;
- It should aim at organizations or activities to become self-supporting;
- It should strengthen the opportunity of livelihoods to withstand change and shocks.

At the same time they admit, that these criteria are difficult to operationalise and meet for four main reasons – i) a whole range of constraints on sustainability are determined by social, political and economic structures and the availability of natural resources; ii) development interventions experience constant pressures from outside unsustainable processes; iii) some people might regard some interventions as sustainable and others – not, because they do not have the same interests; iv) poor people are rarely consulted with regard to sustainable development (Eade and Williams, 1995, p. 21).
Despite the difficulties and complexities in opera-

tionalizing the idea of sustainable interventions, the current research found it appropriate for the discussion of the Bulgarian NGOs and their operations in offering some guidance towards and a standard of sustainability.

3.2.3 Sustainable Institutions

The concept of institutions comes up often in the debates on sustainability – it is central in some definitions of sustainable development: 'sustain the ability of poor people and local institutions to be effective over the longer-term in pursuing goals they define, without wholesale dependence on others' (Thomas *at al*, 2001, p. 66); or sustainable institutions are seen as one of the most desirable outcomes of development intervention (Edwards, 1999, p. 372); or they are thought to be the means to promote and carry out sustainable development (Eade, 1997, p. 13).

Thus, the debate about sustainability, although initiated in the field of environment, is now focusing more on the social and political institutions realizing that in order to be able to plan and evaluate development interventions with regard to sustainability, the meanings, processes and goals of sustainable development have to be agreed upon among all stakeholders – sets of institutions that negotiate and interact in a situation of different interests and value-based conflicts (Thomas *at al*, 2001). This situation is particularly significant for the NGOs since the 'new policy agenda' of the Western governments in the 1980s led to a decrease of government-to-government assistance and NGOs were recognized as being better capable to reach the poor, as more accountable, cost-effective, efficient and able to innovate (Eade, 1997, p. 13; Edwards and Hulme, 1995, p. 12)

Sustainability of local institutions is largely seen as their capacity to function effectively without the need to receive constant resource inflow from outside, i.e. to be self-reliant. This capacity is not solely concerned with financial sustainability but involves social, political, organizational and managerial sustainability as well. Lack of shared and coherent vision among members, loss of confidence and commitment among stakeholders, growing too fast, over-diversifying – all these could pose a serious threat to the existence of an organization as the lack of funding (Eade, 1997, p. 15).
The difficulties start again when the question is asked 'which institutions should be sustained'. While there is a general agreement that interventions should aim at sustaining the civil society as a whole (Anderson, 2004), it is much less clear how the concept of sustainable institutions should relate to each individual NGO. Some donors and researchers insist on making clear difference between institutional sustainability and self-serving self-perpetuation: 'The cryogenic school of funding appears to believe that all NGOs have a right to survival – which is interpreted as preservation through financial sustainability. There are fewer who recognize that it is possible (and sometimes healthy) for NGOs and informal groups to achieve what they set out to do and then close. This would be the case for many environmental and youth actions that the region has seen. Survival, perhaps, needs to be based on Darwinian principles – with those who respond and adapt best to their environment (rather than the 'fittest') surviving' (Hyatt, 2003, p. 15).

This question sparked a considerable interest among the participants in the current review, which will be discussed in more detail in section 3.3.3 below.

3.2.4 'Sustainability Watch' versus 'Sustainability Check'

The discussion above acknowledged the fact that sustainability is a complex and contested concept. The situation becomes even more difficult when it comes to measuring sustainability: as there are no standard or even proxy indicators for it, the difficulties in measuring sustainability are numerous.

The main difficulty in measuring sustainability comes from the fact that it is a process and not a static quality (LaFond, 1995, p.29) – one cannot assess an organization or an intervention at one particular moment in time and conclude that these are sustainable or not. Such synchronic 'sustainability check' could only be valid if done regularly to form a diachronic perspective, i.e. to install a continuous process of 'sustainability watch'. Similarly, Brinkerhoff and Goldsmith point out that sustainability is not an end state but an ongoing input-output process and we have to measure the capacity to transform resource inputs into development outputs on continuous basis (Brinkerhoff and Goldsmith, 1992). Continuity alone, however, is not sufficient – as already discussed above, there is no value in perpetuating ineffective structures and activities. Effectiveness should be added as a criterion that ensures positive outcomes of these continuous structures and activities. The difficulty here is that there is no (and probably cannot be) a universal understanding of what should be sustained because there is no agreement on what the 'ideal' situation should be. Thus, instead of searching for universal standards, a more useful approach would be to look at the concept of sustainability as a social construct whose definition and strategies depend on stakeholders' interests. A third measure of sustainability could be defined as self-reliance, i.e. absence of dependency on constant inflow of outside resources for continuous effective functioning. Self-reliance is demonstrated in the capacity to secure sufficient resources locally, to adjust activities and approaches to level of resources that can be secured longer-term. In this sense, large investment and mobilization efforts could be counter-productive to sustainability – especially if a limited number of stakeholders decide on the investment, which reflects only their particular culture (Shiva, 1992). Developing countries could hardly achieve self-reliance in terms of finance but they could do so in terms of organization, management, and policy. As LaFond sums up, investment strategies should give equal weight to achieving effectiveness, continuity and self-reliance (LaFond, 1995, p. 32). It is precisely this understanding that has been adopted in the current review to devise a strategic framework for NGO sustainability (as shown on Table 3.1) based on the following three questions and answers:

- What should be done – Sustainable development;
- How it should be done – Through continuous activities;
- Who should do it – Self-reliant institutions.

Thus the question about sustainability is broadened beyond the initial concern of 'how could NGOs survive after the end of the foreign donor presence in Bulgaria', i.e. sustainability as continuity. It includes the notion of sustainable development as the ultimate development goal and urges NGOs to consider their policies and practices against it. It also promotes the thinking that NGOs should conduct their operations in a self-reliant manner, not counting on a constant in-flow of external resources.

Table 3.1 Sustainability strategy – framework for NGOs

Sustainable Development/ Sustainability	The ***what*** question ***Effectiveness***	This could be considered the ultimate approach and the desired ends of development work
Sustainable project interventions	The ***how*** question ***Continuity***	These could be seen as the means leading to the desired ends
Sustainable institutions	The ***who*** question ***Self-reliant institutions***	These could be considered as both means and ends of sustainable development

3.3 Sustainability and Bulgarian NGOs

This section looks specifically at the main areas of sustainability – sustainable development, sustainable program benefits and sustainable institutions – and focuses on the latter which have attracted the greatest interest during the current review.

Out of the three aspects of sustainability – sustainable development, sustainable interventions and sustainable institutions – the first two received much less attention during the review than the third one. The concept of sustainable development was understood in a limited way even among the environmental organizations – mostly related to resource depletion and its conflict with economic development but without clear linking to intergenerational justice and distributional equity. Sustainable interventions were said to be better instituted – foreign donors have insisted on this for a long time and a lot of standards and monitoring systems have already been put in place. During the review, the NGOs put the main emphasis on institutional sustainability as this happened to be their immediate need and the main topic for negotiation with their (exiting) donors and the government institutions. This has been the predominant concept of sustainability discussed in the sections below.

3.3.1 Commitment to sustainable development

Sustainable development as an ultimate goal of any development has little recognition beyond the environmental circles but it seems that a new situation is emerging – more public interest, concern and action spring spontaneously in regard to different environmental problems. In addition, there are more encouraging signs on the side of the government at least in terms of policy. There is a clear need for the environmental sector – both governmental and non-governmental – to share its technical knowledge and strategies with the rest of the sector and to promote and inspire larger recognition for the principles of sustainable development. There are already some efforts that bridge the gap between the environmental and other NGOs but still a lot more is to be desired.

3.3.2 Something about sustainable activities and benefits

The concern about the sustainability of the concrete project results and benefits seems to be the one that has been the most present in the past years due to the donors' constant pressure to ensure those. Despite these efforts, however, the majority of the respondents felt that the sustainability of the project results has not been achieved – and probably was impossible to achieve while trying to address complex social phenomena with discrete short-term projects. Nevertheless, there are already many good examples of NGOs managing to routinise some project activities within their own organization or transferring them to other institutions – especially in the area of social services – despite the fact that the government is not so eager to learn from good practice established outside its own structures. Some NGOs have developed better strategies by involving the institutions they want to later entrust with this services form the very beginning. It will be necessary to strengthen and enlarge this process.

3.3.3 Sustainable institutions

There were some significant differences in the ways NGOs and the other stakeholders that participated in the review viewed the importance of institutional sustainability:

- Donors were more likely to put the emphasis on the need to have sustainable impact, changes and benefits and less so - on the need to have sustainable organizations and institutions that create and ensure these benefits. NGOs were likely to see it the other way around.
- Donors and NGOs had very different expectations of how sustainability could be ensured at the exit of the donor – while NGOs focused on endowments and other assets, donors seemed to avoid this topic completely.
- The Bulgarian government seemed to have no interest in the issue of NGO sustainability – NGOs were seen only as intermediary providers of foreign funding at the moment. This situation was quite disturbing as both foreign donors and NGOs place a lot of positive expectations on the government regarding the future sustainability of the sector.

These differences are not clearly articulated or debated and each stakeholder seems to build their strategies on untested assumptions. This situation further hampers the possibilities to increase the sustainability of the NGO sector.

The discussion about the institutional sustainability of the individual organizations that participated in the review as well as their perceptions on the sector as a whole concentrated around several topics – there is no sustainability in the sector and this situation will continue in the near future; individual organizations are committed to continue their work in the future; expected changes in the structure and areas of activities of the NGO sector; NGO relationships with the communities; financial and institutional capacities; and donor exit. We will look at each of them in the paragraphs below.

i) The lack of institutional sustainability

The first recognition of the respondents regarding both their organizations and the NGO sector as a whole was that neither was sustainable. The following characteristics of the majority of the NGOs in Bulgaria were considered signs of their un-sustainability and dependency on external resources:

- NGOs cannot build and maintain their integrity, cannot carry out their activities continuously building on their best capacities and achievements due to their dependency on external resources;
- They cannot respond adequately to the changing needs of their target groups and communities, cannot exercise flexible planning according to local agendas due to dependence on foreign donors and their own agendas;
- They can only focus on short-term opportunities and do piecemeal work, and cannot pursue long-term strategic goals and commitments;
- NGOs are unable to raise a sufficient level of support (money, time, in-kind contributions) for their activities locally;
- Their capable and motivated staff either burn-out or leave thus threatening the very existence of the organization;
- NGOs do not have the means to cover their core costs to ensure organizational stability as fewer donors and contributors agree to pay administrative and organizational development costs.

Regarding the NGO sector as a whole, the following characteristics were mentioned as factors prohibiting sustainability:

- The NGO sector is unstructured, fragmented, lacks meaningful connections and means of internal communication and exchanges;
- The NGO sector does not 'speak with one voice' even on issues that are generally accepted by the NGOs;

- Related to the above, the NGO sector is not able to have permanent and productive dialogue with the government and to attract reliable resources from it;
- Although the NGO sector is getting more and more visible, it still does not have a sufficiently clear identity and a positive image to attract massive support from the public.

The majority of the respondents felt rather depressed by this situation than motivated to turn it to a possible urgent action plan for the entire NGO sector. We felt that the lack of initiative for systematic work regarding sustainability and the lack of leader and promoter was quite alarming.

ii) The commitment to continuity

Individual organizations are committed to continue their work in the future - only one of our NGO respondents found it difficult to make a prediction and another one didn't exclude the possibility his organizations to close down but viewed this as a natural, not pessimistic alternative. The rest of the respondents, even sometime with certain hesitation, stated that they are determined to not only continue their work, but to also expand their areas of activities and the outreach to the communities they have worked for so far.

The respondents were unable to make forecasts about the continuity of the sector apart from the general expectation that its importance and contribution to development will increase in the future. There were a lot of recommendations that the respondents made regarding what *should* be the future of the sector – and we have looked at these in section 3.4.1 – but they felt very insecure in formulating some predictions of what is *actually* going to happen. Although we appreciated the dynamic and unpredictable environment in Bulgaria, we felt that this lack of prognostic ability was only partly justified as there are macro-processes related to the EU accession that have been determining the changes of the environment in a quite predictable manner and have already materialized in the countries in Central Europe – material reality of the future about which the Bulgarian NGOs still have little interest and knowledge.

Some more concrete expectations included:

- EU accession will lead to greater access to resources for development from the EU;
- EU accession will lead to a general improvement of the quality of life and will support the development of the middle class which is vital for the existence and sustainability of the third sector;
- EU accession will put more pressures on NGOs in various ways – they will have to enter much more competitive environment regarding the resources; as employers they will have to provide higher salaries; they will need higher technical capacities to access the resources, etc.
- The state will increase its readiness to delegate activities to the NGOs and to invest in them;
- The NGO sector will develop its internal structures and capacities;
- There will be more stability and continuity between successive administrations at the local level.

iii) Expected changes in NGO sector structure and areas of activities

After the question 'will we continue' followed the question 'will we change' and again almost all respondent answered positively to this question. Their main expectations were that the number of the NGOs in the future will be reduced – through some type of process in the future those who only exist on paper will disappear (e.g. if they don't submit reports to the Central Registry at Ministry of Justice for two consecutive years, they should be erased from the Court Registry); some organi-

zations will merge to increase their capacities and to access larger funding; sector will 'localise' and small local initiatives will be carried out by informal citizens groups that will not need to formalize as NGOs. The majority of the respondents believe that the sector will learn – due to the pressure from the donors or on its own initiative - to cooperate, to work together with the institutions for the community causes, to network, to build umbrella organizations, and to lobby successfully. Strong organizations will maintain certain professional fields around them and will concentrate and further develop expertise and capacities in them – some respondents perceived this as a positive move of structuring and strengthening while others feared that this would create monopolies. The more neutral reading of the situation was that this is a natural process seen also in Europe where mastodon organizations develop, sometimes with a strong centre and branches in the country.

In addition, the majority of the respondents also believe that there will be strong specialization and professionalization of the sector – "supermarket'-portfolio NGOs will disappear. Most of the respondents thought this will also contribute to the reduction of the number of active and strong NGOs while a few thought on the contrary – specialization will lead to increase of the number of NGOs as they will be able to find specific sources of funding.

Changes expected regarding the areas of NGO activity will be related to the sharp increase of the importance of the social services area (including violence in the community, minorities, people with addictions, elderly) – the majority of the NGOs will continue or will get involved in this area, partly because of the continuous funding which is expected to come from the government. Other areas, ranked according to the respondents' expectations, will be: education and culture, decentralization and local development, environment, civic participation.

iv) NGO relationships with the communities

In addition to the changed structure and volume of the sector, respondents expect to see a qualitative change in the relationship between the NGOs and the communities targeted by the activities and the care of the NGO sector – the vast majority of respondents from all stakeholder groups (NGOs, government, donors, media) share the opinion that NGOs will become more effective and will improve their relationship with the citizens which will lead to more support for the NGOs from the public. Improved relationship with the communities is the quintessence of the future development and determines the very reason for the existence of the sector.

v) Financial and institutional capacities

Improved relationships and interaction generally – among organizations as well as between the citizens and the organizations and among the sectors are seen as a possible reality in the near future by a large group of respondents. Three things - these improved relationships, the developed capacities and qualities of the sector and the future economic activities which the sector will develop – are the key to the future NGO sector sustainability.

About a quarter of the respondents already see the economic independence of the sector as a possible reality. Apart from the state support for social services, other sources of financial sustainability will be: the community foundations, social entrepreneurship, and the businesses. Additional important conditions will be the appropriate legislative changes, the development of marketing thinking and for-profit activities by the NGOs.

NGOs and the central government believe that the future of their cooperation will be better than the

present. However, they see this cooperation in different directions – for the NGOs it is important to have state budget devoted to services that they will provide and for improving the working conditions in the NGO sector while for the government NGOs are more important as collaborators for the development of strategies and plans on national and local levels.

vi) Donor exit

Almost two thirds of the respondents have commented about the exit of the American donors from Bulgaria – they found this development very significant but in a different way. The predominant feeling is that the donors have exited – or have decided to exit – prematurely: Bulgaria had received less development assistance and for a shorter period of time then the Central European countries. This threatens the past investments of the donors as their programs and partner organizations are far from being sustainable. In addition, the independent flexible moneys have been crucial for certain types of NGOs (watch dog organizations, independent policy think tanks, etc.) which will now face serious difficulty in replacing these sources. What will be missing the most is the long-term relationships and stabile program funding that some large NGOs have enjoyed in the past.

On the other hand, some respondents believe that the exit of the foreign donors will have a positive 'sanitary' effect on the sector – many NGOs that have come to the habit to see NGO work as a lifestyle rather than a mission will disappear, the skilful project proposal writers will probably be attracted to other areas, e.g. the state administration, and will not divert NGO resources from those who really can make productive use of it. Although the diversity of the sector might be threatened, the new situation where the main source of funding is the EU will present sufficient opportunities to those who are willing to work. Some respondents believed that, actually, the difficulties of the application procedures for the EU funds are at the core of the NGO psychosis about the withdrawal of the American donors.

A minority of respondents state that there is no such thing as donor exit – or rather, that this makes no difference for the small NGOs that have never had an access to them anyway.

3.4 NGOs Agenda for Sustainability

3.4.1 General Recommendations

As we already mentioned, the respondents felt much more confident in providing recommendations for the future sustainable development of the NGO sector than concrete prospects regarding their own organizations and the sector as a whole. In the sections below we will highlight briefly the main recommendations without listing the whole variety of detailed ideas, which concern a large diversity of areas and, if presented this way, could only constitute the next 'shopping list' of wishes. As we will show in section 3.4.2 our main focus for the recommendations was on the ideas that concern directly the sustainability issues we have been researching during this review.

Most recommendations concern the NGO sector itself and focus on three main areas – first, the resource development area (professionalizm, specialization, decentralization, social capital, financial resources, legislative initiatives that improve the operational environment for the NGOs,), second – the effectiveness of the sector (pro-active participation in public policy processes, civic control over state institutions, advocacy and lobbying, cross-sector cooperation, etc.) and third – the relationships between the NGO and the communities (coming closer to the communities and engaging directly with their problems, improving the representativeness and the legitimacy of the sector, increasing the confidence of the other sectors in the NGOs).

The recommendations to the central authorities focus on the need for the state to provide more active support to the NGO sector: through changing the normative framework to stimulate the businesses and individuals to donate; to encourage local authorities to engage more actively with the NGOs on local level; to treat the NGO sector as an equal partner in designing and undertaking development initiatives or services delivery; to increase its own capacity to absorb EU funding and to facilitate NGO access to it.

Some recommendations were also addressed to the donors – mainly regarding the application rules and procedures, the improvement of the communication between donors and beneficiaries as well as among the donors themselves.
Some general appeals were addressed to the businesses, the media, and the academic institutions to be more active and positive in developing partnerships with the sector while working on causes of wide societal interest.

According to the respondents, the following areas should be considered priorities for the development of the sector in the future: i) internal development of the sector (structuring, professionalizm, specialization, decentralization); ii) improving the relationships with the communities and the real needs of the civil society; iii) clarifying the relationships with the state (legitimacy, autonomy, partnership); iv) securing the financial sustainability of the sector; v) improving the interaction with the other social actors; and vi) Euro-integration.

3.4.2 Recommendations for Sustainability Policies Development

Evidence from the review suggests that although there are serious concerns about and interests in sustainability in many of Bulgarian NGOs and donors, the debate about it so far has been quite

limited and lacking strategic direction. Although views on sustainability are different, some ideas could be put at the core of a strategic framework that will focus interest on sustainability and will allow stakeholders to take sustainability into account in their management and strategic planning by creating the appropriate institutional policies.

Figure 3.1 below shows a tentative framework for developing a tool for institutional sustainability assessment, which could be applied on a continuous basis. This framework could be used as a starting point for internal discussions but definitely needs further development in order to be operationalized – which could not be achieved within the scope of this review.

Drawing on the concepts of effectiveness, continuity and self-reliance, another tool was developed to aid further the sustainability discussions within the organizations. Recommendations on Table 3.1 illustrate how NGOs can manage their interventions and themselves in order to create more sustainable impacts and institutions.

These recommendations have significant implications for the NGOs. Choosing the path to sustainable development and institutional sustainability is not an easy life – it will require profound changes in organizational set up, operations, strategies, culture and even personnel. This is a serious choice for the current leadership – to make a commitment to sustain the organization after major donor support has dried out. Once this commitment is in place, many opportunities for further institutional development and sustainability will present them, including one that gives a stronger platform for negotiations between the NGOs and the leaving donors.

Figure 3.1 Areas of institutional sustainability

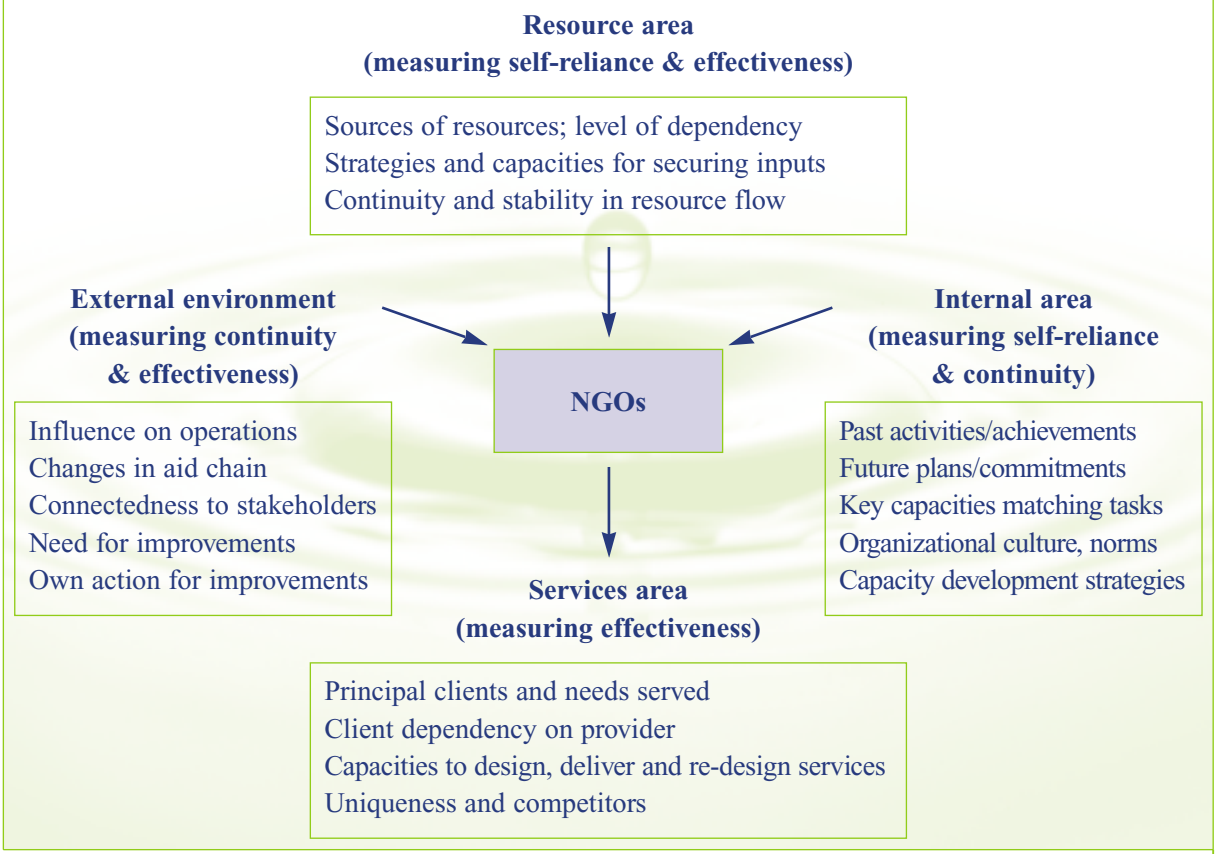


Table 3.1 Framework for sustainability policies

Recommendation	Policy approach	Policy questions
Develop in-depth understanding of concepts and theories of sustainable development	Institutional and inter-institutional learning	What concepts/theories of sustainable development seem valid, sound and inspiring to our stakeholders?
Integrate principles and values of sustainable development in all aspects of internal operations and external interventions	Principle-based assessment for sustainability	What principles of sustainable development are applicable to our work and how? (based on Agenda 21)
Increase effectiveness in view of sustainable outputs/ interventions	Effective transformation of inputs into outputs	How can we ensure a process of delivering high quality and valued goods and services and/or affecting positive changes for our beneficiaries?
Increase continuity of services/benefits to tackle complex social problems	Transformational approach to development	How can we ensure continuous benefits to our target groups that are adequate for their changing needs?
Increase self-reliance in view of independent standing and approach to development	Transformational approach to development	How can we create an independent support base?
Change institutional culture to leave the comfort zone of donor funding and to explore alternatives	Institutional and inter-institutional learning	How can we manage the change without compromising with the level and quality of our work?
Attract new people with new attitudes and visions ('post-donor generation')	Outreach and human resource development	What new skills, attitudes and visions are relevant to the changed organization and context and how to get them?
Engage pro-actively in networks and communities of practice around sustainable development	Institutional and inter-institutional learning	Who are our allies in promoting sustainable development and how to ensure continuous learning exchange with them?
Engage pro-actively in cross-sector interactions to promote principles of sustainability	Partnerships	Who are the stakeholders of sustainable development and how to negotiate a common vision and action with them?
Promote change in the legal and fiscal environment that enable sustainable NGOs	Advocacy	What changes are needed and how to achieve them?

3.4.3
Further Research

The quantity and the quality of the data collected were sufficient to allow some deeper insights and generalizations about the NGO sector in Bulgaria. However, the lack of sustainability and the negatives associated with it – dependency, opportunizm, lack of strategy and low public appreciation - is a significant problem for the civil society development. This review confirmed that the Bulgarian NGOs do stand at a crossroads in terms of their future functioning and, indeed, existence. The situation after foreign donors' withdrawal from the country looks rather threatening and not all of the NGOs feel committed to continuing their work in the same areas ('unpopular' transformational interventions) and with the same assistance strategies (with grant-making being the most difficult to sustain without foreign help).

For the local stakeholders there was little interest in studying sustainability as a phenomenon once they agreed that it was not a fixed characteristic of an organization that could be measured statically but a dynamic and, to a large extent, unpredictable characteristic of institutional developments. Thus sustainability should be studied not as a feature of an organization but as its policy.

Bulgarian NGOs were aware of the need to distinguish between sustainability and self-perpetuation – there were examples of organizations that were self-reliant and continuous but their outputs were either irrelevant or self-serving. It was important to stress the third aspect of sustainability – effectiveness – besides continuity and self-reliance.

In addressing institutional sustainability, it appeared to be more appropriate instead of 'assessment of sustainability' (which is *post-factum* assessment of a situation that has already occurred) to talk about 'assessment for sustainability (which is a pro-active approach to sustainability and is integrated in every design and planning work from the outset).

These have been but the first steps in initiating a deeper and more systematic discussion on the sustainability of the Bulgarian NGOs – further research and discussion will be needed in order to support the efforts of the practitioners to find their ways around this complex issue in the complex context of development.

APPENDICES

Appendix A

LEGAL AND FISCAL ENVIRONMENT OF THE BULGARIAN NGO SECTOR

By Luben Panov, Director of the Bulgarian Center for Not-for-Profit Law

1. NGO registration and operation

The Act on the Legal Non-profit Entities (ALNPE) which has been in force since January 1st, 2001, has modified significantly the legal framework regulating NGOs in Bulgaria.

a) General Provisions

ALNPE contains several brand new provisions which are important for the laying down of the sector rules:

- ***Registration of the associations and foundations at*** *in camera* ***court sittings*** without the involvement of a prosecutor. Registration can be refused only if the purposes of the organization have been prohibited by law or if not all legally required documents have been submitted. The refusal to grant registration may be appealed;
- ***Termination of the opportunity for the executive to interfere in the activity of the foundations.*** State control is minimal and the opportunity of line ministers to control the activity of foundations has been removed. The court can intervene only if the articles of incorporation are incomplete by supplementing their content in line with the will of the founder (if no other procedure has been laid down in the articles of incorporation and if the founder or a person designated by them cannot make the amendments);
- ***For the first time an act lays down an opportunity for the legal non-profit making entities to carry out profit-making activities.*** The Act sets certain limitations on the profit-making activities – the latter should be additional; they should be related to the main (non-profit making) activity of the organization, and the revenue should be used for achieving the non-profit goals;

- ***Public and private benefit.*** ALNPE for the first time makes a distinction between the legal non-profit making entities in the private and those in the public benefit. The organizations in the public benefit may have only strictly defined public aims which have been laid down in the Act. Hence the state will provide assistance to those organizations by means of tax and other relief. On the other hand those organizations will also be subjected to much stricter control over their spending and over the pursuing of goals for the public benefit;
- ***Central register.*** Under the Act a special register has been set up at the Ministry of Justice where all organizations which have defined themselves as ones for the public benefit should register. Registration is free and the information in the register is public;
- ***Dissolution and division of property.*** Legal non-profit making entities in the public benefit cannot be transformed into ones for private benefit. The Act provides that the property of legal non-profit making entities in the public benefit after dissolution will not be divided between the members of bodies, founders, beneficiaries but will be transferred to other organizations for public benefit. Only organizations working for the private benefit may divide the property left after satisfying the creditors between members and beneficiaries.

b) associations

An association is a grouping of three or more persons for carrying out of non-profit making activities. Any association which has determined itself as one public benefit should be founded by at least seven able natural persons or three legal ones. The association is headed by a general assembly and a board. The general assembly consists of all the members of the association unless otherwise provided in the bylaws. Every member of the general assembly has the right to exercise one vote.

The general assembly is called by the board on its own initiative or on the initiative of at least one third of its members. If the board does not call a general assembly within one month, it can be called by the court where the association's head office is registered on the basis of a written request by the stakeholders.

The calling of the general assembly is carried out by means of an invitation which should contain the agenda, the date, the hour, the venue as well as the initiator of the general assembly. The invitation should be promulgated in the State Gazette at least one month in advance of the assembly and should be posted in the building where the management of the association is located. The assembly shall be deemed legal if at least half of all members are present. The bylaws may provide otherwise. In the case of a lack of quorum the assembly shall be postponed by one hour to be held at the same location and with the same agenda. It can be held then no matter how many members attend.

The general assembly is the supreme body of the association and it has certain powers enshrined by law. A part of the latter may be transferred onto other bodies such as the board but some of them can be exercised only by the general assembly. The most important ones are: amendments to the bylaws, transformation and dissolution of the association, election of board members, adoption of the annual report, adoption of the budget, etc. The decisions of the general assembly are taken with simple majority, unless otherwise provided by the bylaws, with the Act stipulating expressly that the decisions on amending the bylaws, on transforming and dissolving the association be taken with a majority of 2/3 of all members present.

The board meetings should be attended by more than half its members. Members shall be considered

attending also if there is a telephone or other link with them during the meeting – a link which guarantees the establishing of their identity and allows them to participate in the debates and in the decision taking. It is possible for a decision to be taken also without the holding of a meeting if the document on the decision taken is signed by all the members of the board without any comments or special opinions. Decisions are adopted with a majority of those attending unless another type of majority is provided for in the bylaws. Decisions on liquidation, on property and on determining the terms and organization for the carrying out of the activities are adopted by a majority of all members.

c) foundations

In contrast to associations, foundations have no members. A foundation is a personalized property and it is funded by unilateral articles of incorporation which contain a description of the property provided and the aims for whose attainment it is going to be used. A foundation may have a one-tier form of management. However if it has two bodies their powers should be like the general assembly and the management board of the association. If the foundation determines its activities as activities in the public benefit it must have a supreme collective and management body which can also be represented by one person. Practice shows that usually the supreme body is called a board of trustees, a founders' board, etc. The management body can be a management board, a director, an executive director, a secretary, etc. Very often other bodies are provided for which usually have only advisory functions like honorary council of donors. Similar bodies cannot take decisions related to determining operational trends or management of the foundation but can express opinions on how the property should be disposed of. There is no obstacle for other powers to be delegated also unless this contradicts the law.

The founder of the foundation may reserve certain rights for him/her-self or for a person designated by them e.g. the right to appoint the members of the supreme body, etc.

d) profit-making activities

The Act allows legal non-profit entities to carry out activities for profit only if certain categories are observed:

- additionality – the volume of the profit-making activities should not exceed the volume of the non-profit activities;
- relatedness – the nature of the profit-making activities should be linked to the not-for-profit aim of the organization and these activities should be a means for attaining the aims;
- utilizing the proceeds from the activity for achieving the non-profit aims of the legal non-profit making person;
- the object of the profit making activities should be determined in the articles of incorporation of the organization;
- legal non-profit making organizations cannot distribute profit. If there is profit then it stays in the organization and shall not be distributed between the members, founders, employees, etc.

Practice has not yet shown how related and not related profit making activities will be distinguished between or when a profit making activity will no longer be considered additional. The Bulgarian tax authorities do not monitor the observance of this criterion since their aim is maximizing the tax revenues. The court should develop clear criteria for differentiation but for the time being case law has not been well developed.

e) private and public benefit

ALNPE distinguishes between two types of non-profit organizations: in the private benefit and in the public benefit. The legal non-profit entities select the trend in which they are going to work in their articles of incorporation. Those of them which have selected work in the public benefit should be entered in the special Central Register under the Ministry of Justice. The Act provides that the state will support organizations in the public benefit through tax, credit-interest and other relief.

Since the legal non-profit entities working in the public benefit are the object of enhanced control on the part of the state they should observe a more special regime in the maintenance of documentation and reporting:

- It is mandatory that books of minutes of the meetings of the collective bodies be kept and that the chair of the meeting and the person taking the minutes verify them and are liable for the veracity of its content.
- They draft an annual report on the activities which contains data about the significant activities, the money spent on them, their links with the aims and programs of the organization and the results achieved, the amount of the gratuitous property and the revenue from other fund raising activities, the financial outcome. This report is public and for the purpose the bulletin of the CR publishes a special notification for its drafting and the place, time and manner of familiarizing with it;
- The collective body of the legal non-profit entities for the public benefit takes decisions about the liquidation, disposing of the property and determining the terms and the organization of the carrying out of the activity with a majority of all members

The legal non-profit entities in the public benefit are the object of more special requirements in the case of gratuitous spending of their property for the benefit of certain persons (members of bodies and their relatives, persons who have funded the organization, etc.). In this case an argumented decision has to be taken by the supreme body with a majority of 2/3 of all its members. The legal non-profit entities in the public benefit cannot conclude deals with related persons unless the deals are in the obvious benefit of the organization or have been concluded under common publicly announced conditions.

e) Central register

All legal non-profit entities in the public benefit should be registered at the Central Register under the Ministry of Justice. Registration is free. After registration the organizations are bound to submit by May 31st yearly information about their operation during the past year where they would announce any changes in management and registration, the received finances and their spending, the work in the public benefit which they have carried out, etc.

The Central Register is aiming to be the body which apart from its control functions (gathering of information and receiving of reports) will have a function of publicizing the registered organizations which would provide public control over the organizations' activities. For the time being the Register carries out mainly registrations because of the deadline (December 31st 2003) for all organizations which have registered in the public benefit to be entered in the register. The aim is after that deadline to enhance the control functions of the employees in order to turn the register into a guarantor of the transparency of the public benefit organizations. To that end however the legal non-profit making persons should take their part of the responsibility and should submit regularly information into the register (including their annual reports) because the whole sector will benefit from a functioning and transparent register.

f) other registrations

After court registration legal non-profit entities should pass several other mandatory registrations. These include the registrations in BULSTAT, the tax registration in the territorial tax directorate where the head office of legal person is registered and registration in the National Social Security Institute (as a potential contributor for the employees of the legal non-profit making entity). Besides all legal non-profit making entities are obliged to adopt internal rules against money laundering and the funding of terrorism which should be registered at the Financial Intelligence Agency. Under the Act on the Protection of Personal Data the legal non-profit making persons who are employers or collect personal information about certain people should register at the Committee on the Protection of Personal Data.

These registrations add too much bureaucracy to the operation of the legal non-profit entities in Bulgaria. On the other hand they are common for all legal entities (including the trading companies). The only way to alleviate this situation is to develop the idea of uniting all registers into a single one.

2.
NGO taxation

a) profit and non-profit making activity

Under the provisions of the law the legal non-profit entities may carry out for profit activities. They can be performed both by the legal entity itself and by the company which the legal non-profit entities own entirely or where they have a share. The setting up of separate companies is still an underdeveloped practice with the exception of several formal organizations of disabled people or the Bulgarian Red Cross. The legal non-profit entities have no experience in the carrying out of for-profit activities. The preferred form of for-profit activity for the legal non-profit entities is the organizing of seminars or training courses against the charging of a fee, the dissemination of printed materials (these activities should be related to the achievement of non-profit making aims which the organization is registered as pursuing).

When the for-profit activities are performed by the organization itself it is subject to the criteria enumerated above (additionality, etc.). For-profit activity is every activity where goods and services are delivered against consideration determined along a market principle (i.e. when the price is in line with the prices of the competition). For traditional non-profit making activities are considered the payment of membership fees, the receiving of donations and grants.

b) NGO taxation

The legal non-profit entities pay corporate tax (this tax has replaced two previously existing taxes – the municipalities tax and the tax on profit) only on the for-profit activities they perform. The non-profit making activities are not covered by the Corporate Tax Act. The legal non-profit entities determine their financial outcome on the basis of a comparison between the income received and the expenditure incurred. The total costs for both activities are allocated on the basis of a coefficient. When the financial outcome is positive a tax rate is accrued which amounts to 23.5 %. If the financial outcome is negative or zero, no tax is owed.

When the for-profit activities are carried out by means of a company the regime of its taxation is identical to the one for the rest of the companies (23.5 % corporate tax rate). Apart from that when profit is transferred after taxation from the company to the legal non-profit making persons (as dividend) a tax on dividends of 15% is deduced.

c) inheritance tax, buildings tax, donations tax

The legal non-profit entities are obliged to pay different local taxes and rates. If they acquire real estate they should declare it within two months of the date of acquisition. As real estate owners they have to pay a tax on property annually.

When inheritance is received the type of the legal non-profit making person should be taken into account – whether it is in the public or in the private benefit. The organizations in the public benefit are exempt from the payment of inheritance tax. The organizations in the private benefit are taxed.

When receiving property as donation the receiver of the donation owes a tax on the cost of the property. The tax rate is 5% and is payable by the receiver of the property donated (unless otherwise arranged). The legal non-profit entities in the public benefit registered in the Central Register as regards received or granted donations are exempt from this tax.

Very often a question arises in relation to the donations tax as regards the provision of grants for private benefit organizations. In the Bulgarian legislation the term "grant' is not regulated. Although legally speaking the term "grant' is closer to an earmarked donation **it should be treated in the same manner as far as taxation is concerned**. This is so because the grant has a specific aim, a strict budget for spending and if these requirements are not observed the grant has to be reimbursed to the donor.

d) VAT

- VAT is not accrued on financial operations (including money donations).
- The non-profit making activity of the legal non-profit making persons does not form a taxable turnover under VAT. Hence VAT registration can occur only when commercial activities with a turnover above 50 000 BGN are carried out.
- There are cuts for the import of grants (donations) unless they are excise goods. No VAT is accrued on their import when they are imported by organizations in the public benefit which have been entered in the Central Register.

Up until recently the implementation of international projects funded for example by the EU posed a problem. The organizations had to register under the VAT Act so as not to pay tax but at the same time after the completion of the project they had to un-register (and respectively to pay VAT for the acquired assets). At present another opportunity is provided for not-for-profit organizations whereby they register at the territorial tax directorate of Sofia and then each of their suppliers can deliver goods with a tax rate of 0% (after receiving a certificate from the tax authorities that the organization is carrying out an international project). The new system also leads to a lot of bureaucracy and bigger suppliers like the BTC, Elektrosnabdyavane, etc, are not prone to undergoing this administrative procedure for so small for their scale amounts.

e) taxation of NGO donors

All individuals who are donors (full-time employees, part-time employees, self-employed, receiving income from rents) can use up to a 10 % deduction from their annual income for donations made to organizations in the public benefit which have been entered in the Central Register (as well as to other categories of persons including non-traders with charitable, social, health, etc. aim). The individuals paying patent tax do not have the right to tax cuts for donations.

Corporate donors have a right to deductions of 10% for donations made out of their positive financial outcome if the donation has been made out of the reserves or the undistributed profit from previous years. The donation should also be registered at the Central Register to organizations in the public benefit (as well as to other categories of persons including non-traders with charitable, social, health, and etc. aim). A problem in this case would be if the company does not have a positive financial outcome or has no reserves and undistributed profit from previous periods or if the donation exceeds 10 % of the financial outcome. In cases like this the relief cannot be used (in the last one it cannot be used in the part of the donation which exceeds 10 % of the financial outcome).

Another alternative is for the donation to be written as expenditure. The amount of the donation then is taxed with a 15% rate when the donation is to the benefit of registered at the Central Register as organizations in the public benefit. In such cases there is no limit as to the amount of the donation as well as there is no need for the company to have profit or reserves. The tax is 20% when the donation is to all other types of persons.

3.
Is the Bulgarian NGO sector sustainable?

a) What opportunities have been missed for sustainability of the sector in the past?

There are several reasons why the Bulgarian NGO sector has not yet found the way to achieve sustainability:

- A lack of internal control in the availability of tax relief in the beginning of the 90ies. The presence of control-free relief in the cases of import by foundations brought about a steep increase in the import of cigarettes, alcohol, fuel and other products which are not narrowly related to the development of civil society. This fact which is closely related to the notorious Sapio affair has lead to the cancelling of all relief. Furthermore the revoking of these bred another even worse result – strong distrust in the aims and usefulness of non-profit making organizations. For more than 10 years after this case it has been almost unthinkable to talk about more preferential tax treatment of non-profit organizations;

- The lack of unified stance in the sector until recently. The strong opposition between different groups of organizations has brought to the fact that in reality the sector united for the first time in 1999 during the FOR Campaign (for the adoption of the new NGO act);

- Feeble attempts to improve the image of the NGOs. In the wake of the Sapio problems and the lack of a unified NGO sector no one is committed to a national campaign for clearing the image of the NGOs. On a local level this has largely been achieved as a result of the activity of the organizations and the main problem is on a national level. Even today very often people relate organizations mostly to money laundering and not to charity;

- The lack of a modern act regulating the NGO status. The ALNPE was adopted at the end of 2000. It paves the way for the further development of the legal framework for the NGO since on the basis of the separation of the private and the public benefit the state can steer its resources towards public benefit organizations.

Currently the state policy towards the NGO sector has been improving which is testified by the involvement of the NGOs as partners of the state in different areas such as social activities, tourism, child care, ecology, etc. Another indicator is that for the first time in 2001 new tax relief for the NGOs and their donors was introduced but still especially in the financial sphere there is a clear mistrust of the NGOs. This has not allowed up until now to seek different forms of NGO sector support (namely because of the lack of understanding that this sector is useful for society and needs to be supported). Many other countries from the region have developed different mechanisms for state NGO support – relief for commercial activities of NGO, 1% acts, acts on endowments, cession of a part of the privatization revenue to foundations (the Czech Republic), etc.

In Bulgaria there are attempts to adopt some relief for commercial activities of NGOs in the public benefit. For the time being the government has not adopted these ideas which could encourage the entrepreneurship of the NGOs and the development of a business culture among them. As regards the other relief it is the bad image of foundations since the beginning of the 90ies that has always been a problem for receiving financial incentives. On the other hand the severe economic transition and the strict financial discipline imposed by the IMF onto the government also facilitate the lack of tax and other relief for the NGOs.

b) What are the present opportunities for sustainability?

The Bulgarian NGOs however have some opportunities which ought to be used. Unfortunately the larger part of the organizations does not have the necessary experience and knowledge to work in these new spheres.

The first opportunity is related to the carrying out of profit-making activities. The development of profit-making activities would provide a window of opportunity for supplying valuable resources which would work towards not only the stabilization of the organizations (opportunity to exist between projects) but also as a source of their own funding which is now a mandatory requirement of the EU and other programs. It is important to note that NGOs now have the opportunity to participate in public procurement tenders – another possible source of income for the NGOs. For the time being however there are few tenders in which the NGOs can participate because of the specificity of their operation. But there will be more and more examples of tenders for consultancy services won by NGOs. Examples of possible public procurement work can be the environmental impact assessments, media strategies, etc.

Another possible source of income is the delivery of social services. With the latest amendments to the Social Assistance Act and its Rules the municipalities have to call competitions for the provision of social services in which NGOs can participate. This is a well developed practice in Western Europe and in some Eastern European countries like Poland. The social services competitions are an alternative to the public procurement in the social sphere. There have been few practical examples in this area up until now: either due to the fact that the municipalities have no experience in this sphere (and in the availability of a few traditional social services like the home outreach support) or due to the fact that the NGOs offering such services are not numerous or are specialized in alternative services like addiction prevention, etc.

An important element of the sustainability building is the raising of funds from donors. Despite the lack of a legislative act like the 1% Act Bulgaria has a relatively good system of relief for donors. The opportunity for deducting 10% of the profit (respectively of the annual revenue) is a high threshold in comparison with most EU and eastern European countries. We should mention however that the traditions of

making donations in Bulgaria are not very strong. NGOs get only around 25 % of the donations made since many people prefer to donate directly to people in need. Even broadly promoted campaigns like hardly raise enough money to cover the expenses of organizing them. People are not aware of the existing tax cuts.
The EU funds and programs are another significant source of funding which will grow in importance for Bulgaria. This necessitates a significant enhancement of the capacity and knowledge of our NGOs about the EU structures and mechanisms.

c) What are the future prospects? What can and should be done in order to increase the NGO chances of sustainability?

Recommendations can be grouped in several trends. NGOs should work for improving their image. This will lead also to enhancing the confidence of the state towards them and to turning them into equal and attractive partners. Thus they will have a stronger impact onto state policy and will influence its responsiveness to the needs of the community.

This leads to the next problem which should become the focus of the future NGO work – the turning of the not-for-profit organizations to the community, Civil society organizations should work to promote the interests of and to support their communities. They should be set up in response to concrete needs in the community. If they achieve this they would be able to rely on support from the community which is among other things financial.

If the NGOs prove that they are equal partners of the state they will take on a part of its responsibilities for the provision of certain public services in the social, health, and educational, etc. spheres. This process has already started developing in the social sphere but it needs to be encouraged in other spheres of public life. As practiced around the world the state will be ready to pay for the provided services. The NGOs have one general advantage over other service providers, the state included, due to the fact that their services may be much cheaper because of the involvement of volunteers and the absence of a need to form profit. Besides, NGOs are more flexible and closer to the needs of the concrete communities.

New approaches to encouraging donations should be sought. This can be achieved through alternative tax relief but the highlight should be NGOs developing a better marketing. They should be able to present themselves in the best possible manner and to show that the effect of the donation could be multiplied if it be granted to an NGO.

After the NGOs demonstrate their own important public role they need to seek state support for their work in the public benefit. Such support may be expressed in relief for related profit-making activity or direct institutional support for the NGO.

Appendix B

SUB-CONTRACTING OF NGOS BY THE STATE

Kamen Kostakiev, a lawyer and legal adviser at the Centre for Independent Living

Why did the state decide to involve the NGOs in the delivery of social services?
Each democratic state is striving to decentralize the provision of social services. When the services are decentralized (they are provided locally) and their delivery is delegated from the municipal authorities to private companies the quality and range of services is improved. Another important thing is that in this way the state (the municipalities) "get rid of' their statutory obligation to provide such services and delegate them to private subjects who are more willing and have more opportunities to deliver them. This is a win-win situation for everybody – from the state to the end user of the service.

What is the attitude of the state and its requirements to the NGOs as service providers? The state places identical requirements to all service providers – to deliver quality and safe services and to observe the agreed pricing policy (with the mandatory services). From there onwards the market is the one that regulates the service suppliers.

Are the NGOs treated equally with the other service providers? From a legal point of view – yes. From an emotional point of view they even enjoy some privileges – the community will find it more reasonable for a service to be delivered by an association and not from a sole trader, for example.

How does the NGO-state relation work on a local and on a national level (in regards to the provision of social services by NGOs)? On the local level the working relationship is between the NGOs and the municipality. As regards the effectiveness of this work it depends on the initiativeness of the local service providers and the proactiveness of the local authorities.

What was the practice up untill now – not so much in regards to the experience of the users of the services but in regards to the service providers? The service providers face two main problems – the lack of facilities for service provision (and in that respect they rely on the support of the local authorities) and the low purchasing power of the service users. The latter is partially offset by the subsidies but the question remains about the forming of some profit by the service providers. If there is no profit the interest on the part of the service providers will boil down to only (mainly) charity.

What can be the benefit for the NGOs from this opportunity and how can it be utilized? There can be several benefits:

- using the municipal facilities – with rent or for free; even if a rent is to be paid it will be lower than the market rents;
- forming profit – even a minimal one;
- building a public image through service provision;

- last but not least – improving the quality of the life of the citizens. A quality service presupposes a better quality of life.

What needs to be improved and where should the lobbying efforts of the NGOs be concentrated (the NGOs providing services and showing interest in this area)? Several important factors can improve the quality of the provided services and can stimulate the interest of the NGOs:

- Close contact and active interaction with the local authorities;
- Promotion of the services;
- A broad spectrum of services and a flexibility if required (taking into account the interest and demand of the users);
- Best prices.

All this is covered by the overarching question:

Is the social service provision by NGOs a vital sphere for them, a sphere on which a big part of the NGOs can rely for their future sustainable development? Does it cover their needs as regards functioning and survival and as regards the exercising of their function (to serve the communities which they say they are working for)? Does it come closer the NGO presence and their positive image between the communities for which they are working and does it give them a better opportunity to mobilize resources on the local level?

In my opinion – yes! From the point of view of image and benefit – undoubtedly. From the point of view of sustainable development of NGOs and their survival I think that now they can rely on social service provision if they manage to attract external funding. It is up to them to choose whether they are going to establish their services on the market and to reach self-funding.

1. Legal framework for the social services – the basic statutory acts, regulating the social services and social assistance include:

1.1 Social Assistance Act – promulgated in the State Gazette, issue number 56 as of May 19, 1998, latest amendment in State Gazette , issue number 120 as of December 29, 2002 .

1.2 Enabling Rules for the Social Assistance Act – promulgated in the State Gazette, issue number 133 as of November 11, 1998, latest amendments in the State Gazette, issue number 40

1.3 Regulation N:4 on the terms and conditions of social service delivery – promulgated in the State Gazette, issue N: 29 as of March 30, 1999, amendments in the SG, issue N: 54 as of June 15, 1999.

1.4 Regulation on the criteria and standards for social services for children- promulgated in the SG, issue N:*102 as of November 21, 2003.*

1.5 Act on the protection, rehabilitation and social integration of disabled people – promulgated in the SG, issue N: 112 as of December 27, 1995, latest amendments in the SG, issue N: 86 as of September 30, 2003.

1.6 **Enabling rules on the Act on the protection, rehabilitation and social integration of disabled people** – promulgated in the SG, issue N: 97 as of November 12, 1996, latest amendments in the SG, issue N:35 as of April 5, 2002**.**

2.Basic terms and concepts in service provision and distinctions .

2.1 Distinction between rights, benefits and measures for social inclusion.

Rights are those inalienable human entitlements which are provided for every person. These include the right to life, work, education, personal inviolability, dignified social existence, etc.

Benefits are those material or natural measurements which are granted from the state under its social policy in order to support the exercising of the rights.

Measures for social inclusion are those actions undertaken by the bodies of the state and the local authorities in order to guarantee the exercising of the rights.

2.2 Distinction between a social service for assistance and a social service for integration.

Social service for assistance is the service targeted to meet those basic human needs of citizens which they cannot meet by working or through the property they possess. Social assistance is related to poverty which can be experienced by all social groups.

Social service for integration is the service targeted to overcoming a concrete deficit. The aim of this service is through a complex of measures and benefits to make up to a maximum degree the lost opportunity for social integration of the individual.

2.3 Distinction between accompanying person (top-up for external help) and personal assistant.

The accompanying person is somebody who helps people with the most severe type of disability in his/her home and social functions. In reality this person is most often a relative or a relation of the disabled person. The relations between the two are not economic in nature but social. The needs of the disabled person can be met as far as the accompanying person is willing to.

The personal assistant is an individual who helps the disabled person in all spheres of everyday life and not only in home and utility functions. The relation between the two is an employer-employee relation. They depend on the concrete needs of the disabled person and the required time can be renegotiated. The personal assistant is a social service for integration which to a maximum extent compensates the problems of the disabled person in communicating with the milieu.

2.4. Distinction between a service in the community and a service in an institution.

Services in the community are social services in the environment that is the routine one for the individual and whose aim is to help the achieving of the full individual capacity of the person. The routine envi-

ronment is the family environment.

Services in an institution are related to the extraction of the person from their family environment and their placement under daily care in an institution.

3. Institutions for the provision of social services – type, description, conditions for use.

3.1 These are institutions, where people can receive different social services or shelter. According to the type of service offered they can be grouped into different categories.

According to the ownership of the institutions they can be state, municipal, private and mixed.

According to the duration of the social service offered they can be daily and annual.

The most important division is according to ***the type of the service provided.*** When the service is provided without extraction of the individual from their routine environment we talk about institutions offering a service in the "home environment' or the so called community services. These are the institutions offering the highest quality services since they do not sever the link between the individual and the family and aim at integrating the individual fully into society. When the individual is extracted from the family environment and is placed in a residential institution or a shelter for a longer time we have a service offered outside the "routine family environment'. This service is very often ineffective and in reality makes the person dependent on the respective institution for life.

3.2 Most often the services in the routine family environment are provided by the following institutions:

- social services bureaus;
- home outreach visits;
- day centres;
- centres for social rehabilitation and integration;
- temporary placement shelter;
- foster care;
- crisis centre;
- placement centre of the family type;
- protected accommodation;
- public canteens.

3.3 The services outside the routine home environment are the different homes for the placement of children and adults. The placement is related to a longer stay and is full board. The institutions can be:

- institutions for children or young people with disabilities;
- institutions for adults with disabilities;
- social vocational training institutions;
- institutions for elderly people;
- shelters;
- institutions for temporary placement.

The social services in the specialized institutions are provided after exhausting all other opportunities for community services.
Whenever necessary and in line with the needs of the population every municipality may have institutions for the delivery of other types of social services.

3.4 The people who want to use the services provided by the social institutions should meet certain criteria and conditions.

The criteria are different depending on the type of the institution (whether the service is in the routine home environment or outside of it), the income of the individual, the presence of property, the presence of relatives to take care of him/ her, the degree and type of the disability, etc.

The minimal requirements are:

- For most of the institutions for the placement of people with disabilities **a degree of disability over 70%** or II group is required.
- The individual needs to be **incapable of organizing him-/her-self and meeting their own needs of life.** This means that if the person has income allowing him/ her to find a person to take care of him/her then this person does not have the right to request placement in an institution.
- The person **should not have relations to take care of them.** This condition is easy to understand. The obligation of the members of a family is to help each other. By relations we understand parents, spouses, and children of age, guardians and custodians.
- If the person has relations but they are incapable of taking care of this person because of age, care for other disabled people, small accommodation or bad relations, then the person may also be placed in an institution.
- The person **should not have provided their property** against an obligation for caring and subsistence.
- The institutions for social placement may also take people who do not meet the abovementioned conditions if their relation **pays a charge** corresponding to the real costs.
- The people placed in social institutions providing the service outside the routine home environment pay a charge during their stay which is determined in a contract with the head of the respective institution. Most often it amounts to 70 % of the annual income.

3.5 **The necessary documents** for entering a social institutions are:

- request-declaration form;
- medical document testifying the type and degree of the disability (expert medical panels);
- two photographs;
- ID card.

4. Social services - concept and types

4.1 **The main aims** for the provision of social services are related to supporting the citizens who without support would not be able to meet their own vital needs, their social reintegration is supported and entrepreneurship in the social sphere is encouraged through the provision of social services by natural and legal persons.

The social services are based on social work and are aimed at supporting the assisted persons to carry out their daily activities and to achieve social inclusion. The social services are provided in line with the wish and personal choice of the individuals.

4.2 The social services are free, partially paid (the difference to the value of the service is funded by the republican budget or by the municipalities) or based on agreement between the service provider and the user.

4.3 Who can provide social services? – They are provided by the state, the municipalities, natural persons registered under the Trade Act, and by legal persons.

4.4 Natural persons registered under the Trade Act and legal persons may provide social services only after registering in the register at the Social Assistance Agency as well as after receiving an additional license when services are offered to children below 18. All activities in the area of social services are provided by competition or after negotiations when the candidate is only one in line with the statutory criteria and standards. The details about licensing will be covered in the next point.

4.5 **Types of social services** - as we have already seen according to the types of institution we have institutions in the routine environment (in the community) and ones in a residential environment. There can be no exhaustive list of all types of social services – the latter depend on the needs of the people and the meeting of these demands and the capacity and flexible work of the social service providers.

Further down we provide a **possible list** of the ones that are most used in Bulgaria:
Daily and 24 hour service at the institutions for people with disabilities and adults; social home services – delivery of food, maintaining of the personal hygiene, maintaining of cleanliness on the premises, delivery of the necessary auxiliary means, help in communication and social contacts, household services and various other connected with the filling in of different forms, social and legal consultations on problems related mainly to social assistance; distribution of humanitarian aid, social work with disadvantaged children , persons and families; consultations and cooperation in landing a job as child minder, adults' and sick people minder; consultations and cooperation for people and families willing to adopt; rehabilitation; referring to social service institutions; educational and vocational guidance; training of children with mental disorders into vocational skills; program for social integration and resocialization; free food; recreation; shelter; etc.

5. License for the provision of social services

We are going to review in detail the procedure along which natural and legal persons or NGO activists can deliver social services.

5.1 In order to provide such services it is necessary for the person (persons) to have a **legal organizational form** under the Trade Act or to be registered under the Act on the Non-profit Legal Entities. In other words these can be:
under the TA – sole traders, general partnerships, limited partnerships, private limited companies, shareholding companies.

Under the ANPLE – foundations and associations.

5.2 To provide services it is necessary for the persons to be entered in a **special register** under the Social Assistance Agency, and those delivering services to children need to have acquired an additional license. At present 65 organizations have been entered in the register.

5.3 **The necessary documents** are – form; a copy of the court ruling; current legal status document; BULSTAT ID card and tax registration document.

5.4 The executive director of the Social Assistance Agency or a person authorized by them within 7 days of the date of the lodging of the form **issues a registration document** or issues a motivated rejection of registration by notifying the person in writing**.** If the document is issued **it should contain:** data about the person – number and series of the court registration, number of the company file, name, head office, BULSTAT single identification code, tax number, type of person; data about the representation of the person under court registration – name, ID number, permanent and/or current address; types of social services to be provided , and number of the license when services for children are provided; data about violations in the delivery of social services; data about the revoking of the registration and rationale; comments on the circumstances listed. The executive director of the Agency provides 7 days to the persons willing to provide social services to rectify any problems with the submitted documents.

5.5 If the person does not meet the criteria the executive director of the Agency provides a written motivated rejection which can be appealed under the terms of the Administrative Proceedings Act.

5.6 Requirements to the specialized services providers

- to draft an individual plan after a needs assessment for every user and to formulate the aims that needs to be achieved;
- to maintain a register of the persons placed;
- to observe the standards about location and facilities;
- to observe the standards on nutrition and quality of the food;
- to observe the standards and criteria for the level of the health care.
- To observe the standards and criteria about the level of the information;
- To abide by the criteria for leisure time organization and communication;
- To abide by the criteria and standards for the number of the specialized staff.

5.7 **Social services for children** – these are subject to higher requirements for quality and safety but because of the volume will not be discussed in this exposition.

6. Social benefits – types, amount, who can receive them and how

The social benefits are money or in kind benefits, which supplement the personal income of the individual so that he/she may meet their own vital needs. They depend mainly on the income, the health status and other needs of the people eligible to apply for them. According to their frequency the social benefits may be one-off, monthly and earmarked.

6.1 One-off benefits are granted to individuals or their families in case of one-off health, educational, utility or other needs. The amount of the benefits may be up to 5 times the amount of the guaranteed minimal income.

6.2 **Monthly benefits** - They are granted to socially disadvantaged people and their families if the income for the preceding month is lower than the differentiated guaranteed minimal income. The people who are entitled to this benefit include many socially disadvantaged groups – unemployed, orphans, lone people, families with many children, disabled people, etc.
In order to receive monthly social benefits these people should meet the following **additional** requirements**:**

- The premises they live in should be the only one they possess and it should not be larger than the norms allow;
- They should not have a company registered under the Trade Act;
- They should not be owed any receivables; they should not have any savings accounts, share participation and securities whose total value for the individual persons or for every family members exceeds 200 BGN apart from mass privatization shares or bonds;
- They should not possess movable or immovable property which can be the source of income apart from the belongings which are for routine use of the individual or the family;
- They should not have concluded contracts for the transfer of property against an obligation for subsistence money and/or minding. This requirement does not apply in the cases when the people who have taken the obligation for subsistence money and/or minding are students, unemployed, non of working age or are people with disabilities;
- They should not have transferred accommodation (flat, house, villa) for money in the last 5 years;
- They should not have travelled abroad at their own expenses in the last 12 months apart from the cases of medical treatment abroad and in case of death in the family;
- They should not have been fined under the terms for tax evasion with a tax act which is in force and has been so for no less than 3 years;
- They should not have been admitted for more than 30 days in hospitals, social, educational and military institutions.

6.3 Earmarked benefits are:

- assistance for the renting of a municipal flat;
- assistance for heating;
- free city transport ticket;
- monthly assistance for transport services;
- free rail or coach ticket;
- rail or coach ticket at a reduced price;
- assistance for spa treatment;
- assistance for telephone bills.

7. Some new types of social services and benefits – these are mostly for people with disabilities and include the following:

- priority in accommodating in municipal flats;
- relieved regime for bank credits;
- assistance for the purchase and transformation of a vehicle;
- assistance for the transformation of a flat;
- assistance for sign language translation;
- assistance for accompanying person.

8. Procedure for the granting of social benefits

The procedure on the granting social benefits starts with a request-declaration addressed to the Social Assistance Directorate. This is a form adopted by the Ministry of Labour and Social Policy.
The request should enclose the documents necessary for each concrete case. Most often these include:

- income certificate;
- payment documents testifying the expenses incurred;
- ID card;
- other documents verifying the presence of all necessary conditions or the lack of reasons which would disqualify the person as ineligible.

The decision of the director of the Social Assistance Directorate may be appealed administratively and in court – before the Regional Social Assistance Directorate and before the respective local court.

9. Overview of the good and bad practices in the provision of social services – the point of view of the service users

9.1 The good practices are related mainly to the individualization of the services and custom-made approach. The good practices should rely on an effectiveness of the service and achieving of the outcome it pursues.

- a good practice is the service **assistant for independent living (personal assistant) ,** when it is provided after the developing of a detailed and ling-term plan with the service user and its utilization is not fixed to strictly limited number of hours and the priority is the achieving of the sought effect. In the concrete case this will be opportunity for the individual to be more active and more socialized, to participate in public life to an optimal degree and thus to increase their social and economic contribution to society.
- a good practice is the use of **advocacy** after legal or social consultations. In this case the client does not only receive the necessary information but his/her right before the respective institution where the advocacy is carried out is effectively protected.

9.2 As a counterpoint **the bad practices** are related mainly to the complete ignoring of the needs of the individual and the posing of pointless and impossible conditions. The bad practices are related to the limiting of the volume of the service with temporal or financial figures which deprives it of any sense. We will quote three typical examples:

- Pointlessness of the service "accompanying person for people with sight disorders under Article 536 of the Regulations for implementation of the Law for protection, rehabilitation and social integration of invalids[4], where the service is offered to the "volume' of **up to 10 hours annually'.** It is obvious that in this form this is a superfluous service spending state funds in vain.
- The impossible condition for the import of a car by a disabled person where one of the requirements (to be employed) is in contrast with the other requirement (to have a low income). As a result of this contradiction this is a **dead service** – it exists only on paper.
- The vicious practice of providing social benefits in the form of goods with no attention paid to the needs of the individual and his/her preferences.

10. The social services and their future – proposals de lege ferenda for enhancing the quality and volume of the social services.

It is evident that the current legal framework is not the best and it confuses the different types of services and benefits.

The challenge before our new legislation should be the clear distinction between social assistance and integration services. The social services for integration should be defined as specialized services aimed at overcoming a concrete deficit and should not be linked to the income of the individual. They should be provided individually or to groups, in a decentralized manner, always in line with the concrete personal needs.

For the provision of these services a clear needs assessment should be made which should take into account the degree of the disability, the age, the professional/vocational background and the personal interest.

The services should be multifarious: apart from the well-known ones new services should be offered whose main aim would be to expand the spectrum of services in defence of the clients' interests.

11. Useful links:

http://www.mlsp.government.bg/bg/public/deca.htm - child benefits
http://www.mlsp.government.bg/bg/public/disable_brochure.htm - benefits and services for people with disabilities
http://www.mlsp.government.bg/bg/docs/strategy/index.htm - MLSP social policy strategy
http://sgr.hit.bg/ - social care - Sofia
http://www.mlsp.government.bg/nsspweb/ - Social Assistance Agency

[4] A new Law came into force since 1 January 2005 – Law for integration of people with disabilities.

Appendix C
EU FUNDING FOR NGOS

Monica Christova, EU Programs' Expert

The European Union (EU) is one of the main sources for support of the work of Bulgarian non-governmental organizations. The financial aid to Bulgaria is provided through three main pre-accession programs Phare, ISPA and SAPARD as well as other EU programs.

The financial aid provided by the EU will increase more and more with the approaching of the date for Bulgaria's accession into the EU. The funds under different EU programs are still not being fully committed and there are two main reasons for this: insufficient information about the funding programs and the lack of quality projects.

This coincides with the gradual withdrawal of other international donors such as the USAID. At the same time there is still not enough local financial resource which can be used for NGO projects.

The EU funding for Bulgarian NGOs will increase and that is why it is important to ensure good distribution of the information about the different programs. It can be noted that one and the same organizations are mainly funded because they have the necessary capacity, experience and skills to meet the requirements of the EU programs. At the same time, small organizations remain outside the programs because they definitely experience difficulties with the development of good proposals.

The development of proposals for EU programs needs a lot of preliminary preparation. Each program has different requirements and the organizations have to be well acquainted with them and to follow them strictly. Unfortunately, the requirements are becoming more and more complex since the procedures have to comply with the *Practical Guide to contract procedures financed from the General Budget of the European Communities in the context of external actions* and have to be applicable to a wide range of programs.

One of the major difficulties when identifying appropriate programs for funding is that different institutions and organizations are responsible for the management of the programs – these can be Implementing Agencies within the different Ministries or NGOs which were contracted to provide technical assistance by the EC Delegation in Bulgaria or the Central Financial and Contracting Unit (CFCU) at the Ministry of Finance. Since the announcements for the different programs are made in different ways, sometimes the NGOs miss the call for proposals. Useful Internet websites in this respect are: www.evropa.bg (EC Delegation), www.evroportal.bg (Ministry of Foreign Affairs), http://www.minfin.bg/bg/tenders/ (Ministry of Finance), http://www.dnevnik.bg/evropa (Dnevnik newspaper together with the EU Delegation), http://www.e-finance-bg.net (paid portal with information about open tenders in different spheres), www.europa.eu.int (official web-site of the European Union), as well as the web-sites of the different ministries and Implementing Agencies.

The experience so far shows that the most effective way for presenting the information about the different programs are information meetings combined with consultations on the application process. These meetings are especially important for the small and newly established NGOs which do not have enough experience in project development. Before deciding to submit a proposal the NGOs should be well aware of the program priorities and to find where they and their plans, missions and organizational capacity overlap. Projects which do not meet the program priorities are better not to be developed and submitted. The fact is that there are still about 10% of the organizations which ignore this requirement. About 50% of the organizations do not explain why they submit a project which does not correspond to their experience so far. It is very difficult to find out what the connection between the project and the organization's mission is and how it will contribute to the development of its internal resources and capacity.

The Program guidelines should be read carefully because they are part of the application documentation and contain useful clarifications and additional instructions for the project development. The organizations should not neglect any of the instructions because this can lead to omissions and mistakes which can be fatal for the project success. For example, even five minutes delay in the submission of the project after the final deadline can disqualify the proposal and the efforts for the project development will in vain.
The application form itself is rather complex and the development of a good proposal usually takes up to a month in case the organization wants to prepare a successful project. One of the most common mistakes is that the project justification is too general and formal. Although most of the projects state that they will contribute to solving the most urgent problems and needs of the respective target group/region, they do not manage to name specific local needs. The project should always include information about the respective target group/region based on preliminary surveys, statistics, etc. The justification should propose alternatives to the existing practices and approaches. Most of the projects do not mention at all similar projects, activities, initiatives, etc. which is a shortcoming. In case there is some experience existing, the proposal should explain the new elements. Quite often the organizations submit applications in areas where they do not have expertise and experience and this is a prerequisite for the failure of the project. The organizations should be well acquainted with the logical framework method which is an important element of the project and which in most cases is not well developed. This is not just a donor requirement or "fashion', it is a useful method for planning the activities and interventions and ensuring the link between activities and project aims.
The formulation of clear aims and realistic results, the planning of coherent and logically connected activities seems to be difficult for most of the Bulgarian NGOs. The attempts to use the so called "project concepts' often lead to incomprehensible and unclear sentences which are quite meaningless. A lot of examples can be given since there are many projects aiming at: developing civil society, encouraging the dialogue, changing attitudes. The generalization continues with the description of the target group which sometimes includes "society as a whole', "young people under 25 years', "local businesses', etc. These are not only general but also too ambitious aims to be achieved within a micro-project in the country.
Serious attention should be paid to the budget since a significant percentage of the projects are rejected because it does not meet the requirements, e.g. financial contribution provided by the applicant or other donors/sponsors. Financial contribution means real financial means, and not ensuring broadcasting time (TV or radio), premises for different events, equipment, etc. Not all of the EU programs require financial contribution from the applicants but this is a tendency which will increase in the future. The budget is usually prepared in EXCEL sheets and the organizations should be well acquainted with this MSOffice program. The good planning of the budget is a prerequisite for the successful financial management of the project if it is funded. Many of the reports are not prepared according to the requirements of the different

programs or do not contain the necessary financial documents. As a result of this, part of the reported expenses in the final reports are not considered eligible and consequently the EU grant is reduced as the final tranche is balance payment against the real expenditures for a given project.
Furthermore, the EU programs have many and different requirements which the NGOs should also follow when applying: availability of many additional documents (court registration, certificate for current legal status, tax and Bulstat registration, letters of support, etc.), submission of the project in English and Bulgarian, partnership with different institutions/organizations from Bulgaria and abroad. Some of the additional documents – letters, certificates, etc. require a certain period of time to be issued, so the NGOs should consider this fact in order to submit their applications on time. Part of the programs provide the possibility to submit the missing documents after the deadline but this is not the case for all of them. That is why it is very important the applicants to check whether they have prepared all the necessary documents in order not to be rejected because of ineligibility and non-compliance to the formal criteria. All of the above mentioned issues limit to a great extent the possibility for newly established and inexperienced organizations to succeed in getting funding from the EU.
Also, the partnerships which are stated in the applications should be real and should involve the participation of all stakeholders because in many cases it turns out that the partners are not well acquainted with the proposal or are present formally only because the partnerships are assessed higher. This results in lower points in the assessment and reduces the chances for funding.

Sometimes there are cases when the NGOs submit one and same project under different EU programs and this can lead to disqualification especially if the organization has not mentioned this fact in the application.

The NGOs should be very active in seeking information about the different programs and not to despair if their first attempt to get funding from the EU is unsuccessful. For some of the programs are organised seminars for unsuccessful applicants where the main shortcomings of the applications are discussed. Even if there is no such meeting, the applicants should get information why their proposal was rejected and try to avoid the mistakes when developing their next projects.

The organizations and institutions which are managing the EU programs should try to organise wider information campaigns so that the information reaches even remote areas. If possible, it is good to organise consultations with qualified experts who can support the small organizations in the project development. The establishment of informal networks for sharing of experience and good/bad practices among the NGOs themselves should be encouraged as this can increase their capacity and chances to succeed in the EU programs.

Further follows a short overview of the EU programs which were active or will be implemented in the future in Bulgaria and in which NGOs can participate.

I. PHARE PROGRAM

Phare is currently the main channel for the European Union's financial and technical co-operation with the countries of Central and Eastern Europe (CEECs).
Set up in 1989 to support economic and political transition, Phare had been extended by 1996 to include

more projects in CEECs partner countries such as Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. Phare also assists non-associated countries from South Eastern Europe such as Albania, the Former Yugoslav Republic of Macedonia (FYROM) and Bosnia-Herzegovina, in their transition to democracy and a market economy.
The EU support to Bulgaria is provided through:

- **Phare National Program;**
- **Phare Crossborder Cooperation Programs;**
- **Mutli-beneficiary Programs.**

I.1. PHARE – NATIONAL PROGRAM

Each year the European Commission signs Financing Memoranda with Bulgaria. For the Phare National program, this document lists the projects to be carried out within the priority areas established in the Accession Partnership and in the National Program for the Adoption of the Acquis. At present, according to the national program for Bulgaria, Phare aid is concentrated on four main areas: economic reform and the implementation of the aquis communautaire, economic and social cohesion, strengthening public administration, and ethnic integration and civil society.

ß.1.1. CIVIL SOCIETY DEVELOPMENT PROGRAM

Since 1995 within the Phare National Program for Bulgaria have been implemented three Civil Society Development Programs (CSDP): BG9403 (1995-1996) – 1,2 mln EUR, BG 9603 (1997-1998) – 1,5 mln. EUR, BG9804 (2000-2001) – 2 mln. EUR. The CSD program was managed in Bulgaria by the Civil Society Development Foundation. More than 600 NGO projects were supported during that period in different areas: training and provision of training services to NGOs, social entrepreneurship, environment protection, protection and integration of the minority groups, fight against crime and corruption, etc.
In 2003 started the fourth CSDP - BG0104.03, the technical assistance is provided by Civil Society Consortium comprised of Society and Information Foundation, Bulgarian Helsinki Committee and the Union of Bulgarian Foundations and Associations. The overall budget for the Program is 2,5 mln. EUR.
The overall objective of the Program is to encourage locally and nationally the process of social and economic integration of vulnerable groups in Bulgaria.
The specific objectives of the Program include**:**

- To build the local social capital through the mobilization of citizens, direct inclusion of disadvantaged groups, building partnerships on local level, introducing and multiplying of successful experiences and practices;
- To improve the expertise of local civil society organizations and groups to assess the needs, network, mobilise resources and advocate for improving the quality of services provided to vulnerable groups;
- To strengthen the capacity of NGOs and civil society groups to develop and sustain effective partnerships at local, regional and national level with the authorities and other stakeholders and to influence the decision making process concerning the inclusion of vulnerable groups.

The specific objectives of the Program will be reached through a series of activities, which can be grouped into two Program components: Component 1: Community Development and Component 2: Grant Facility
For more information: www.cscbg.org.
Two more CSDPs have already been approved and will be implemented in Bulgaria within the Phare National Program. The first one covers the period 2003-2005 and totals 4,1 mln. EUR. The overall objec-

tive is sustaining the civil society role in Bulgaria through improving its strategic approaches and capacities towards the vulnerable groups and minorities integration, fighting against the corruption and transposition and implementation of the environment, consumer protection and social acquis.
The next CSD Program is for 1,2 mln. EUR and covers the period 2004-2006. The overall aim is to increase the role of civic society in the process of policy formulation at all levels – national, regional and local - through enhancing the capacity of the non-governmental organizations, developing adequate mechanisms for structured dialogue between the state and the "third sector', building public private partnerships and recognizing the role of NGOs in the Accession process. These efforts of the NGOs will aim the fostering of social inclusion of people in vulnerable position or people being economically or politically marginalized.
The organizations which will provide technical assistance for the implementation of these two programs have not been selected yet. More information about their aims and priorities can be found in their project fiches at www.evroportal.bg.

I.1.2. Phare Social Inclusion Program

The program aims at contribution to the social and economic integration of the Roma, other ethnic minorities and the disabled into the Bulgarian society. Therefore activities for the development of Roma cultural centres and literacy training for Roma, job creation projects for Roma and other ethnic minorities and entrepreneurship development for ethnic minorities and disabled are envisaged.
The Social Inclusion Project Grant Scheme contains three components:

COMPONENT 1: Development of Roma Information and Cultural Centres (RICCs) and Literacy and Numerical Training
COMPONENT 2: Support to Job Creation Projects for Roma and other Ethnic Minorities and Disabled
COMPONENT 3: Entrepreneurship Promotion projects for Disabled and Ethnic Minorities

The program is managed by the Ministry of Labour and Social Policy – www.mlsp.government.bg .

I. 2. PHARE CROSS BORDER COOPERATION PROGRAM

Phare Cross Border Cooperation (CBC) Program supports the border regions in the EU candidate countries:

- To overcome the economic and social problems stemming from relative isolation in the national economy;
- To support the co-operation between border regions from Central and Eastern Europe and EU countries;
- To improve the contacts and relations between people, institutions and enterprises in the neighbouring countries;
- To prepare the candidate countries for their effective participation in the INTERREG program.

The corresponding program for the border regions of the member states of the EU is INTERREG. The Implementing Agency for CBC program in Bulgaria is the Ministry of Regional Development and Public Works.
For Bulgaria the program encompasses joint projects with Greece and Romania. The Program between Bulgaria and Greece started in 1994 with Financing Memoranda for 1994 amounting to 25 mln. EUR and for 1995 amounting to 23 mln. EUR. Because of different problems the programs was stopped and start-

ed again in 1997. For 1998 and 1999 the respective budgets of the program were 51 mln. EUR and 25 mln. EUR, including the EU support and the co-financing from the Bulgarian government. The Financing Memoranda for 2000 are respectively 20 mln. EUR and 8 mln EUR for the programs with Greece and Romania. The budget for 2001 is the same.

Beneficiaries under the CBC Program can be:

- NGOs;
- Local or regional institution; association of local or regional institutions; Euroregions; Chamber of commerce; professional association; commercial association; schools, colleges, universities, etc.

I.2.1. PHARE JOINT SMALL PROJECTS FUNDS – CBC PROGRAM

The Ministry of Regional Development and Public Works as the Implementing Agency of the CBC Program supports small projects "people for people' in the border regions – Bulgaria-Greece and Bulgaria-Romania under the Phare CBC Program.

The small projects fund supports activities targeted at:

a) Economic development;
b) Local democracy;
c) Employment and qualification;
d) Cultural exchange;
e) Training for improving the qualification;
f) Environment;
g) Tourism.

More information can be found on: www.mrrb.government.bg

I.3. PHARE – MULTIBENEFICIARY PROGRAMS

During the period 1994-1999 the Bulgarian NGOs were supported by the micro- and macro project schemes of the Democracy, LIEN and Partnership Programs. The technical assistance for the implementation of the national schemes with micro projects was provided by the Union of Bulgarian Foundations and Associations, Civil Society Development Program and Open Society Foundation. The macro projects were directly managed by the EC in Brussels and they included the involvement of EU partner. The programs were targeted at strengthening democracy, support to marginalised groups and encouragement of the socio-economic development in the Phare countries.

Since 1998 and the reorientation of the Phare program against the backdrop of the reinforced pre-accession strategy, the major part of available Phare funding has moved under the National Phare program for eligible countries. As a result, the non-national programs have merged, i.e. the multicountry and horizontal, to become the so-called Multibeneficiary programs with a significant reduction in the number of such programs on offer.

Existing Phare Multi-beneficiary programs are open to participation for a wide spectrum of beneficiaries from the candidate countries, operating in areas such as institutional reform, information and communication, business support, nuclear safety and environmental protection.

I.3.1. PHARE ACCESS

The LIEN and Partnership Programs were restructured and united in the ACCESS Program. The Program is an initiative of the European Commission aiming at the civil society development in the ten candidate countries and encouraging the socio-economic reforms in Central and Eastern Europe and the preparation of these countries for their future membership in the EU. Phare Access promotes the development of civil society in the candidate countries as well as prepares them for implementation of the acquis communautaire in policy areas where governmental activities are absent or are complementary to those of the third sector.
The program encourages the inclusion and participation of individuals and groups who are economically, socially or politically marginalised in the transformation process.

The program is implemented by the institutions of the relevant candidate country, under the supervision of the Delegation of the European Commission to the country. The program had two rounds in Bulgaria. The technical assistance was respectively provided by the Union of Bulgarian Foundations and Associations and the BFI Consortium – Bulgarian Charities Aid Foundation, the Information and Consultancy Centre and the Foundation for Entrepreneurship Development. More information can be found at: www.iccbg.org.
The priorities of the Phare ACCESS Program are included in the CSD Program and so there is no future implementation of the Program foreseen.

I.3.2. PHARE EUROPEAN INITIATIVE FOR DEMOCRACY AND HUMAN RIGHTS

The main aim of the European Initiative for Democracy and Human Rights (EIDHR) is to promote human rights and conflict prevention by providing financial support for activities in areas such as democratization, combating racism, discrimination, and xenophobia.

The Program funded NGO projects in the following areas:
The aim of the Micro-projects action is to affirm the rule of law in Bulgaria, as well as promote the political, civic, economic, social, and cultural rights of Bulgarian citizens. The action finances projects in the following areas:

- Protection of the basic human rights, enhancing knowledge about human rights as well as encouraging citizens' respect for human rights.
- Strengthening of democratization, good governance and the rule of law, new administrative practices and attitude, fight against corruption, humanization of the penitentiary establishments, encouraging citizens to take part in decision-making processes, promotion of gender equality.

There were two micro-projects schemes implemented so far in Bulgaria. The program is managed by the EC Delegation and technical assistance for the program was provided by the Information and Consultancy Centre.-: www.iccbg.org.
No funding for this program is foreseen after 2002.

I.3.3. PHARE – SMALL PROJECTS PROGRAM

The program supports small projects which support the implementation of the Phare Program in general

and contribute to closer European integration. The objectives of the program are:

- To raise awareness on European integration and the Enlargement process in the candidate countries of Central and Eastern Europe;
- To support and publicise the efforts of these candidate countries to join the European Union;
- To increase the visibility of the European Union in these candidate countries.

The program is managed on a national level by the EC Delegation – www.evropa.bg.
The NGOs can apply with projects under other EU funded programs as well. Here is a summary of the most important ones.

II. EUROPE PROGRAM

This program will provide grants to support the implementation of the Phare program and accession in general and contribute to awareness raising on EU integration and associated issues, closer European integration and higher visibility of the EU. The final beneficiaries can be NGOs, Universities, local authorities from Bulgaria. State institutions cannot apply for funding nor can be partners in the projects.
In Bulgaria the program is coordinated by the EC Delegation – www.evropa.bg.

III. YOUTH PROGRAM

The program offers young people opportunities for mobility and active participation in the construction of the Europe of the third millennium. It aims to contribute to the achievement of a "Europe of knowledge' and create a European arena for cooperation in the development of youth policy, based on non-formal education. It encourages the concept of lifelong learning and the development of skills and competencies, which promote active citizenship. The program strives to achieve and maintain a balance between personal development and collective activity across all sectors of society while pursuing the following objectives:

- **Youth for Europe -** Exchange program for young people of different social backgrounds from different EU member states or candidate countries;
- **European Voluntary Service -** International project, in which young people voluntarily become involved in activities in the social sphere. Every young person of age 18-25 from an eligible country can become a volunteer;
- **Youth Initiatives -** Supports projects created and managed by groups of young people;
- **Joint Actions -** Joint actions between the European Community educational programs Socrates, Leonardo, and Youth;
- **Additional Actions -** Actions in support of those involved in youth activities, or interested in youth issues.

The program is managed by Youth National Agency, Ministry of Youth and Sport – www.youthdep.bg

IV. LEONARDO DA VINCI PROGRAM

The program is focused on the implementation of the European Community vocational training policy. The first phase of the program was five years - 01.01.1995-31.12.1999. In Bulgaria it started in 1998 with preparatory measures and since 01.05.1999 Bulgaria has become a full-fledged participating country in the

Program. The second phase of the Leonardo da Vinci program is seven years (01.01.2000-31.12.2006).
The program actively supports the lifelong training policies conducted by the Member States. The program promotes transnational projects based on co-operation between the various players in vocational training - training bodies, vocational schools, universities, businesses, chambers of commerce, etc. - in an effort to increase mobility, to foster innovation and to improve the quality of training.
Institutional beneficiaries include:

- Vocational training establishments, centres and bodies at all levels, including universities;
- Research centres and bodies focusing on analysis of vocational training policies and other closely related activities;
- Undertakings, particularly SMEs and the craft industry, or public or private sector establishments, including those involved in vocational training;
- Trade organizations, including chambers of commerce;
- Local and regional bodies and organizations;
- Non profit making organizations, voluntary bodies and NGOs.

On national level the program is administered by a National Agency – www.leonardo.hrdc.bg. The Bulgarian National Agency was established in April 1998, several months later was created a network of five Regional Agencies in Bourgas, Varna, Pleven, Plovdiv and Rousse to ensure wide outreach of the Leonardo da Vinci Program.

V. SOCRATES PROGRAM

Socrates is a community action program for the development of quality education and training and the creation of an open European area for co-operation in education.
Following a decision of the European parliament and the Council of Ministers from 24 January 2000 Socrates Program continues with its second phase from 1 January 2000 till 31 December 2006. The second phase is based on the experience accumulated during the work on Socrates I (1995-1999) and the other donor programs as Phare and Tempus, and aims to integrate the participating countries in a large scheme for European educational and cultural cooperation.
The program comprises of "Actions' which aim at improving the quality of education and increasing the European aspect in it:

- **Comenius** The program seeks to enhance the quality and reinforce the European dimension of school education in all its stages beginning from pre-school, primary, up to the high school stage.
- **Grundtvig** seeks to enhance the quality, availability and accessibility of lifelong learning through adult education in the broadest sense, to promote improved educational opportunities for those leaving school without basic qualifications, and to encourage innovation through alternative learning pathways.
- **Lingua** Within the Lingua program, language teaching covers the teaching and learning, as foreign languages, of all of the official Community languages. The national languages of the EFTA/EEA countries and of the pre-accession countries participating in this program are also eligible.
- **Minerva** promotes European cooperation in the field of open and distance learning (ODL), and information and communication technology (ICT) in education. It does so by fostering better understanding among teachers, learners, decision-makers and the public at large of the implications of ODL and ICT for education.

- **Erasmus** seeks to enhance the quality and reinforce the European dimension of higher education, by encouraging trans-national cooperation between higher education institutions, promoting mobility for students and higher education teaching staff, and improving transparency and academic recognition of studies and qualifications throughout the Union.
- **Joint Actions** – comprise the European programs for education, vocational training and youth programs.

In Bulgaria the Program is managed by Socrates National Agency – www.socrates.bg

VI. CULTURE 2000 PROGRAM

Culture 2000 is a European Community program established for a period of 5 years (2000-2004). This financial instrument grants support for cultural co-operation projects in all artistic and cultural sectors; culture is regarded as a major factor in the process of social integration and socio-economic development. One sector of cultural activity is highlighted each year.
Cultural bodies and institutions, networks of operators, NGOs working in the field of art, cultural heritage, translation. Priority is given to co-operation projects between organizations from EU Member States and the candidate countries.
In Bulgaria the program is managed by the Euro-Bulgarian Cultural Centre – www.eubcc.bg.

VII. COMMUNITY FRAMEWORK STRATEGY ON GENDER EQUALITY

Since 2002 Bulgaria has been included in the Program for support of the Framework Strategy on Gender Equality.

The program supports three types of actions:
1. Raising the awareness on gender equality;
2. Analysis and evaluation of the policies and other factors influencing the gender equality;
3. Strengthening the cross national partnership including support for sharing of experience and networking in the European Community.

The project is managed by the Ministry of Labour and Social Policy – www.mlsp.government.bg .

VIII. PROGRAM FOR FIGHT AGAINST DISCRIMINATION (2001-2006)

The Program supports the adoption of legislation for fights against discrimination and includes all EU member states and candidate countries. The beneficiaries of the program are local and regional authorities, social partners, NGOs, mass media, Universities and research centres, organizations and structures encouraging the gender equality.
In Bulgaria the program is managed by the National Council on Ethnic and Demographic Issues at the Council of Ministers.

IX. PROGRAM FOR FIGHT AGAINST SOCIAL ISOLATION (2002-2006)

The Program includes all EU member states and the candidate countries. The overall budget is 75 mln. EUR. It is targeted at::

- Analysis of the peculiarities, process, reasons and tendencies for social isolation;
- Cooperation and sharing of information and good practices;
- Participation of representatives of different social groups and establishment of European networks.

The beneficiaries of the program are local and regional authorities, social partners, NGOs, mass media, Universities and research centres.

The program is managed by the Ministry of Labour and Social Policy – www.mlsp.government.bg

X. ISPA (INSTRUMENT FOR STRUCTURAL POLICIES FOR PRE-ACCESSION)

ISPA (Instrument for Structural Policies for pre-Accession) is a financial instrument, assisting the candidate countries to prepare for EU accession. ISPA provides financial support for investment in the areas of **environment and transport** in order to speed up the compliance in candidate countries with the EU legislation in these two sectors.

Transport - Assistance is provided for large-scale transport infrastructure projects connecting the national transportation networks (railroads and highways, etc.) with the Trans-European (TEN) ones, as well as for the construction and renovation of ports and airports.

Environment - The environmental protection measures financed by ISPA concern mainly drinking water supply, treatment of wastewater, solid-waste management, and air pollution projects.

The rate of ISPA assistance coming from the EU is up to 85% of the project eligible public expenditure; the Bulgarian national budget finances the remaining amount. The available ISPA funding for all candidate countries of approximately 1 billion euro annually in 2000 – 2006 is distributed according to size of population GDP per capita, and the specific needs of the country. In 2000 – 2001 the ISPA funding for Bulgria amounts to MEUR 210.8 (MEUR 104 for 2000 and MEUR 106.8 for 2001). The overall value of the ISPA 7 financial memoranda in 2002 is MEUR 240.

ISPA direct project beneficiaries are those structures which are related to the project implementation. Indirect beneficiaries or sub-contractors can be also NGOs, organizations, associations and companies which participated successfully in tenders organised by the ISPA National Coordinator in the candidate country. In Bulgaria the Program is coordinated by the Ministry of Regional Development and Public Works – www.mrrb.government.bg .

Appendix D
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Appendix E
LIST OF INTERVIEWEES

NGOs	**Place**
Association 'Obrazovanie 21 Vek'	Burgas
Child Center 'Ronkali'	Burgas
Youth Information Network	Burgas
Regional Association for Support of Children With Mental and Physical Disabilities 'Sv. Ivan Rilski'	Burgas
'Doza Obich' Association	Burgas
'Znanie za Vsichki' Association	Burgas
'Ravnovesie' Assocation	Burgas
'Pribezhishte' Foundation	Burgas
Center for Local Development	Buhovo
NGO Center	Burgas
'Mezhduetnichesko Partnyorstvo' Association	Varna
'Da Suhranim Zhenata' Association	Varna
Association of Parents of Children with Cerebral Palsy and Children with Congenital, Gain and Inherited Disabilities	Varna
'Gavrosh' Association	Varna
Youth Ecological Organization 'Ekomisiya'	Varna
'Institut po Energetika na Choveka' Association	Varna
Mayday Foundation	Varna
Sea Club 'Priyateli na Moreto'	Varna
Public Council of Rehabilitation and Social Integration of People with Disabilities in Varna Municipality	Varna
Public Center of Environment and Stable Development	Varna
'Izgrev 2000' Association	Varna
'Budeshte bez Droga' Association	Varna
'Alternativa 2002' Foundation	Varna
'Pomognete' Foundation	Varna
'Suprichastie' Foundation	Varna
Center for Independent Living	Varna
Open Society Club	Varna
Zonta International	Veliko Turnovo
Geoecoclub 'Academica'	Veliko Turnovo
European Info-Center	Veliko Turnovo
Veliko Turnovo Club	Veliko Turnovo
International Social Services	Veliko Turnovo
'Obrazovatelen Svyat' Association	Veliko Turnovo
'Sts Kozma i Damyan' Foundation	Veliko Turnovo

‘Center Mariya’ Association ..... Gorna Oryahovitsa
Club ‘Socialno Razvitie’ ..... Dobrich
‘St. Nikolay Chudotvorets’ Foundation ..... Dobrich
Womens Association ‘Proksen’ ..... Kazanluk
‘Atanas Ignatiev Karaivanov’ Foundation ..... Karnobat
Center for Development of Nikolaevo Municipality ..... Nikolaevo
Bulgarian Association for Fair Elections and Civic Rights ..... Pleven
‘Znanie’ Association ..... Pleven
‘Zdrave za Vsichki’ Association ..... Pleven
Open Society Club ..... Pleven
Roma Confederation in Bulgaria ..... Pleven
‘Pleven 21 Vek’ Foundation ..... Pleven
Center for Educational Services and Qualifications ..... Pleven
‘Shans za Detsata’ Association ..... Pleven
‘Izkustvo, Kultura, Detsa’ Association ..... Plovdiv
‘Medii s Choveshko Litse’ Association ..... Plovdiv
‘Obshtopolezni Proekti’ Foundation ..... Plovdiv
Green Balkans-Federation of Nature-Conservation NGOs ..... Plovdiv
Free-Lance Consultant ..... Plovdiv-Sofia
National Volunteer Alliance ..... Plovdiv
Regional Council of Bulgarian Red Cross ..... Plovdiv
Center ‘Obrazovanie za Demokratsiya’ ..... Plovdiv
‘3 Net’ Association ..... Sofia
‘Agrolink’ Association ..... Sofia
‘Balkan Assist’ Association ..... Sofia
Bulgarian Family Planning Association ..... Sofia
Bulgarian Media Coalition ..... Sofia
Bulgarian Youth Alliance ..... Sofia
Bulgarian Helzinki Committee ..... Sofia
Bulgarian Center For Non-Profit Law ..... Sofia
‘Viktoriya 21’ Foundation ..... Sofia
Center for Social Practices ..... Sofia
Access to Information Program ..... Sofia
‘Grazhdanin’ Association ..... Sofia
‘Za Zemyata’ Ecological Association ..... Sofia
Institute for Market Economics ..... Sofia
Institute for Regional and International Researches ..... Sofia
Centre for Environmental Information and Education ..... Sofia
Counterpart International - Bulgaria ..... Sofia
Youth Organization ‘EVET’ ..... Sofia
Youth Center Against the Violence ..... Sofia
Resource Center Foundation ..... Sofia
Time Ecoprojects Foundation ..... Sofia
‘Asotsiatsia Animus’ Foundation ..... Sofia
‘ Predizvikatelstva’ Foundation ..... Sofia

The Red House Center for Culture and Debate ..... Sofia
Agency for Regional Economic Development ..... Stara Zagora
'Zemya Zavinagi' Foundation ..... Stara Zagora
Open Society Club ..... Stara Zagora
Samaritans Association ..... Stara Zagora
NGO Club ..... Turgovishte
'Shans i Zakrila' Association ..... Haskovo
Regional Organization of People with Disabilities ..... Shumen
SEGA Foundation ..... Sofia
Center for Independent Living ..... Sofia

Informal Groups

Confederation of Roma ..... Varna
'Lyulin' Initiative Committee ..... Malo Buchino
Initiative Committee ..... Orizare, Plovdiv
Theatrical Group 'Petrovden' ..... Patalenitsa
Initiative Committee-Suhodol ..... Sofia

Community Centers: (chitalishta)

Community Center 'Iskra' ..... Veliko Turnovo
Community Center 'LIK' ..... Pleven
Community Center 'Napreduk 1871' ..... Nikopol
Pleven Community Fund Chitalishta ..... Pleven
Community Center 'Vitosha' ..... Sofia
Community Center 'Probuda' ..... Suvorovo

Donors

Balkan Trust for Democracy of German Marshal Fund of the USA ..... Belgrade, Serbia
Environmental Partnership Foundation ..... Brno, Check Republic
Open Society Club ..... Varna
Partners Bulgaria Foundation ..... Sofia
World Bank ..... Sofia
Evrika Foundation ..... Sofia
Open Society Foundation ..... Sofia
Bulgarian Charity Aid Foundation ..... Sofia
Workshop for Civic Initiatives Foundation ..... Sofia
Local Government Reform Foundation ..... Sofia
Center for Information And Consultation ..... Sofia
United Nation Development Program-Chitalishta Project ..... Sofia

Local Government

Regional Court ..... Varna
Public Council of Rehabilitation and Social Integration
of People with Disabilities in Varna Municipality ..... Varna
Regional Administration ..... Varna

Regional Administration ..... Varna
Municipality Varna-Preventive-Informational Centre for Narcotic Problems ..... Varna
Municipality Varna-Preventive-Informational Centre for Narcotic Problems ..... Varna
Municipality Varna-Preventive-Informational Centre for Narcotic Problems ..... Varna
Regional Municipalities Association 'Yantra' ..... Veliko Turnovo
Regional Administration ..... Veliko Turnovo
Public Council ..... Veliko Turnovo
Danube Municipalities Association ..... Pleven
Sofia Municipality ..... Sofia

Central Government

Ministry of Foreign Affairs ..... Sofia
National Film Center ..... Sofia
Ministry of Youth and Sports ..... Sofia
Ministry of Transport and Communications ..... Sofia
Ministry of Culture ..... Sofia
State Agency for Child Protection ..... Sofia
Ministry of Environment and Water ..... Sofia
Ministry of Agriculture ..... Sofia
Parliamentary Group of National Movement 'Simeon Vtori' ..... Sofia
Ministry of Justice ..... Sofia
Ministry of Regional Development and Public Works ..... Sofia
National Fund 'Culture' ..... Sofia
Ministry of Environment and Water ..... Sofia
National Council of Ethnic and Demographic Issues. ..... Sofia

Business

Ford Motor/Moto Phoe ..... Sofia
Postbank ..... Sofia
Language School High Time ..... Sofia
Usit Colors ..... Sofia
Community Fund ..... Blagoevgrad
'Aktiv'Ltd ..... Varna
'Zenit' ..... Varna
'Relaksa' ..... Varna
Control Council of Varna Tourist Chamber ..... Varna
Trade Bank 'Bulgaria-Invest' ..... Varna
'Vamo' LTD ..... Varna
Lions Club and Zonta International ..... Veliko Turnovo
Rotary Club ..... Veliko Turnovo
Community Fund ..... Gabrovo
Agro-Business Center ..... Pleven
Regional Center for Economic Enterprenourship Development ..... Плевен
Community Fund ..... Stara Zagora
Community Fund ..... Chepelare

United Bulgarian Bank ..... Sofia
Oriflame ..... Sofia

Media

'Narodno Delo' Daily ..... Varna
Bulgarian National Radio-Hristo Botev Program ..... Sofia
Bulgarian National Radio ..... Sofia
Bulgarian National Radio-Horizont Program ..... Sofia
24 Chasa Daily ..... Sofia
Sega Daily ..... Sofia
Free-Lance Journalist ..... Sofia
Kapital Weekly ..... Sofia
Radio NET ..... Sofia
Bulgarian National Radio-Horizont Program ..... Sofia
7 Dni TV, Spektur Program ..... Sofia

Appendix F
ABOUT THE AUTHORS

Vera Dakova has extensive experience working on civil society development issues in the Central and Easter Europe and Central Asia. For the past eight years, Vera has worked as a professional consultant, evaluator, researcher, and trainer for donor organizations and NGOs in Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Kyrgyzstan, Macedonia, Romania and Russia. Prior to this Vera was a NGO activist and leader in Bulgaria and a program officer at the UNDP in Sofia. Over the years, Vera has published several books on the status of women in Bulgaria, on donor assistance in Bulgaria and on different aspects of the NGO sectors in Bulgaria and Romania.

Vera earned her undergraduate degree from Sofia University and later completed a masters degree in Global Development Management at the Open University in the United Kingdom.

Dobrinka Valkova worked as Research Manager at the Workshop for Civic Initiatives Foundation since November 2002 till August 2004 including, where she co-ordinated the "Review of the Bulgarian NGO Sector'.

She took part in research activities out of WCIF, such as: the Feasibility Study of the Bulgarian Environmental NGO sector for launching Environmental Partnership Foumndation in Bulgaria (August/November 2002), lead by Mirek Kundrata. In January-April 2002 she was included in the team of the Ch. S. Mott Youth Review, lead by Vera Dakova - a feasibility study for launching youth program in Bulgaria.

She is a graduated bachelor of Humanity Studies – September 2000, New Bulgarian University (NBU), Sofia. In October 2002 she enrolled in MA "Artistic Psycho-Social Practices' at the NBU. The program combines approaches from social work (predominantly psychodrama and other therapeutic methods) with the creative means of art.

Her main interests cover the areas social sciences and qualitative social research; community development and community arts; performing arts and new media; process oriented group work and organizational development.

Gergana Dzhenkova is a freelance trainer and consultant. She graduated Organizational psychology at Sofia University in 1999 and currently is a PhD candidate. Her broad interests in the "soft side' of human organizations include group dynamic, team work, leadership and conflict transformation within communities and structured organizations. Gergana is a certificated psychodrama assistant from Psyhodrama Institute – Koln, Germany. She has practiced in the business sector as a Human resources consultant and trainer. As a professional in the NGO sector, she is experienced in interactive trainings aimed at devel-

oping management skills and sensitiveness on different issues. She has also performed as a community facilitator developing the capacity of the communities involved in projects. Her research work includes study on providing social services for children and families, case studies on community development through cultural and natural resources and The Review of the Bulgarian NGO sector. She has number of articles published in "Manager' Magazine, Bulgarian magazine on Psychology, Annual of Sofia University.

Galina Nikolova graduated as Master of Cultural Studies in the Sofia University "St. Kliment Ohridski' in the year 2001.

Her professional background is built on experience in qualitative social researches and two types of training (interactive and group-dynamic). Main subjects of training: community development, NGO capacity building, social inclusion of people with disabilities (incl. disability equality training), communication skills etc.

She has been involved (as researcher, coordinator or trainer) in different projects of several of the major Bulgarian NGOs: Center for Independent Living, Workshop for Civic Initiatives Foundation, Political Academy for Central and South-Eastern Europe, Center for Social Practices etc.

Galina is a co-author of two training manuals: 'Games for all' and 'Trainings for all' focused on creating equal opportunities for people with disabilities participating in trainings or other public events.
Currently Galina Nikolova works as a training specialist for one of the biggest Bulgarian life insurance companies.

Tzanka Vassileva is an expert in organizational and community development. She graduated as a Master in International Economic Relations and as a Bachelor in Finances.

For the past 5 years, she has worked as a consultant, trainer, facilitator and program manager in different community development programs for several of the major Bulgarian NGOs: CEGA Foundation, WCIF, "Partners-Bulgaria" Foundation.

She has been involved as an expert in different researches concerning the problems of marginalized groups (particularly Roma community); NGO development; human rights.

At present her main involvement is as a Manager in a program for supporting elderly people, implemented by Bulgarian Red Cross and American Red Cross

Violeta Nenova is currently a student at University of Arts, Belgrade in the postgraduate course "Cultural Management and Cultural Policies in the Balkans' and is a freelance teacher of English.

She has taken part in several initiatives related to the Balkans such as: *Managing Cultural Transitions: Southeastern Europe* course, Dubrovnik, Croatia (May 2004), *Discovering Albanian culture* workshop – Tirana&Saranda (april 2004), *Sustaining the Historic Core of Split: Meeting the needs of the Community*, Split, Croatia (September 2003).

Prior to this she was the Program Manager of Living Heritage (in Bulgaria) a program initiated by King Baudouin Foundation (Belgium) and implemented in partnership with Workshop for Civic Initiatives Foundation –Sofia (coordinating partner) and Open Society Foundation – Sofia ((financial partner).

Violeta graduated Heritage Management in Slovakia with main research topics Intangible heritage; Adaptive uses for Historic buildings, Heritage Interpretation. She holds an MA in Tourism and English Philology from Sofia University.

Iliyana Nikolova, holds MA degree in History. Her professional activities include consultancy, training, monitoring and evaluation, project development and implementation in the areas of community and civil society development, civil participation, local resource mobilization, organizational and human resource development, gender issues,

At present her main involvement is as an Executive Director of Workshop for Civic Initiatives Foundation, Bulgaria. Currently she is the Chair of the Board of Trustees of Environmental Partnership Foundation, Bulgaria and Board Member of the Bulgarian Donors Forum.

Iliyana's previous NGO involvement includes work not only in Bulgaria but in Central and Eastern Europe. She has professional experience as NGO activist since 1996 that includes: consultant for the Allavida (UK) CBO Development Program in Romania; consultant for Review of the Training services in Bulgaria; Bulgarian Charity Aid Foundation (B-CAF) consultant on monitoring; B-CAF project assessor; Civil Society Development Foundation, Bulgaria, project assessor; HelpAge International, UK, facilitator and trainer; Soros, Kazakhstan, NGO management trainer.

Zdravko Zdravkov is a freelance trainer and consultant in the field of organizational and social psychology. He has developed and delivered long-term training programs. He is also experienced as a trainer and consultant in HR management and Organizational development which includes team building, strategic planning, project management, monitoring and evaluation, decision making, community development etc.

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