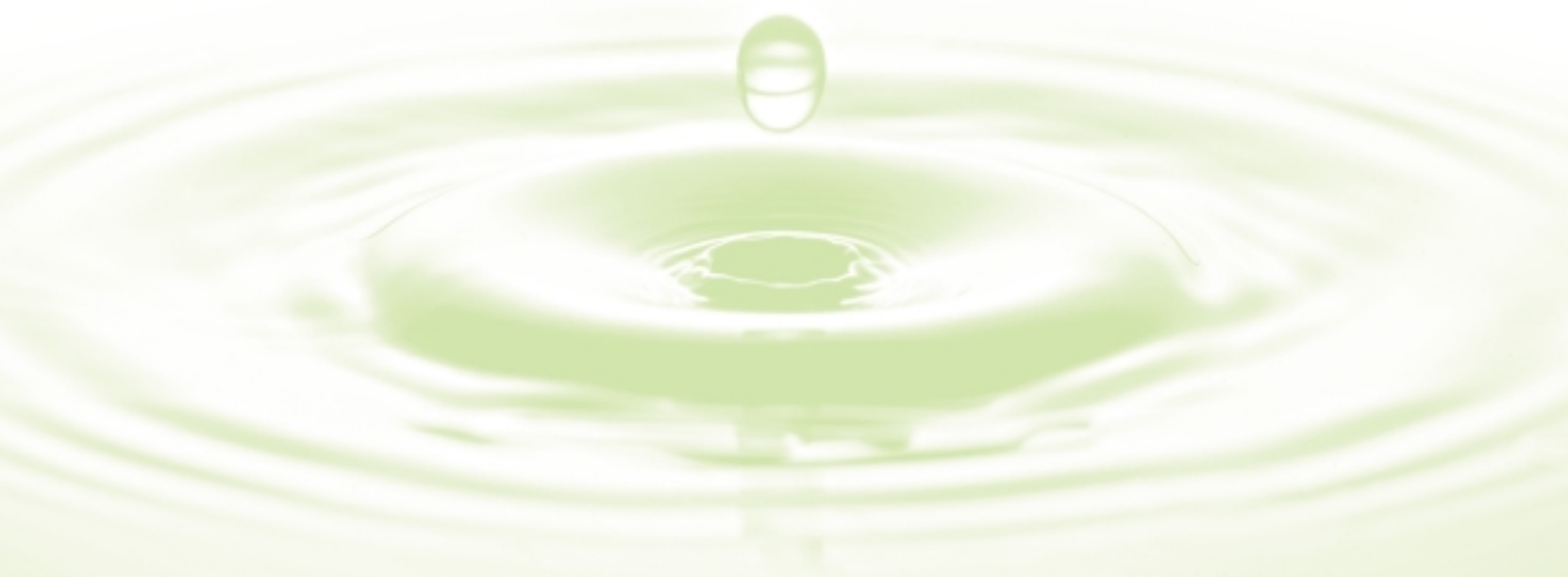


Bulgarian
NGO sector
in the context
of development

BULGARIAN NGO SECTOR
IN THE CONTEXT
OF DEVELOPMENT

Sofia
December
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LIST OF ABBREVIATIONS

AG	Advisory Group
LNEA	Legal Non-profit Entities Act
B-CAF	Bulgarian Charities Aid Foundation
BCNL	Bulgarian Center for Non-profit Law
BMC	Bulgarian Media Coalition
CBO	Community-based Organization
CEGA	Creating Effective Grassroots Alternatives Foundation
CED	Center for Economic Development
CEE	Central and Eastern Europe
CFCU	Central Financial and Contracting Unit at Ministry of Finance
CLS	Center for Liberal Strategies
CR	Central Register at Ministry of Justice
DemNet	Democracy Network Program of the Institute for Sustainable Communities
CSDP	Civil Society Development Program
CSP	Centre for Social Practices
DFID	Department for International Development
EU	The European Union
FYROM	The Former Yugoslav Republic of Macedonia
GRO	Grassroots Organization
ICT	Information and Communication Technology
IME	Institute for Market Economics
IMF	International Monetary Fund
IRIS	Institute for Regional and International Studies
MBMD	Institute for Marketing and Social Surveys
MLSP	Ministry of Labour and Social Policy
NGDO	Non-governmental Development Organization
NGO	Non-governmental Organization
Novib	The Netherlands Agency for Development Cooperation
NTR	National Tax Register
ODA	Overseas Development Assistance
ODL	Open and Distance Learning
OECD	Organization for Economic Co-operation and Development
OSF	Open Society Foundation
RG	Reference Group
SBA	Sofia Bar Association
TR	Tax Register Number
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WB	World Bank
WCED	Western Cape Education Department
WCIF	Workshop for Civic Initiatives
WTO	World Trade Organization

EXECUTIVE SUMMARY

The priorities, realities, and achievements of Non Governmental Organizations (NGOs) in Bulgaria have changed considerably in the past 15 years since the fall of the communist regime. This research offers important quantitative and qualitative findings about the current situation of the Bulgarian NGO sector, as well as recommendations and predictions about its future.

The focus of this research is on the role of the NGO sector (some 16,000 non-profit organizations registered since 1996) in the process of development in Bulgaria. This document offers an extensive review of the guiding principles and assumptions of the different sectors about the Bulgarian 'development agenda' (170 respondents); an overview of the roles and relationships of the stakeholders in development; an analysis of the strength and weaknesses of the NGO sector in the context of development; an assessment of the resources of the NGO sector for carrying out its development tasks, and insights into the future challenges and opportunities for the sustainable development of the NGO sector in Bulgaria.

The key research questions and criteria include the Bulgarian development agenda; the actors in development; the role of the NGO sector; the resources of the NGOs; as well as the future challenges and opportunities for the development of the NGO sector in Bulgaria.

The state of development in Bulgaria is reviewed from several perspectives. In terms of *economic development* at the macro level, the government has managed to maintain a growth of approximately 4% annually. However, economic growth policies have so far failed to integrate the view of sustainability and protection of natural resources. With regard to *social development*, policies and projects for modernising the educational system have failed, while the attempts to reform the health care system were contradictory and chaotic. *Poverty* continues to be seen as an 'undesired side effect' of the transition to market economy.

The researchers asked about a hundred NGOs to comment on the Bulgarian development agenda and its priorities. Bulgarian NGOs do not see the development agenda differently from the government or the general public and equate it with the EU accession process, whereas NATO membership is mentioned much more rarely. At the local level, NGOs call for economic development that encourages small and medium-sized business, overcomes territorial discrepancies, achieves sustainability and cares about 'ordinary people'.

A big concern for NGOs is the ineffectiveness and corruption in state institutions. Social policy comes as the next priority for the NGOs. NGOs felt that the groups that suffer most from the inadequacies of the government policies are young people who develop a 'culture of emigration', and the minorities. Although NGOs were very concerned about poverty, their conceptualization was weak and still within the 'lack of income' notion.

The general conclusion of the analysis is that the NGO sector has not yet conceptualised and articulated an alternative development agenda. There are values and concepts related to the 'people-centered' development but they are present more as sentiments and attitudes rather than as clearly defined development strategies. *Poverty* is still understood in the limited sense of 'lack of income', the *environment* is widely proclaimed as a priority but the reality shows that it is more often not subject to economic considerations,



and *violence in the community* has been addressed with some success by the NGO sector but to a lesser extent by the government.

The research also examines the interactions among stakeholders in development, where it is noted that the lack of stability, of shared knowledge and adherence to some set of guiding social norms is the reason for the weak institutional setting and, consequently, weak interactions and partnerships among them. However, the review does make a caveat that due to pressure from the EU and other international institutions, the process of institutionalization is already making progress.

An important conclusion of this review is that the state is overcoming its total negativism towards NGOs and has started to use them as a source of training and expertise that complements the ones existing within the government. Although the government stresses that it is committed to partner with NGOs, the best contribution it seeks from them is to transmit the messages of the government to their target groups. The prevailing feeling among NGOs is one of dissatisfaction with the partnerships they have had so far with the institutions at the national level. On the other hand, the government is disappointed by NGOs, feeling that they are neither flexible enough nor responsive to the priorities at hand. Respondents generally agreed that partnerships at the local level are easier mostly because of the informal relationships, visibility and trust that exist there.

The current review shows that the relationships between NGOs and businesses continue to be very weak and to be built entirely around exchanges of goods and services and not around the pursuit of some common development goals.

NGO participants in the review had a strong, shared view in favour of the importance of keeping good relations with the media. However, according to NGOs, the regional media are more interested and involved while the central media are rather commercialised and hardly allow room for reporting any positive stories and successes achieved by NGOs in the area of social development.

The effectiveness of the NGO sector is viewed in terms of its achievements over the past years, including the existence of the sector as an achievement in itself; the structures, which the sector has developed as well as its activities in all areas of social life; the current legal and fiscal environment as the sector's own doing; the fact that the sector established itself as an alternative and a partner to the state; the NGOs' contribution to a positive change in culture and mentality; the successful NGO advocacy, which has contributed to the country's democratization and development; as well as the valuable information, analyses and strategies, which the NGO sector has produced over the years.

However, the review identified several factors impeding the effectiveness of the NGO sector, such as: limited participation, weak interest/commitment to sustainability, lack of solidarity and connectedness within the sector, as well as perceived and real corruption, especially with regard to the distribution of EU funding.

The efficiency of the NGO sector is also considered in some detail. The concern about efficiency has existed more on the side of the donors and the intermediary support organizations but is also growing among the development NGOs.

The NGO community considers as minimum standards of accountability the publishing of an annual report; the publishing of information about the beneficiaries of the NGOs programs, trainings, grants, etc. and the amounts provided to the beneficiaries; as well as the participation in networks, conferences and other types of NGO forums.

The key conclusions about the sector's resources include the fact that a substantial part of the intellectual and expert potential of the country is concentrated in the NGO sector; the information and know-how generated in the sector seem to be a very strong resource; the material basis of the sector is developing but still raises concerns; the main source of funding for the NGOs is still project funding; the usage of alternative sources of funding is still very limited; and the state continues to be indifferent to the resource needs of the NGOs.

The *human resources* of the NGO sector are low and insufficient, and the majority of NGOs employ up to five people. Respondents place great importance on partnerships as a valuable resource. As regards the qualitative characteristics of the sector's human resources, the most important among them are high motivation, education, expertise, and diversity.

Among the *non-material resources* of the sector respondents consider information as an exceptionally important resource. In 2002, 60% of NGOs had access to the Internet, and about 40% had their own web site. Good image is also considered important, and NGOs are frequently associated with independence, public benefit, help, charity, etc. Flexibility and uniqueness are considered the most important qualitative aspects of non-material resources.

The most important quantitative aspects of the NGO sector's *material resources* are office space (about 75% of the NGOs use office space; 15% of these own their premises, and 22% use them for free), and equipment (57% possess computers, for a total of over 3,000 computers in 2002). Regarding the qualitative characteristics, about half of the NGOs report concerns about obsolescence of their material resources.

The review failed to provide fresh quantitative information about the *financial resources* of the sector because less than one-third of the interviewees (mostly large NGOs) submitted the necessary written information. In terms of their qualitative characteristics, the financial resources of the sector were considered insufficient and project-based.

The final section of this document discusses the future sustainability of the NGO sector. This review adopts a strategic framework for NGO sustainability based on three measures: effectiveness (sustainable development), continuity (through ongoing activities), and self-reliance (via self-reliant institutions).

Sustainable institutions as one of the main areas of sustainability pose some important questions. Factors prohibiting sustainability include the fact that the NGO sector is unstructured, fragmented, lacks meaningful connections and means of internal communication and exchanges; the NGO sector is not able to have a permanent and productive dialogue with the government and to attract reliable resources from it; as well as the fact that the sector still does not have a clear identity and a positive image to attract massive support from the public.

As far as the commitment to *continuity* is concerned, the respondents' expectations are that the number of



NGOs will be reduced, there will be a strong specialization, as well as a sharp increase of the importance of the social services area. The key to the future NGO sector sustainability lies in the improved relationships between NGOs and communities, the developed capacities and qualities of the sector, and the future economic activities, which the sector will develop.

Donor exit from Bulgaria is considered premature and most respondents state that they feel Bulgaria has received less development assistance for a shorter period of time than other Central European countries.

Finally, the review offers some general recommendations. Most of them concern the NGO sector itself and focus on three main areas –the resource development area; the effectiveness of the sector; and the relationships between NGOs and the communities. Recommendations to the central authorities focus on the need for the state to provide more active support to the NGO sector.

The respondents consider the following as priorities for the development of the sector in the future: i) internal development of the sector (structuring, professionalism, specialization, decentralization); ii) improving the relationships with communities; iii) clarifying the relationships with the state (legitimacy, autonomy, partnership); iv) securing the financial sustainability of the sector; v) improving the interactions with the other social actors; and vi) Euro-integration.

The current research offers a good starting point for a deeper and more systematic discussion on the sustainability of Bulgarian NGOs. Further research and discussion will be needed in order to support the efforts of practitioners in the complex context of development and to help the sector to become more aware of the importance of sustainability, in all of its three aspects – effectiveness, continuity, and self-reliance, for the successful development of Bulgaria in the near and long term.

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PART I.

INTRODUCTION

INTRODUCTION

1.1 Background

This section looks briefly at some of the approaches to the research on NGOs in the world and in Bulgaria. It adopts the view of the 'parallel universes of Third Sector research' and situates the current research approach closer to the development perspective. In addition, we explain the nature and objectives of the project within which this research was carried out.


1.1.1 The Research Context

Researchers from around the world have come to the realization that although in some cultures civil society and its organizations¹ have existed for centuries, the interest in studying them systematically has been developed in the past ten to fifteen years. The reason for the emergence of this strong interest lies in the increased visibility of these organizations amongst policy-makers, activists and the general public which, in turn, came as a result of different developments in the international context in the late 1980s and the 1990s (Lewis, 1999). Thus, the focus on NGOs

came as a response to the perceived failure of the state-led development in the 1980s and the need to promote other stakeholders in the process. The restructuring of welfare policies in the developed countries and the structural adjustment in the developing world, which took place in the same period, 'rolled back the state' and created more space for NGO operations. In the post-Cold War context, international and local NGOs became central for any relief and emergency effort. Finally, the fall of the Berlin Wall and the subsequent process of democratization in Central and Eastern Europe renewed the interest in the concept of 'civil society'. As a result, civil society organizations traditionally seen as providers of services or promoters of human rights, were now also viewed as important contributors to economic growth and to civic infrastructure that could enable markets and political institutions to function properly (Salamon and Anheier, 1999, Fukuyama, 1995, World Bank 1995).

The breakout from the totalitarian regime and the beginning of the democratic changes in Bulgaria in the early 1990s was part of the above processes and

¹ Definitions of civil society and its organizations will be looked at in section 1.3. At this point we will only mention that although later in the text we treat NGOs (non-governmental organizations) as just one specific type of civil society organizations, we also accept that in some more general contexts the term can be used to cover a broader group of civil society organizations.



thus the increased understanding of the contribution that NGOs could make to the transformation of the society soon became an integral part of the 'ideology of transition'. The interest in studying NGOs worldwide expanded to this region as well and stimulated reflection and research processes which paralleled (or, in some cases, consciously led) the development of the local NGOs.

With international aid institutions conscious about the role of NGOs and researchers worldwide interested in the subject, the literature on the Bulgarian NGO sector had two distinctive characteristics. One was that the donors, both public and private, maintained steady interests in studying the sector from action-research perspective, mostly for the purposes of their planning and evaluation. Thus many of the publications are in the nature of needs assessment and feasibility studies with very proactive and definitive research frameworks that have originated in the donors home countries.

Secondly, in the early years NGO activists and researchers could quickly borrow and adapt concepts and methodologies from the foreign research tradition – one of the most influential had come through a series of research and capacity building projects managed by the Johns Hopkins University. This exchange process created an early conceptualization of the NGO sector – too early maybe, before even the sector existed (Kabakchieva, 1998) – which is still strong today. This research approach concerns itself with questions related to the origins of the NGO sector, its structure and identity, with NGO organizational development and management, etc.

Over the years these two factors created a solid local discourse which to a great extent shaped the self-consciousness of the NGO sector. The fact that, as noted above, this discourse originated in the West (or 'the North' as it became common to refer to the developed countries) where the Third Sector is much more prominent and that here it mostly stimulated the development of certain civic organi-

zations and norms rather than reflecting on their actual development reality, it created a particular set of research questions and dilemmas. Some of the liveliest debates over the years were related to questions such as: is the Bulgarian NGO sector an indigenous phenomenon or is it just imported to serve foreign donor interests? Is it a sector at all – what are its characteristics and boundaries, what organizations are part of it and what are not, and what about the Chitalishta²? Are NGOs central for the civil society or are other phenomena more important? Does 'NGO development' mean 'civil society development'? What are NGOs supposed to do – shall they cooperate with the state or confront it in the period of transition? There are many more questions that are still relevant today as satisfactory answers have not and probably will not be found.

Was this the most important set of questions that had to be answered through the NGO sector research? This is difficult to judge but it is certain that this 'structuralist' or 'sectoral' perspective was not the only one that was of interest to donors, the other sectors and the sceptical general public in Bulgaria. Another set of questions emerged – it was not centered on what NGOs are, but on what actually NGOs do and achieve (the 'development' perspective). This second perspective has its own rich research tradition which, although often carried out by researchers and activists from the North, is based not on the realities of the civil society in the North but on the realities in the South (the developing world).

The two perspectives on NGO research were recently referred to as 'the parallel universes of the Third Sector research' (Lewis, 1999) that have developed some distinctive features and for a long time have existed without much interest in or exchange between the two. Some of these features are summarized in Table 1.1.

² Chitalishta – community centres working in the field of culture

Table 1.1 ‘Structuralist’ versus ‘Development’ Perspectives in NGO research


‘Structuralist’ perspective	‘Development’ perspective
<ul style="list-style-type: none"> • Originates in the reality and experiences in the North 	<ul style="list-style-type: none"> • Originates in the reality and experiences in the South
<ul style="list-style-type: none"> • Major terms used to refer to the domestic organization are ‘voluntary’ and ‘non-profit’ 	<ul style="list-style-type: none"> • Major term used is ‘non-governmental organizations’ for all organizations on the aid chain
<ul style="list-style-type: none"> • Major research questions concern theoretical explanations for the existence of the Third Sector 	<ul style="list-style-type: none"> • Major research questions concern growth and evolution of NGOs in development and relief work
<ul style="list-style-type: none"> • Policy issues concern ‘home’ reality, such as the growth of contracting of NGOs by the state 	<ul style="list-style-type: none"> • Policy issues concern NGO relationships with donors and states
<ul style="list-style-type: none"> • Focus on the organizations themselves and the concept of a ‘sector’ as a distinctive subject of research 	<ul style="list-style-type: none"> • Focus on NGOs as just one of a number of players in development (together with the state, businesses, etc.)
<ul style="list-style-type: none"> • Principal attention to service-delivery and welfare organizations 	<ul style="list-style-type: none"> • Principal attention to advocacy and social change organizations
<ul style="list-style-type: none"> • Higher priority to organizational structure and management issues 	<ul style="list-style-type: none"> • Higher priority to community based action and social change
<ul style="list-style-type: none"> • This research appears in separate specialized journals – <i>Non-profit and Voluntary Sector Quarterly</i>, <i>Voluntas</i>, <i>Non-profit Management and Leadership</i> 	<ul style="list-style-type: none"> • This research appears in general development journals – <i>World Development</i>, <i>Journal of International Development</i>

(Source: based on Lewis, D., 1999, p. 1-9)

Our desk research showed that although the two perspectives are apparent in the literature on the Bulgarian NGO sector, the research community seems to have had less regard for the development perspective mostly for two reasons, we believe: the first is that the access to this research perspective and literature was very limited and unlike the other perspective, this one was not promoted purposefully through special projects and initiatives. The second (which is rather the reason for the first) is related to the general reluctance among local policy-makers and activists to look for solutions for the Bulgarian problems in the developing world.

Having both practical and study experience in the area of development, we were aware for a

long time of the relevance of the ‘Southern’ experience. Although classifying Bulgaria as a developing country at a time when it is expected to join the EU in a few years seems paradoxical, it is hard to believe that someone would argue with classifying it as a low-income aid-recipient country – which still puts Bulgaria in a development context, only on a different level than the ‘traditional Third World’. It is also worth mentioning here that in the past decade the development thinking moved beyond the understanding that poverty, conflict and environmental degradation are problems of the poor countries and only there ‘development’ is needed – now there is a growing body of thinking and action targeting these problems in the



developed world. So our own research could benefit enormously from it.

In addition, by situating the Bulgarian NGO sector in the context of development we hope for providing different, if not more helpful, responses to some questions, expectations and criticisms towards the NGO sector that are frequently voiced by donors, policy-makers and activists in Bulgaria. We will look at these questions in detail in section 1.3 while here we will only mention the main concepts around which our research approach evolves:

Development – understood as intentional and organised effort to achieve ‘good change’ in terms of set development goals (the ‘what’ question);

Public policy understood as the means and the process for constantly defining and redefining the ultimate goals of development and achieving them (the ‘how’ question);

NGO sector understood as one of the players with increasing role and responsibilities in designing, implementing and evaluating the public policy for development (the ‘who’ question).

Thus our research aims at contributing to the increased use of different development paradigms in reflecting on the role and achievements of the NGO sector and conceptualizing them.

1.1.2 The Project Context

This book is the final result of a long and complex process that aimed not only at researching the NGO sector but also at encouraging discussions and building reflective and research capacities in the sector itself. This aim predetermined two other main parameters of our research approach – participation and capacity building.

Participation was realized in two ways – instru-

mental and substantive. Participation was taken instrumentally in designing a process which allowed diverse participation in the research process through a series of activities described below. This started with the establishment of financial and managerial partnership among a group of NGOs interested in the review process and more generally in continuous action-oriented research, and strategic discussions about the NGO sector development and ended with the involvement of different stakeholders as critical readers who helped us to improve this draft before publishing it. Similarly, in a ‘participatory manner’ we aimed at including all different ‘voices’ from the relevant previous research - an effort that has rarely merited the attention of local publications on NGOs. We aimed at also utilizing the substantive or the qualitative meaning of participation – by creating spaces and culture where empowerment and ownership could happen. As we will see in the last paragraph of this section, these intentions were realized to varying degrees.

Capacity building was also seen in two aspects – a more general one which concerned the ‘reflective capacity’ of the sector and a narrower one which focused on a group of nine young NGO professionals who were trained and supported to carry out this review. The former aspect involved many research techniques that allowed the participants in the research to reflect on their own experience and to exchange it with other colleagues or representatives of the other sectors. Some parts of this report are also directly aimed at raising these capacities (the more detailed presentation of some theories in the Conceptual Framework, some of the Appendices, etc.). The latter aspect was seen as an attempt to conceptualize and put forward the views of the ‘second generation’ NGO activists in Bulgaria about the sector’s past and future. This goal has been achieved only partly.

The two characteristics of our research approach described above required a complex set of activities through which they could be operationalised. These activities included:

Creating Financial and Managerial Partnership

The research was huge effort that could not come to its end if not being supported within the NGO sector in the country. Thus WCIF had to face the challenge of attracting partners that could support the process and contribute not only financially, but mostly managerially. In the initial phase of the review WCIF approached different agencies that could either have interest in the results or would like to be part of such endeavour, overcoming the general lack of fresh and reliable data for the sector, as well as increasing both the sector's strategising capacity and visibility vis a vis the other sectors and the general public. After long negotiation process WCIF managed to form financial and management partnership with two Bulgarian NGOs – CEGA Foundation and Bulgarian Charities Aid Foundation. The partnership was supported ex officio by the Institute for Sustainable Communities, Democracy Network Program II, as the launch phase of the review coincide with the exit phase of the program in Bulgaria.

Training and Involving a Team of Young NGO Professionals

Nine young NGO practitioners joined the research team and went through extensive training during the NGO Review process. They were invited by the implementing agency as professionals who had worked as consultants on different projects with WCIF and had experience in other NGO research activities or had shown strong analytical skills. The team passed through four training modules:

1. Introductory module – ideological background of the NGO development and NGO studies
2. “Working with paper’ module – preparation for desk research
3. “Working with people’ module – preparation for field work
4. “Data processing’ module – style unifying module as preparation for the elaboration of the verbal materials gathered during the field work

The training process consisted of training sessions and individual and group practice and was lead by the lead consultant and author of the final report. Each of the training modules took place at the respective stages of the Review elaboration. Designed and implemented in both theoretical and practical aspects, the training process built an in-depth strong capacity in the young researchers that could be further utilized for the needs and purposes of future NGO research.


The Review itself benefited from the thus formed research team in a way that new and fresh view points towards the Bulgarian NGO sector were generated and collected. This way the subject of the research was explored by unprejudiced minds and could present to the audience a rather untraditional and non-scholastic perspective on the sector's development.

Selecting an Advisory Group

The Advisory Group was set up to provide guidance and feedback during all major stages of the review. It consisted of sixteen representatives of leading national and foreign NGOs and donor agencies. Chairs of the Advisory group were the CEO of the three partner organizations Iliyana Nikolova (WCIF), Victor Djorgov (CEGA Foundation) and Elitsa Barakova (B-CAF). Advisory Group members were people that provided support of the entire review process in the following areas:

- Spread information about the review through their contacts and networks;
- Creation an enabling environment for the review and the consultative process;
- Provision of advices to the review team on the scope, methodology, assessment tools, etc.;
- Consulting the review team on the first draft of the conclusions and recommendations as well as the final review document.

Among the Advisory Group members five leading experts were selected to serve as ‘**critical readers**’



for the intermediate and final products of the review. Due to the composition of the research team, the plan for consulting the interim results with the critical readers that have been initially invited (half of which English native speakers and not Bulgarian speakers) failed. Still, the Review team used the external consultative help of the members who are native Bulgarian speakers.

Selecting a Reference Group

A huge number of representatives from the different stakeholders – NGOs, governmental institutions, local authorities, media and businesses - were invited to join the Reference group on a voluntary basis. The task of this body was to participate actively on certain stages of the Review development, starting from the design phase and the gathering of existing literature on the topic, up to critically reading the final drafts of the text. The Reference group was also counted upon to provide support to the field work processes and to the final dissemination of the Review. In general, this group was expected to serve, and did serve to connect the research team with the NGO community and its context.

Publications and Dissemination

The Review report will be produced and disseminated in hard copy and electronic format. The dissemination is organised through two main dissemination events (one in the capital city and one in the country). Using the support of the Advisory and Reference groups it will also be disseminated to major NGO and public centers and will be published online on the web site of WCIF.

This implementation arrangement was both very rewarding and challenging. Here are some lessons that we learned in the process:

- Processes like this contribute to the development of a learning infrastructure for the NGO sector as a system of events and procedures that enable the creation, exchange and storage of relevant knowledge;

- Multi-task projects like this try to put equal importance on the process and the product but cannot avoid the conflict between them and end up shifting the priority from the process (which gets a lot of attention at the beginning) to the product (which absorbs all the energy at the end);
- Establishing commitment to systematic research within the NGO sector alone is difficult to achieve as in this context research is carried out through short-term discrete projects initiated due to interests and incentives coming mostly from outside the sector;
- Participatory action research is a valuable concept but is still a new phenomenon in the Bulgarian NGO sector where people find it difficult to contribute openly and on their own initiative in different informal bodies (Advisory Groups, Reference Groups, etc.). The level of their activity is low and bringing it to the necessary productive level requires additional management resources;
- Developing and empowering young researchers to define and follow their own approach to NGO research is a multi-year process and cannot be achieved within a single 18-month project. It is necessary to have professional researchers engaged throughout the entire project and the learning process of the young researchers to be stimulated via practical tasks, while at the same time they are not overloaded with difficult tasks.
- Strict separation between management and research units is highly recommended.

1.2

Research Methodology

The paragraphs below explain the 'emergent' nature of our research methodology which was arrived at through participation and capacity building. It also describes briefly the research methods and instruments used.

1.2.1 Design Process

The review team adopted a very open approach to the design of the methodology which was not based on any pre-determined choices but was 'emergent' from the exchange between our theoretical knowledge and the data we acquired at different stages. To have a team of ten researchers created a laboratory for lively debates and 'discoveries' in the areas of development, public policy and NGO sector. The process was intellectually stimulating but also stressful because of the need for high tolerance of ambiguity and uncertainty. The main outcomes of these discussions are presented as a conceptual framework of the review in section 1.3.

Together with defining what was that we wanted to know (e.g. what our motivation to undertake the research was) through constant discussion and feedback, we also designed a process to help us define what others would like to know (e.g. why would they read our research) which included the establishment of a Reference Group and an Advisory Group. The first instruction from RG came as a result of a 'quick-n-dirty' survey of the information needs of the sector with the participation of 38 NGOs (26 from Sofia and 12 from the country), 12 donor representatives and 2 academic researchers. The conclusions from this survey concerning the knowledge and use of previous research on the Bulgarian NGO sector were not particularly stimu-

lating – less than fifty titles of all sorts of publications were mentioned and less than 50% of the respondents had referred to three or more publications. A further assumption was made that even if the respondents had been aware of some publications they probably had not used them in their work as very few examples of this were provided. The top three reasons for using research publications (in principle) were: to learn about specific areas and use this for policy/strategy/project development, to learn about the role and achievements of the NGO sector, get the big picture, to discuss and reflect on practical experience. The top three reasons for not using research were: the publications are quickly outdated while web-sites are more useful, publications do not give information about donor programs, and they do not give useful information about active NGOs.

These results made us re-visit our expectations about the practical applicability of this type of research and clarify as precisely as we could what, sort of information needs we could handle through this project. Our conclusions at that stage were that this type of action research serves donor programming needs best while it has less direct use for the majority of NGOs. Some people with special interests in the NGO sector (academics, consultants, trainers) could probably make the best use out of it – which we saw as an important way for us to serve the NGO sector needs indirectly.

In terms of the respondents' interest in the current research, the top three areas were:

- **Organizational sustainability** - 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

funding and increasing their sustainability?

- **NGO sector achievements and weaknesses** - what is the **structure** of the NGO sector (sub-sectors and areas of activities, levels, alliances, networks; geographical distribution)? What areas are not covered? What are the strengths/gaps? Are NGOs becoming more specialized in their activities?
- **Cross-sector relations** - what are the **relations** of NGOs to institutions in other sectors? How do institutions see their partnership with NGOs?

A number of other areas were also mentioned – ‘quantitative’ dimensions of the sector (how big it is, who does what), what the level of funding available to NGOs is, and what the perceptions towards the sector are. Considerably less interesting appeared to be areas like the history of the NGO sector in Bulgaria or its operational environment (the latter being still of substantial interest to donors).

We had to put some limits on our research at that stage and some important choices were made. We decided to serve the needs for quantitative information about the sector by references to other existing information sources (e.g. National Statistical Institute, Central Registry for NGOs, etc.) or previous research (e.g. MBMD quantitative surveys) as our objectives and resources did not provide for generating our own quantitative data. Information needs related to some dynamic areas where changes occur quickly (donor funding programs, legal and

fiscal environment, etc.) will be served through up-datable entries on the WCIF web-site.

Finally, we identified the following issues as the main research areas where fresh data and analyses had to be produced by our review:

- Guiding principles and assumptions of the different sectors about the Bulgarian ‘development agenda’;
- Perceptions of roles and relationships of different stakeholders in development;
- Strengths and weaknesses of the NGO sector in the context of development;
- Resources of the NGO sector for carrying out its development tasks;
- Future challenges and opportunities for the sustainable development of the NGO sector in Bulgaria.

1.2.2 Research Methods

A number of qualitative methods were employed during the review:

Extensive review of previous research materials

More than 234 relevant publications were reviewed. Wherever relevant, data from previous research is used in this report.

Table 1.2.1. Categories of Respondents (planned)

PLANNED:	Approached in total:	Approached through focus groups:	Approached through interviews:
NGO	90	50	40
Informal groups	14	7	7
Chitalishta	6	4	2
Donors	15	–	15
Local authorities	15	8	7
Central government	20	–	20
Business	15	8	7
Media	18	10	8
Total:	193	87	106

Table 1.2.2. Categories of Respondents (achieved)

PLANNED:	Approached in total:	Approached through focus groups:	Approached through interviews:
NGOs	90	49	41
Informal groups	5	2	3
Chitalishta	6	6	–
Donors	12	–	12
Local authorities	12	5	7
Central government	14	–	14
Business	20	10	10
Media	11	2	9
Total	170	74	96

Semi-structured individual interviews

We created a purposive sample of 193 institutions and aimed at securing a balance of different interests, as follows:

In practice we have addressed 170 respondents through interviews or in focus groups, as follows (the numbers of the structured seminars are not included here – for more details see Appendix E):

Despite our interest and commitment to informal groups, we could not reach even half of what we had planned – this was not unexpected and showed the limitations to our own information networks. Participation of the central government, although the numbers look good, was also quite weak displaying further weaknesses regarding the connectedness of the research institution and the interest in the review.

In terms of geographic scope, the review made a serious effort to go outside the capital city (Table 1.2.3) but did not manage to reach out further than the big cities and towns mostly due to the scarce available information and contacts with the rural areas.

The group of NGO respondents presented a significant diversity in terms of their main area of activity (Table 1.2.4) which represented both the overall structure of the NGO sector (i.e. with the largest group of NGOs being involved in education and culture) and our specific interest in development areas (e.g. anti-poverty work).

Table 1.2.3. Respondents According to Location

		NGOs	Informal groups	Chitalishta	Donors	Local authorities	Central authorities	Business	Media
Location:	Total:	(96)	(5)	(7)	(12)	(12)	(14)	(20)	(11)
capital	68	26	1	1	9	1	14	6	10
big city	94	63	1	4	1	11	0	13	1
town	10	7	0	2	0	0	0	1	0
village	3	0	3	0	0	0	0	0	0
international	2	0	0	0	2	0	0	0	0

Table 1.2.4. Respondents According to Main Area of Activity

Social problems and disadvantaged groups	27
Education and culture	25
Civil society development	21
Children	13
Environment	11
Ethnic minorities	9
Human rights and legislation	8
Youth	8
Health care	6
Economy	5
Research	5
Women	5
Decentralization	2
Lobbying	2
Volunteers	2
EU integration	1
Tourism	1

Focus groups

Nine focus groups with seventy four participants were arranged in Bourgas, Varna, Veliko Tarnovo, Pleven, Plovdiv, Sofia and Stara Zagora. For us, the purpose of the focus groups was to elicit collective viewpoints on the same topics, concerned in the interviews as well as to gather reflections based on group discussions. It should be mentioned that quite often the focus groups were appreciated as a meeting space for the NGO activists (respectively – the different stakeholders in the mixed groups) where they could exchange actual ideas and chat about hot topics. In some of the cities, the participants met for the first time, thus the focus groups served as a tool for improving the cohesion of the local NGO community.

Structured seminars

Two structured seminars with nineteen participants – NGO representatives - were organised in Varna and Sofia with the special purpose to explore the

attitudes and perceptions of the respondents in regard to the future perspectives for sustainable development of the NGO sector in Bulgaria.

Data analysis

The above methods generated a wealth of information, which was recorded, and word-processed. The information was made available to every member of the research team for initial reading and analysis. A complex group analysis process was undertaken for classifying and interpreting the data. Each researcher was responsible for preparing a draft chapter on one of the main research areas.

Written presentation

The final written presentation of the research was made by the team leader and discussed with all other researchers. In addition, valuable feedback and suggestions for improvement were provided by the critical readers. These were incorporated in this edition of the book.

1.3

Conceptual Framework

This chapter describes the conceptual framework and the criteria of our research. It starts with a justification of the choice to study the NGO sector in the context of development (briefly discussed also in section 1.1.1) and then goes on to explain our choices of theories and concepts of development, public policy and the NGO sector.

1.3.1 The Context of Development


Studying the Bulgarian NGO sector in the context of development means shifting the main focus of the research from the sector itself (its genesis, definitions, structure, etc.) to a broader area that also includes the inter-institutional relationships within which the sector realizes its specific contribution to defining and achieving development. It might sound self-evident that everything we do in this country is in the context of development - ever since the re-establishment of the Bulgarian state in 1879, there have always been some grand ‘modernization’ projects going on and the nation has always been urged to ‘catch up’ with the developed world. Despite this – or maybe because of this – we quickly discovered how different the meanings of development are even within our own team and embarked on an effort to make our underlying assumptions about development explicit. Clarifying the many meanings of and approaches to development, we believed, would definitely help all NGOs that claim to work in the field of development and are very often frustrated to find out that they have very little in common.

The differences between the ‘structuralist’ and the ‘development’ research perspectives on NGOs were briefly explained in Section 1.1.1 and, due to the

limited space and the different purpose of this book, no more details could be added here. We will only expand a little on our reasons to choose the development perspective:

- The concepts and theories of development are not confined to developing countries only – they provide powerful frameworks for analyzing and tackling problems both locally and globally.
- The role of NGOs in development is increasing on a global scale – this is not new for the Bulgarian NGOs as they have been entrusted with enormous transformational tasks since 1989; at the same time, the impetus for NGO work is changing from what it was in the early times of transition – from ‘politics’ to ‘policy’, from ‘democratization’ to ‘development’.
- In the past almost 15 years, public policy in Bulgaria was dominated by the notions of ‘transition’ and ‘change’ while the concept of ‘development’ was underused – this led to overemphasizing the uniqueness of the process here and, consequently, to a failure to utilize lessons and resources from development practice and thinking elsewhere.
- A number of key questions and debates that we identified during our desk research appeared to be better served, if viewed in the context of development – to mention but a few: what should be the institutional relationships between NGOs and the state? What are the mechanisms of accountability for NGOs if they don’t have members or clear constituencies? How can NGO dependency on foreign donors be overcome?

Designing a conceptual framework based on the development approach to NGO research was a



challenging journey for the review team. There existed a wide variety of theories and research instruments, available from previous research on NGOs in Bulgaria but we found out that some were much more popular than others and this had created certain expectations about the final outcomes of such research. Our consultations with the Reference Group revealed certain gaps between what they were interested to read about and what our approach required us to write about. One such discrepancy was our need to analyze the context within which NGOs operate while RG members (and later the interviewees) didn't find it important and as a result of this had very little to contribute to the discussions. We had to accept that a relatively new and unpopular framework (for the Bulgarian NGO practitioners) would meet with difficulties in generating adequate and sufficient responses in all necessary areas. Nevertheless, we continued to pursue our task in the belief that we could make a contribution to the possible future – more productive and more influential - debates on NGOs in the context of development in Bulgaria. We have to apologize to those of you who will find the rest of this chapter too academic, but we felt that a 'young' framework would require a more detailed description of its features and context.

Our conceptual framework is built around three key concepts - development, public policy, and the NGO sector. We will describe them in turn in the sections below.

1.3.2 Choice of Development Theory

A. Thomas (Allen and Thomas, 2000, p. 25) makes a helpful distinction between *immanent development* (spontaneous and unconscious process of development from within, like in 'historical development') and *intentional development* (intentional constructive activity based on deliberate policy and actions of states and development agencies). This last meaning of development materialized in the

first half of the nineteenth century to counter and ameliorate the social disruptions caused by the unchecked 'immanent development' of capitalism. But the actual modern development doctrine was established with the abolition of the colonial system – as a guiding idea for the emerging nations after World War Two.

Before getting into a discussion about the different theories that explain and guide development, we have to mention those who reject the concept of development all together. Disappointed by the unfulfilled early promises of development to eradicate poverty, war and suffering, a number of post-modern theorists have declared 'the end of development' or even challenged its fundamental purpose – to produce 'good change' globally. Instead, they saw it as another 'hoax' that simply allowed the industrialized North to continue its dominance of the rest of the world. The entire concept of development has become a 'ruin in the intellectual landscape' (Sachs, 1992, p.1).

Chambers has responded directly to this challenge noting that when faced with ambiguity, uncertainty and plural realities we are tempted to simplify or despair - but 'That is no grounds for pessimism. Much can grow on and out of a ruin. Past errors as well as achievements contribute to current learning' (Chambers, 1997, p. 9). And this is the belief that our team holds true as well.

We have to note that, even moving away from this fundamental disagreement about the purpose and results of development, the concepts and theories of development have always been, and certainly will be also in the future, hotly contested. Choosing between the different sets of arguments depended greatly on the researchers' worldviews, erudition and professional experience.

One classification of competing views on development, which we found helpful, is summarized in Table 1.3. Here, the main theories differentiate depending on how they see the relationship

between development and capitalism - development *of, alongside or against* capitalism (Allen and Thomas, 2000, p. 26).

Even a brief look at Table 1.3 would point us to the structuralist theories of development if we would like to make a review of the Bulgarian experience after World War Two – where the state was the main agent of development and achieved it through planned and controlled changes in underlying economic and social structures. No matter how interesting for us and for the development studies as an academic discipline, the analysis of the achievements and failures of the structuralist approach to development in Bulgaria and in the other CEE countries had never been done properly. The real experiences of people during the communist regime in the former Soviet Bloc were neither well documented, nor researched – the communist system strongly discouraged any critical assessment of its policies from inside and never allowed outsiders to develop detailed views on them either. Thus, massive and unique experiences of development were not properly articulated and seem to not constitute an integral part of the contemporary development discourse.

What could be clearly stated, though, is that structuralism is out of favour – globally but even more so locally. The structuralist development in Bulgaria ended up in a deep crisis thus compromising its capability to bring about development at all. The feeling captured best in Henry Kissinger's words in 1989 “There has been a war between capitalism and socialism and capitalism won!” is still very much alive today. Development ideas resembling the structuralist legacy of the past are single-handedly dismissed by policy-makers and activists from the entire political spectrum. On deeper levels, however, things worked out differently – although the structuralist development was abandoned, it could still be recognized in the existing social expectations and kept frustrating modern developers with the manifestation of statist attitudes, passivity and egalitarianism.

In the 1990s the development paradigm for Bulgaria and the rest of the communist world changed sharply. This change was best captured in the writings of another influential figure – F. Fukuyama (1992) who argued that the combination of liberal democracy and market economy now represented the only viable basis for modern human society. After a period of political manoeuvring and restoration ambitions on the side of the former political elite, in 1997 Bulgaria signed its first agreement with IMF thus embracing the neo-liberal development agenda with its main imperatives: liberalization, stabilization, decentralization/privatization (Friedman, 2000; Stiglitz, 2002). In its extreme, neo-liberalism considers the *immanent* development of capitalism sufficient for solving world development problems because the wealth generated through it will naturally ‘trickle-down’ to those who are left behind without special distributional effort on the part of any agency. Softer versions allow for some interventionism, which could ameliorate the failures of the market. It seems that, challenged mostly by the East-Asian financial crises in 1997-1998, the orthodox view is giving way to the softer one, at least on the side of the largest development agencies like the World Bank and (less so) IMF.

We found it relatively straightforward to connect current development practices in Bulgaria with the interventionist model – international aid and ‘interventions’ are shaping to a great extent the institutional landscape of the country in every sector: government, economy and civil society. Our analysis of this situation is presented in section 2.1. We will only mention now that the model of ‘liberal democracy plus market economy’ (often equated with the Bulgaria’s accession to the EU) has been accepted as the ultimate development goal by both governments and NGOs. Although the more enlightened among them saw these only as the best available, although not ideal, means for achieving the real development goals of productivity, prosperity and well-being for all people in the country.

Table 1.3 Views of Development

	<i>Development of capitalism</i>	<i>Development alongside capitalism</i>		<i>Development against capitalism</i>		<i>Rejection of development</i>
	NEO-LIBERALISM	INTERVENTIONISM		STRUCTURALISM	'ALTERNATIVE' (PEOPLE CENTERED) DEVELOPMENT	'POST-DEVELOPMENT'
		'Market efficiency'	'Governing the market'			
Vision: Desirable 'developed' state	Liberal capitalism (modern industrial society and liberal democracy)	(plus achieving basic social/environmental goals)		Modern industrial society (but not capitalist)	All people and groups realize their potential	'Development' is not desirable
Theory of social change	Internal dynamics of capitalism	Need to remove 'barriers' to modernization	Change can be deliberately directed	Struggle between classes (and other interests)	Not clear	Not clear
Role of 'development'	Immanent process within capitalism	To 'ameliorate the distorted faults of [capitalist] progress'		Comprehensive planning/transformation of the society	Process of individual and group empowerment	A 'hoax' which strengthened US hegemony
Agents of development	Individual entrepreneurs	Development agencies or 'trustees' of development (states, NGOs, international organizations)		Collective action (generally through the state)	Individuals, social movements	Development agencies

Source: Allen, T. and Thomas, A., 2000, p.43

Hence, the conclusion among theorists and policy-makers that if the liberal capitalism is accepted as the dominant model of social organization, the development should now concentrate on providing relief for the problems caused by it rather than searching for alternative models, for a ‘third way’. It is felt that the importance of seeking an alternative remains but there is no major development agency that is wholeheartedly committed to it.

But as we can see from Table 1.3, there is a group of ideas termed ‘alternative’ or ‘people-centered’ development, even if there are only ‘minor’ agencies committed to it. These ideas gained momentum in the 1990s and are not alien to the Bulgarian development practice as well mostly through the work of some foreign agencies (e.g. UNDP, Novib) and their local partners. These ideas caught the imagination of our team and motivated us to learn more about them, to apply them to our context and to try to promote them further.

Before going on to review in some detail the ‘alternative’ development concept, we must point out one peculiar phenomenon, which arises directly from the post-communist context. Ideas and discourses about ‘people-centered’ development could be seen as coming from two very different sources – one is the source of the international development practice and thinking (where, indeed, our team saw them coming from) and in this case these ideas would be regarded as progressive and inspiring. And the other is our own communist legacy where the concepts of people-centered development, social justice, equality, etc. were central to the communist development doctrine even only by way of pure hypocrisy. Thus the ‘alternative’ development concept could easily provoke negative reaction based on the apparent similarity with the past ideology and could be seen as reactionary, nostalgic and seeking restoration of ‘the good old times’. We have been aware of this problem through our practical experience in social development – as gender equality activists, minority rights activists, community facilitators, etc. – and concluded that deal-

ing intelligently with the indoctrinations of the past is a difficult but not impossible task.

Looking at the genesis of ‘alternative’ development ideas, we saw that they have emerged from the growing criticism towards the practices of the most powerful development institutions – the World Bank, IMF, UN, later WTO, etc. The supporters of ‘alternative’ development (e.g. Korten, 1995; Chambers, 1997; Kaplan, 1999) have hotly contested the main orthodoxy of the global development institutions – that the economic growth alone is the universal solution to the problems of underdevelopment everywhere on Earth. ‘Injecting’ growth in newly independent Third World countries had been the major strategy for development in 1960s and 1970s and in the 1980s this type of interventionism was transformed into structural adjustment policies that have tried to correct the faults of the growth-led development. The main problem had been seen in the lack of ‘good governance’, which would prevent corruption and ineffectiveness in government-led modernization projects. Instead of supporting growth through large infrastructural projects, WB started to focus on developing the capacity of economic and social institutions, and cutting their cost. They sought to ‘roll back the state’ by dismantling the welfare state and replacing even the most basic government functions with market mechanisms (Kohler, 1995). The main features of this development approach and its alternative are presented on Table 1.4.

In the 1990s, a widespread dissatisfaction with the results of the ‘conventional’ development interventions occurred as these failed to address the problems of poverty in the developing world. The growth-led perspective was found insufficient. This forced the global development agencies to start ‘putting people on the map’ and created the ‘growth-with-equity’ approach - UNDP pioneered the concept of human development as a process of enlarging people’s choices (UNDP, 1990), the World Bank declared that ‘people are the means and the end of development’ (World Bank, 1997). Many observers found this new approach still

Table 1.4 Competing development visions

Table 1.4 Competing development visions				
GROWTH-CENTRED <i>People in service of economics</i>				PEOPLE-CENTRED <i>Economics in service of people</i>
	<i>Conventional</i>	<i>Growth-with-equity</i>		
		<i>Basic human needs</i>	<i>Human resources development</i>	
<i>Theory of Poverty</i>	Inadequate capital investment produces inadequate growth	None	Inadequately developed human resources	Concentration and misuse of power and resources
<i>Poverty Action</i>	Trickle-down	Welfare action	Development of human resources	Empowerment through organization and resource control
<i>Favoured Strategy</i>	Export-led growth	Supplemental services		Equity-led transformation of values and institutions
<i>Sector Focus</i>	Industry	Services		Agriculture > Industry
<i>Advance People's participation as:</i>	Labourers and consumers	Co-producers		Holders of political and economic power
<i>Market Focus</i>	Affluent foreigners			Consumption needs of local sustainers and marginals
<i>Environment/ Ecology</i>	Limitless source of free physical resources and waste dump			Finite regenerative resources
<i>Economic Principles</i>	Comparative advantage/free trade/mutual dependence Specialization Economies of scale			Self-reliance Diversification Economies of community
<i>Global linkages</i>	Exchanging physical goods and money			Sharing information/technology
<i>Dynamic Tendencies</i>	Concentration of resource control and political powering the institutions of transnational capital benefits Inability of governments to regulate national and local economies Community and ecological degeneration Unstable local and international economies subject to severe shocks			Distributed power and Strong local control and accountability Community and ecological regeneration Resilient self-reliant local economies within an interlinked yet stable global system

Source: Korten, 1995, p. 174-175

insufficient – Stiglitz called it ‘trickle-down plus’ effect where the main trust is still placed on economic growth but some social aspects of distribution and sustainability are also taken into account (Stiglitz, 2002). But, as shown in the table above,

development practitioners and researchers were already coming up with more radical ideas.

Korten (1995) pointed out that there were serious controversies surrounding development and what it

had achieved in 20th century. He suggested a people-centred development vision in contrast with the dominant growth-centred vision attributed to the WB (see Table 1.4 above) with the main emphasis going on economic justice, environmental sustainability and political inclusiveness. According to his analysis, the global crisis consisted of three fundamental problems – poverty, environmental destruction and communal violence (as a manifestation of the continual disintegration of the social fabric). Although everybody is aware of this crisis, it seems that politicians and planners have not yet come to terms with its implications – they still equate economic growth with human progress and they believe growth is the solution. As the question is no longer about how much growth but about what kind of growth, our persistence to place growth above all other priorities becomes quite dangerous and deepens the global crisis instead of resolving it.

Similar ideas were put forward by Chambers (1997) – he looked at the two main views of development and tried to outline a ‘third ideology’ - ‘the neo-Fabian ideology, which gave the state a major direct role in development, is a survival from 1970s and earlier; the neo-Liberal is a creature of the 1980s; and the third ideology has been evolving and coalescing in the 1980s’ (ibid., p. 31). While the first two are concerned more with ‘things’ (Korten’s ‘people in service of economics’), the new paradigm is concerned more with people and thus the development approaches are fundamentally different:

Things	People
Top-down	Bottom-up
Blueprint	Learning process
Measurement	Judgment
Standardization	Diversity


In the new paradigm, development is seen as an adaptive and iterative process rather than a linear one. The emphasis here is on learning and changing rather than on implementing a set plan. This development responds to the demand from below and not only on the prescriptions from above.

Chamber’s chronology, quoted above, refers to the different moments in time when the respective paradigms dominated the development thinking and practice. It is not to say that once their domination was over they ceased to exist completely. Quite the opposite – ideas and approaches continue to co-exist and to create different configurations among themselves. Kohler (1995) even sees structuralism and neo-liberalism coming closer together with the former paying attention to market efficiency and the latter talking not only strictly about ‘market mechanisms’ but about ‘market-friendly approaches’.

We found this debate very relevant for our context – as we will show in part 2.1 where we have concerned ourselves with questions about the issue of the ultimate goals of development as perceived by the different actors in the development arena in Bulgaria and the strategies they suggest for achieving them. Disentangling different underlying views and assumptions of development was a challenging task that started here with clarifying our own biases towards ‘people-centred’ development from where the criteria for this review originated.

1.3.3 Choice of Public Policy Theory

Our choice of a public policy theory has been determined to a great extent by the choice of a development theory, which was described above. Again, we formed our position as a ‘minority’ view in a sense that it was quite unconventional in the world of public policy literature. We decided to focus on public policy for development – mostly, but not exclusively, social and economic – and to treat public policy as a continuous process that involves not only the government but a variety of other institutions as well, e.g. international and local development agencies, NGOs, informal citizen’s groups and political movements. Thus, for us public policy was an arena where stakeholders with conflicting interests were bound by institutional relationships to compete,



coordinate and cooperate in order to design and re-design policy and action for development.

Although the concept of *‘public policy as a process’* emerging from the interaction of ideas and agencies is increasingly more popular, it is still in the shadow of the more established one of *‘public policy as prescription’* (Wuyts, 2000). The rationalist approach to public policy sees the government as the only agency that could legitimately claim to act for the public good and thus is entrusted with making public policy. This approach concentrates on analysis and evaluation of governmental action in order to ‘prescribe’ an answer to the question ‘what should the government do’ in any given situation. The prescriptive approach has been reinforced in the past by the international aid institutions like the World Bank and IMF which relied on experts to extract models and working practices that provide ‘universally applicable’ solutions in different contexts. After that these solutions were negotiated, or rather imposed, on the governments of aid-recipient countries.

The prescriptive approach, which was built on the assumptions that expert solutions could be imposed on local contexts and the governments should lead the process, has come under criticism from different sides in the past decade. For us, seeing the government as the only agent of development was unreasonable. This conclusion was informed by both our empirical experience during the period of centrally planned economy and by the abundant criticism of the concept of ‘benevolent state’ acting in ‘public interest’ which was available nationally (see CED, IME) and internationally (World Bank, 1988). Some aspects of the neo-liberal critique included (Wuyts, 2000):

- ‘Public interest’ could hardly be identified and often it is in fact the interests of politicians, bureaucrats and powerful lobbies; ‘private interest’ view of the state is more adequate;
- The state is inefficient - bureaucrats exploit their monopoly of information and services in order to expand their budgets, powers and perks;

- The state always has the tendency to grow larger than the citizens would wish;
- The state is wasteful because of the rent seeking of civil servants – they pursue income-earning opportunities created by the state regulations.

The neo-liberal critics questioned the very idea that development should be led by the government and suggested instead that private agents – individuals that pursue their private interests in the marketplace would more effectively promote (economic) development. According to these models, state interventions should be minimized (‘rolling back the state’) in order to allow market institutions to function properly and thus public institutions should be evaluated by the extent to which they enlarge the scope of markets.

Although the ‘private interest’ models provide important arguments against the prescription approach to public policy, they are still narrower than the ‘process’ framework which gives the possibility to suppose that public institutions *may* or *may not* act for the public good and to explore the situation in the given context (Wuyts, 2000). By not rejecting the role of the state altogether, the ‘process’ approach acknowledges the important contribution of the critique of the market ‘orthodoxy’ which states that markets are never ‘free’ and how they are actually regulated matters greatly to everybody and especially to the more vulnerable participants (Schumacher, 1973; Sen, 1989).

Our review of the different views about public policy showed how they changed over the years with regard to the two key questions – who should make public policy (only the government? all stakeholders?) and to what end that policy should lead (strengthening of state or market). It seems that the extreme reliance on government in the 1960s and 1970s had given way to an extreme reliance on markets in the 1980s which in turn had come under criticism in the 1990s and in the 2000s a ‘third way’ is sought again.

We found the discussion above very relevant to our

situation as we entered into interaction with main international development institutions in mid-90s when their own approaches had already changed and instead of focusing only on governments or on markets, they had adopted a more inclusive view of public policy and consultative processes and participation were already frequent words in their documents. The newly adopted focus on NGOs and civil society affected greatly the ideas about the roles of all stakeholders in development in Bulgaria.

The participative view on public policy was seen in Bulgaria as a natural outcome of democratization. Many researchers and activists have looked at different public policy areas where all players in development interact. This was done through different prisms – local development (Dajnov, 2001), advocacy related to legal environment (Common Cause Foundation, 2001), civic control over state activities and institutions (ACCESS Association, 1999), through the NGO impact on economic development (Zhecheva *at al*, 2002), etc.

We will discuss these areas in more detail in sections 2.1 and 2.2 where we try to find out how public policy is done in Bulgaria and what the role of NGOs is within it.

1.3.4 Choice of NGO Sector Theory


As defined by the stakeholders of this review, the prime interest had to fall on the NGO sector in

Bulgaria but we had to start with a brief look at the concept of civil society and the way it relates to the concept of NGO or Third Sector. We found out that there is a broad consensus about what civil society is - ‘diverse set of institutions in the space between the state and the market’ (Salamon, 1992; Dajnov *at al*, 1997; Robinson *at al*, 2000). However, what sort of institutions are in and what are out of this space is much less agreed upon – some will include families in the civil society (Robinson), others would exclude them (Dajnov). Some institutions are in principle allowed by the theory but get practically excluded from the research – because of the nature of their organization and function, such as churches and political parties (Sivkov, 1997; Salamon and Anheier, 1999) or even because of the agendas they pursue, e.g. organizations seeking to re-institute death penalty (Carothers, 1999).

After focusing on the public sector in the 1960s and 1970s and then on the private sector in the 1980s, theorists and strategists of development had come to the recognition of the role of the civil society in the 1990s. It was also admitted that the three sectors have their distinctive roles, strengths and weaknesses and can offer different solutions to development problems – so, it is not right to strengthen one at the expense of the other (World Bank, 1997). At the same time it was recognized that there is a variety of institutional forms and that the boundaries of the sectors cannot always be kept sharp (Fig. 1.1).

Fig. 1.1 Three Sectors of Society





It is commonly accepted that the NGO sector ‘nests’ inside the civil society and thus is not a substitute for it. However, it is often taken as its most important representation in the field of public policy for development.

Before moving to the discussion on the NGO sector we have to pause for some reflection on terminology. The sector has three main names – non-governmental, non-profit and voluntary or civic – which are used interchangeably and all apply equally to the definition of the institutions that comprise this sector (Salamon and Anheier, 1999; similarly in Nikolov 1996 and Dimitrov 1998):

- Organised, i.e. they possess some institutional reality;
- Private, i.e. institutionally separate from government;
- Nonprofit-distributing, i.e. not returning any profit generated to their owners;
- Self-governing, i.e. controlling their own activities;
- Voluntary, i.e. having some meaningful degree of voluntary participation.

As researchers have noted, in Bulgaria the choice of a particular term in a particular context might be spontaneous but it is never at random (Dimitrov, 1998). It cannot be defined quantitatively which term prevails but when the sector is seen from the liberal perspective and in conjunction with local (economic) development, it is termed ‘non-profit’. If it is seen on national level and in relation to its public policy role, it is more often termed ‘non-governmental’. The term ‘voluntary’ is not that popular but the ‘civic’ is used often and bears the notion of independent citizens’ pressure and action, while ‘charitable’ leads associations with direct aid to people in dire need.

Our choice of the term NGOs and NGO sector is related to the distinction we made in Table 1.1 – in development context, these organizations are termed non-governmental to clearly distinguish

them from the government structures and initiatives in the same field. Although in the early years of transition this term created negative reactions on the side of the governments that read it as ‘anti-government’ (Yanovski, 2002), it seems to have established itself firmly now.

Many Bulgarian researchers make the point that the history of the NGO sector did not start in 1989 but they admit that ‘modern times’ NGOs are quite different in the way they organize and function with respect to the public policy area – pre-liberation charitable organizations were naturally restricted by the lack of sovereign state and they focused on education, culture and ‘national identity’; capitalist development between the two World Wars allowed the establishment of a great variety of organizations but the overall vision of the ‘sectors’ in society at that time gave them a limited role again; and finally, the socialist regime has had a special interest in civic organizations as the main instrument for involving the social energies in activities within strictly specified ideological boundaries (Gavrilova and Elenkov, 1998).

We found out that when defining and describing the sector, researchers constantly linked its emergence to voluntary initiative, civic activism, self-development, self-protection, self-support (Bozhikov *at al*, 1997; Dajnov *at al*, 1997). These created an implicit expectation – or in some cases even a standard! – that a true NGO should originate from some massive civic initiative, should have members or ‘constituency’, and should be accountable to them. Although the diversity of organizational forms in the sector was admitted and welcomed, this type seemed to reflect best the ideal of civil society. However, in reality this was not the type of NGOs that dominated the institutional landscape of the sector – and both researchers and donors have expressed reservations and disappointment with regard to this. The lack of “real NGO” was attributed to different reasons – donor-driven development of the sector, legacy from the past, the ‘Bulgarian mentality’ etc.

This conclusion seemed counterintuitive to us. We found this view ‘romantic’ and not very relevant even for the ‘developed’ civil societies. Our previous research and practical work had put us in contact with great NGOs that were true civil society actors but did not have membership or clear constituency. The issue of their accountability, however, had remained open to criticism by donors and the public and we had to look at it carefully.

We received some helpful guidance from a definition of the three sectors which was different from the one discussed above. Uphoff (1995) defines NGOs in ‘development’ terms – as agencies aiming at achieving socially significant goals which are broader than the interests of their individual staff members; these organizations do not have members and people involved in them are selected on the basis of professional merit. To describe these NGOs as a ‘third sector’, says Uphoff, is misleading – the real institutional space between the state and the market belongs to people’s associations and membership organizations (voluntary sector) that undertake voluntary collective action and self-help. Such distinction assigns NGOs to the private sector (Table 1.5) rather than to the middle sector.

The key issue again is the accountability of NGOs to the people they are supposed to serve or benefit. Accountability to members cannot be a universal requirement – it is relevant only for the sector in the middle.


We felt that the acknowledgement of the private character of development NGOs would ease frustration and criticism against them along several lines:

- *NGOs have no constituencies and thus no legitimacy* - this criticism is very limiting and dangerous as it assigns negative value to organizational forms that have and will benefit the development of the civil society; accountability and legitimacy of such organizations should be sought in a different context;
- *NGOs are opportunistic and implement wide variety of projects depending on where the donor priorities shift* - the criticism here should not be directed against the diversity of projects and areas where NGOs are active but against some more qualitative elements (e.g. if not having the right capacities or if submitting themselves completely to donor requirements and losing sight of their own missions and values);
- *NGOs have developed capacities as service providers and are not interested in advocacy* - this should be considered as a matter of choice

Table 1.5 Complementary local institutions, by sector

<i>Public sector</i>		<i>Membership sector</i>		<i>Private sector</i>	
Local administration	Local government	Membership organization	Co-operatives	Service organizations	Private enterprises
<i>Orientation of local institutions</i>					
<i>Bureaucratic</i>	<i>Political</i>	<i>Self-help</i>		<i>Charitable</i>	<i>Business</i>
Agents look upward	Agents look downward	Common interest	Pooled resources	Non-profit	For-profit
<i>Roles of individuals in relation to the different kinds of local institutions</i>					
Citizens or subjects	Constituents or voters	Members	Members	Clients or beneficiaries	Customers (and employees)

Source: Uphoff, 1995, p. 18



between equally valuable alternatives – for the organizations and for their beneficiaries. It is a fact that the demand has always been much bigger on the side of direct service provision but things are shifting now and NGOs start pushing the state to do its job.

The ‘private’ character of NGOs allows us to judge them against the criteria of effectiveness and efficiency common in the private sector. The third criterion against which institutions are assessed is accountability (Robinson, 2000; Edwards and Hulme 1995). However, the fact that, although private, these organizations are non-profit, requires a separate assessment framework.

Uphoff points out that these organizations are only accountable to the law and that is why there is such a strong focus on legislation. No matter how commendable by certain democratic or normative theories, there is a structural constraint for NGOs to be accountable to their beneficiaries – they have the burden of mobilizing and managing funds and they cannot let their beneficiaries make the decisions about how these funds should be spent. They have to maintain trust and confidence with those who contribute to their budget or they will collapse. This is not to say that such organizations *cannot* be democratic and accountable. It is just to say that there is no particular obligation for them to do so unless this is voluntarily taken as a principle and as social conditions improved and beneficiaries are in a position to demand accountability and quality of service. It is true, although confusing, that such organizations can contribute to development and democratization even if they are not democratic themselves.

At the same time, we have to point out that membership organizations can also be undemocratic if members are less educated and ill-informed and fall victim to manipulative and self-promoting leaders. The longer the leader stays in position, the greater the gap between the leader and the members – the leader enjoys higher status, knowledge

and income and is not willing to give it up easily (Uphoff, 1995).

In addition to the private character of the NGOs discussed above, we also looked at the concept of ‘public interest’ and ‘public benefit’ definition of the main purpose of this type of organizations. Public benefit is normally defined along the lines of one ‘universal development agenda’ that includes human rights, environment, poverty, education, health, sports, etc. This understanding in Bulgaria was fostered by the donors as they have focused on NGOs that touch socio-political issues of public interest – election monitoring, civic education, parliamentary transparency, human rights, anticorruption, environment, women, minorities (Carothers, 1999).

We found out that the definition of this universal development agenda in the works of Korten (1995) reflected best our own views. He defines the elements of what he calls ‘the triple global crisis’ as follows:

- Poverty;
- Environmental degradation;
- Violence in the community.

We will look in detail at this proposal for universal development agenda and will see how it related to the development ideas and actions in section 2.1.

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 extent 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 bring-

ing 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

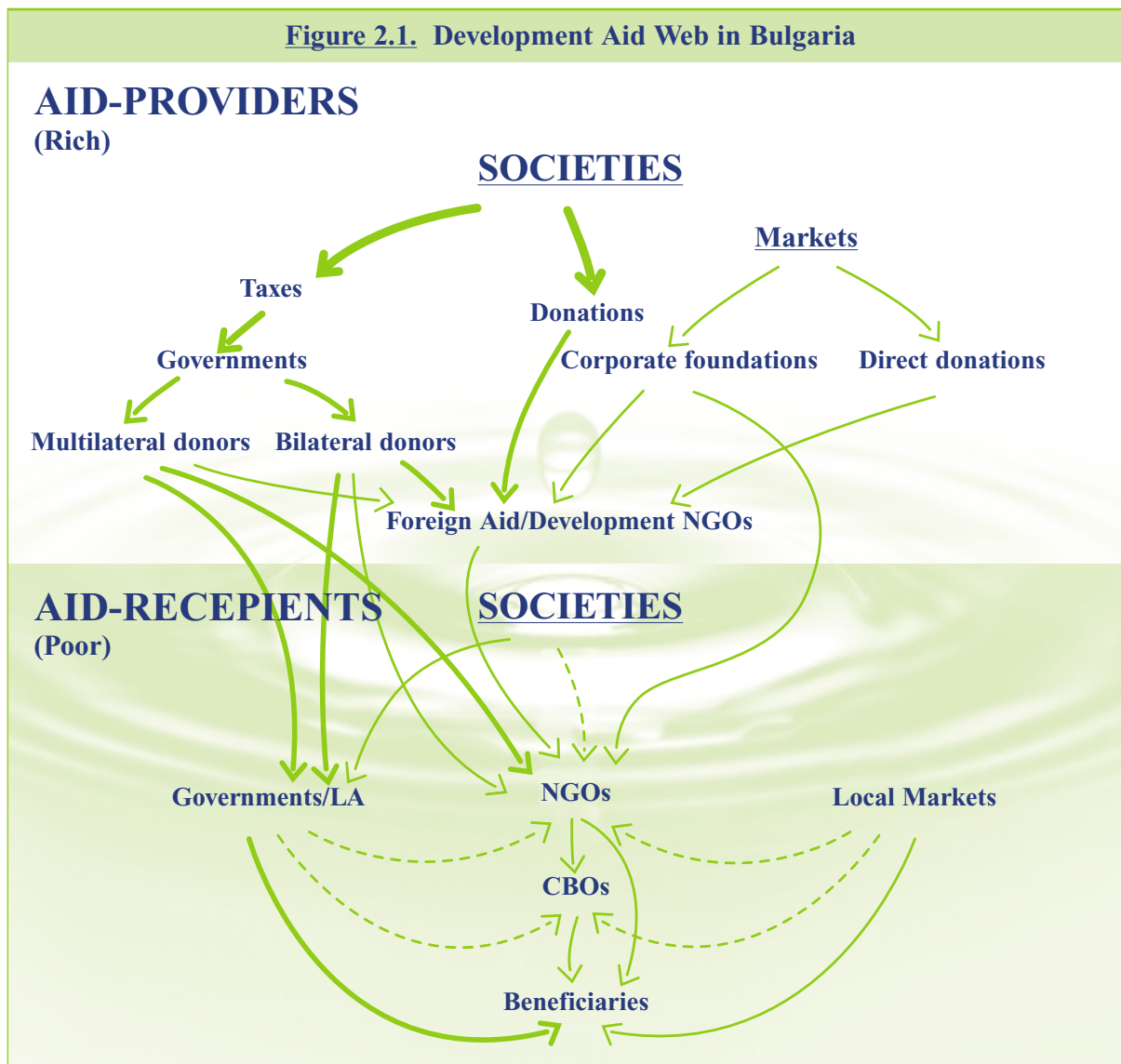
As already briefly discussed in section 1.3, the past almost fifteen years of transition have been guided by liberal development values and strategies, particularly strongly after 1997. There is a strong national support for these values and strategies – in thought and in action – in all sectors of the 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 pub-

lic 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 macro-economic 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 abili-

ty 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 con-

tribute 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-

sess any “comparative advantage” in this area. This apparent lack of relevant capacities undermines the expectations (and claims) that NGOs should be the main transmitter of information and advice to the communities with respect to EU.

- EU accession is not affecting the NGO world much because its requirements haven’t reached their target groups in any sort of a separate ‘wave’ of transformational demands.
- The number of NGOs that work directly on any aspect of the accession process is negligible.

Together with the general public, NGOs expect that the EU accession will influence positively country’s development in three main directions: political (in terms of improving the functioning of the institutions), economic (bringing foreign investments) and cultural (changing ‘the socialist’ mentality). The prevailing perception is very positive and is also termed as ‘the return of Bulgaria into the family of democratic European states’.

There are, however, many who point out that the EU membership will also bring difficulties, that it is an ‘unavoidable evil’, that it brings equally positives and negatives but is the only way for a small country like Bulgaria to overcome the crisis and challenges of globalization. About a quarter of our interviewees send this signal of caution.

This conscious regionalism as a response to the development changes is a modern trend and clearly is sound and reliable. But the usefulness of the idea is in joining resources together for greater competitiveness with other regions while what seems to nurture the Bulgarian interest in EU accession is the expectation of one way flow of resources from the EU to the country. Clearly this is very misleading and comes as analogy of the current period of donor aid which comes mostly as grants, particularly for the NGOs. Thinking about how much we will have to contribute ourselves (including as donors to other countries) has still not taken ground within the public at large and the NGOs.


Integration with NATO is not mentioned so frequently – probably because the benefits are not clearly translatable into economic or social effects. Due to the specifics of the field it is expected that there will be internal governmental mechanisms to deal with this.

When shifting the analysis from the national to the local level, EU and NATO seem to disappear completely and a different set of priorities is put forward. It is headed by the economic development as an ultimate priority but unlike the government and WB prescriptions, NGOs saw it more in line with people-centred development. The NGOs call for economic development that:

- Encourages small and medium-size business;
- Overcomes territorial discrepancies;
- Achieves sustainability for small holders;
- Cares about the ‘ordinary people’.

This is in sharp contrast with the government priorities which – whatever the rhetoric – favour export-led growth and large foreign investments that clearly collide with the development of the community economy. NGOs and government have different approach to development not just because they don’t like each other and don’t want to cooperate but because they have fundamental differences as to what type of economic development should attract priority effort and resources.

Another big concern for NGOs is the ineffectiveness and corruption in the state institutions and particularly in the judiciary. For them, this is mostly the reason why they cannot fight crime and violence in the communities. The growth of organised crime is, on the one hand, a result of governance failure, and on the other – fighting it absorbs enormous public funds that leave the problems of community safety unaddressed. NGOs have always strongly concerned themselves with issues related to human rights, minority rights, violence against women and children, abandoned children, crime and drug prevention, etc. and in this area it seems that the government is lagging behind.



Social policy comes as the next priority for the NGOs and they clearly sense the discrepancies between government declarations and actions in this area. NGOs experience shows that most of the government social programs are ineffective, insufficient or headed in the wrong direction. The recent government program for active employment measures 'From social benefits to employment' was often referred to as an example of government action that created more publicity than real results. Although the NGOs felt that they have had a lot to contribute in designing and implementing such programs, they have never been given a chance to participate. Their analysis and feedback is also largely unheard of the government – which leads to the state deceiving itself by relying on feedback generated only within its own system which is often inaccurate if not completely false.

NGOs felt that the groups that suffer most from the inadequacies of the government policies are: the young people who develop a 'culture of emigration', minorities – mostly Roma, pensioners, and mothers with young children.

Poverty came very often as a topic in our interviews with NGOs but, interestingly, it was just a part of their causal analysis of other phenomena, e.g. corruption, school drop-outs, etc. Although NGOs had very strong sensitivity regarding poverty, their conceptualization was weak and still within the 'lack of income' notion. This has led to the general understanding that anti-poverty work should only include humanitarian aid and direct handouts – and this has been the dominant practice now. There were very few NGOs that have put poverty alleviation as a deliberate development target related to structural changes, empowerment, and self-organizing.

NGOs have a positive attitude toward the protection of the environment but this is not the first thing to come to mind when we talk about development priorities. The notion of sustainable development (UNDP, 1999) has still not taken strong roots in the

NGO thinking about development – they do not see environmental concerns as an element of every development program where conscious efforts have to be made to enhance it. Rather, our NGOs see only the instrumental value of environment as linked to the development of tourism or recognize it as a priority for EU.

In general, we felt that NGOs were less capable of defining development priorities at the national level, then a bit more confident about the local level but were really at home when talking about development in their own sub-sectors, e.g. education, people with disabilities, etc. This once again demonstrated the fragmented nature of the NGO sector in Bulgaria where leaders and activists rarely consider issues outside their own area of expertise/activity and underestimate the importance of having stronger understanding of the 'big picture'.

Asked directly if they think that the NGO sector in Bulgaria addresses the development priorities of the country, NGO representatives appeared divided almost equally around opposite opinions. One part, that was a bit larger, believed that NGOs did not address the agenda of the society because they were far from people and did not recognize their problems and NGO staff cared about their individual issues. In addition, people in the communities had low consciousness and sense of social responsibility which made them uncritical towards the work of NGOs and they were passively absorbing whatever NGOs provided.

But similar number of people believed that the sector was very effective in addressing the problems of particular groups in the society. Respondents found it much easier to connect their own organization's activities and the priorities of the society while they were more uncertain and even critical about the sector as a whole.

The general conclusion of our analysis was that the NGO sector has not yet conceptualized and articulated an alternative development agenda that

reflects the needs and aspirations of their constituencies. There are values and concepts related to the ‘people-centered’ development but they are present more as sentiments and attitudes rather than as clearly defined development strategies. To emancipate NGO view on the course of country’s development and to articulate it powerfully to the other actors in development is still a task for the future.

2.1.5 People-Centered Development – the Missing Priorities

In conclusion, we will return to our conceptual framework based on Korten’s notion of the ‘triple global crises of our time which is expected to guide the development efforts both domestically and globally. Our assessment shows that although poverty, environment and violence in the community feature in both government and NGO develop-

ment discourses, these are not taken as ultimate priorities and do not seem to mobilize substantial political and social efforts and resources.

Poverty is still understood in the limited sense of ‘lack of income’ by the government and thus addressed inadequately. NGOs talk a lot about poverty but very few have interiorized the pro-poor development ideas and strategies in all their activities.

Environment is widely proclaimed as a priority but the reality shows that it is more often than not submitted to economic considerations. Although there is a strong community of the environmental NGOs, the environmental issues are rarely a concern outside it. The ‘class of sustainers’ – individuals and institutions – is negligible.

Violence in the community has been addressed more successfully by the NGO sector than by the government.

2.2 Interactions among Stakeholders in Development

In this section we discuss briefly the institutional approach to analyzing interactions among stakeholders and the concept of partnership in development. Then we review the current state of interactions between the NGO sector and the other stakeholders – central and local governments, the businesses and the media. We conclude with a statement regarding the prevailing nature and style of public policy development which is still more of an expert prescription than a participatory process.

2.2.1 Institutional Approach to Analyzing Interactions in Development

As already briefly discussed in section 1.3.3, we have chosen to depart from the neo-liberal view of society as composed by individuals making private choices based on self-interest and interacting freely in a market-dominated space. Instead, we take the institutional approach here, which asserts that these interactions are mediated by organizations and institutions.

According to Robinson (2000) institutions are these sets of rules that structure social interactions in particular ways based on knowledge shared by the members of the given society. Individuals' and organizations' compliance to these norms is reinforced by known incentives and sanctions. Thus institutions produce a stable, shared and commonly understood pattern of behaviour, which restricts individual choices. Even without this systematic enforcement, in stable institutional systems most individuals internalize the rules and obey them even when they would have benefited by not doing

so. And on the contrary, where social norms and values are widely contested or threatened by crisis, they may be systematically evaded.

We found this view on the role of institutions particularly helpful in analyzing the state of the interactions among the different stakeholders in development in Bulgaria. Our main conclusion relates to the fact that the lack of stability, of shared knowledge and obedience to some set of guiding social norms is the reason for the weak institutional settings and, respectively, weak interactions and partnerships among them. The amorphous character of the institutional landscape in Bulgaria during the period of transition has been discussed by a number of analysts (Dajnov, 2001; Yanovsky, 2002; Minchev, 2001, etc.). The long and uneven process of developing the new institutions of the democratic society and market economy – and of re-shaping and re-defining the institutions of the totalitarian past in order to entrust them with new functions – is far from being completed. This creates a situation in which institutions do not have clear identities, boundaries and sets of norms that are known, recognized and obeyed by the individuals and organizations in the society. Thus instead of institutions determining clear patterns of behaviour and providing systematic enforcement of these patterns, a lot is left to the discretion of individual organizations and even leaders/managers who can make individual, often unrestricted, choices with regard to their behaviour vis-a-vis other organizations and individuals, which results in a general feeling of lack of institutionalization in any interaction or process in society. There are solid institutions, which create rules for everyone to supersede individual interests.

However, during our review it was felt that even

with the apparent deficits of clear and stable institutional norms and patterns of behaviour, the process of institutionalization has already made some serious achievements mostly due to the pressure from the EU and other international institutions. Although the boundaries between the different types of institutions continue to be unclear and sometimes diffusive and the relationships among them are often ‘contaminated’ with conflicts of interests, at least the understanding and the sensitivity of what these institutions *should be* and *should do* have increased significantly.

Thus the review was able to concentrate on the results and the future expectation of different sets of institutional relations from the point of view of the NGO sector. In section 2.2.2 we will look at the current state of interaction of the NGO sector with the other main stakeholders in development – central and local governments, the media, and the businesses. In the rest of this section we will focus on the general patterns of inter-institutional relationships, which are at the basis of our analysis.

According to Mackintosh (1992), public policy and


action is a collective, purposeful effort to change the existing public environment by a range of actors, including state, NGOs, other civil society organizations, and private commercial agencies. These multiple actors have at least partially different values, interests and needs. Usually no single organization or individual can control the process, nor can outcomes be very clearly set in advance. This understanding of public policy as a process, which involves many different actors, puts the emphasis on the importance of the interaction between these actors.

One way of approaching the enormous diversity of inter-institutional relations that we see in reality is to devise some ideal types of such relationships – ideal not in the sense of the most desired but in the sense of ‘pure forms’ (Robinson, 2000). Thus three types of relationships can be defined – competition, coordination and cooperation - and Table 2.1 shows which type corresponds to which institutional framework, way of organizing and organizational type. In this case, competition is thought to be the dominant way of relating to each other in the market environment and the “natural” way com-

Table 2.1. Common Associations with Competition, Coordination and Cooperation

	Institutional framework	Ways of organizing	Organizational type
Competition	Market	Suppliers and consumers through price mechanisms	Firms
Coordination	State	Governments and citizens through voting mechanisms; hierarchy; rule-based administrative control	Government offices, from central to local
Cooperation	Civil society	Voluntary initiatives and social movements through identification of common goals, values and needs	NGOs, trade unions, community groups, etc.

Source: Robinson, 2000, p. 5



mercial agents would approach relationships with other, non-commercial institutions. Coordination is the main way the governments believe they should approach their relationships with the other actors. Civil society organizations put the emphasis on cooperation and solidarity among themselves and extrapolate these attitudes and strategies over relationships with institutions from the other sectors too. Of course, these are just the predominant types for the different sectors – in reality each sector successfully employs all type of relationships: businesses successfully cooperate to protect their interests, governments introduce competitive elements for the public service providers, and NGOs coordinate and compete often on the same occasion.

The important point to keep in mind here is that different institutions have different starting points and expectations of how all actors involved should relate to each other: e.g. typically, governments expect the main mode of relationship to be coordination under their leadership while NGOs expect the relationship to take the form of cooperation among equal partners. The lack of understanding among the parties about these differences in their approaches to inter-institutional relationships often lead to inefficiency and even break-down of the relationships.

In the recent years, however, the area of inter-institutional relationships has been dominated by the idea of partnership, which has been promoted first by the governments of the donor countries. In the 1990s, the discourse of partnership implied that a shared perspective about purposes and processes of development had been achieved at least between providers and recipients of development aid (DIFID, 1997). Similarly, a 1996 OECD report states that the developed countries should not try to do things *for* the developing countries and their people but *with* them and development should be seen as a collaborative effort, which helps the aid recipients to increase their capacities to do things for themselves. International development NGOs also started focusing on building partnerships with

local NGOs and institutions within the framework of long-term programs (e.g. Save the Children, 1995-6). The move is from partnership created due to operational needs to more strategic commitments. Thus it could be said that internationally, there is a certain agreement on what development is about – not about providing aid but about building local capacities and ownership and creating the right political and economic environment for the ‘expansion of people’s capabilities’ (Sen, 1990). There is also a prevailing view that public development policies and action should involve multiple actors linked through partnerships.

The participative view on public policy was seen in Bulgaria as a natural outcome of democratization. Many researchers and activists have looked at different public policy areas where all players in development interact. This was done through different prisms – local development (Dajnov, 2001), advocacy related to legal environment (CCF, 2001), civic control over state activities and institutions (ACCESS Association, 1999), through the NGO impact on economic development (Zhecheva *at al*, 2002), etc. The government is no longer seen as occupying a superior position to other actors but as being on an equal footing with them. Thus public policy making within networks is about cooperation (or non-cooperation) between interdependent parties with different and often conflicting rationalities, interests and strategies. Policy processes are not seen as implementation of *ex ante* formulated goals but as an interaction process in which actors exchange information about problems, preferences and means and trade off goals and resources (Kickert, *at al* 1997).

But as the analysis in section 2.2.2 will demonstrate, the language of partnership often masks important differences in understanding of the need to focus on partnership interactions. There are many people who see it as the next fad, which re-names something that people have been doing anyway. Others say that partnership is not necessarily a good thing in itself and not everything should be in

cooperation with everybody. The majority of our respondents, however, believed that partnerships are necessary and focused more on the practical issues in realizing effective and fair partnerships.

Going back to our institutional approach, we need to point out that peaceful interaction among different stakeholders in development depends on two fundamental things (Robinson, 2000):

- The existence of a normative framework and generalized morality to create the basis for mutual trust;
- Effective and accountable institutions for macro-organizational management (meta-level institutions).

As already briefly discussed, the Bulgarian institutional landscape seems to lack both. In this context it comes as no wonder that all actors in development shared mostly negative experiences about working in partnerships due to the lack of trust, standards and mechanisms through which partnerships can be established, monitored and re-arranged. The current insufficient institutionalization prevents individuals and organizations from actively seeking and establishing relationships of interdependence – or partnerships.


Nevertheless, in our review we also took the stance that autonomous interdependence could be realized even without being fully institutionalized – partnership interactions are mostly informal in smaller communities but even in complex societies most interactions depend more on concrete social relationships than on abstract institutional arrangements of generalized morality. Even in large businesses managers deal with people they know and value personal contact and trust in economic life (Granovetter, 1985). This has reminded us that we should not consider institutionalization in a normative sense and should not seek to institutionalize all relationships.

2.2.2

The Current State of Interactions

As we saw in Section 2.1, resourcing and implementing development policies and interventions require complex interactions among players with different strengths and competitive advantages. The majority of the participants in this review believe that there is a role for NGOs to play in development and that it is not fair to hold only the state responsible for everything that happens (or does not happen) in the country and for the problematic image Bulgaria has abroad. At the same time, they underline that it is the responsibility of the state to stimulate the participation of the other sectors – pro-activity should be encouraged and rewarded rather than questioned and suppressed. And this should be consciously accepted by the state, which is now perceived mostly as defensive and secretive.

On the other hand, there are active stakeholders but they pursue their interests individually and in the dark. There are no institutionalized processes of interaction and in the muddled waters only the strongest can profit. Instead, NGOs propose communication, openness and wide public consultations on all different levels – from community to national. If the state has clear commitment to the poverty alleviation objectives, it should focus on creating exactly this kind of processes in order to get poor people involved in decision-making. However, the current situation shows that the state seems to consider policy making an expert work and the population ‘not qualified’ to take part, let alone to make decisions. NGOs admit that this is a complex issue – very often we have reasons to doubt the quality of contributions people is capable of making because of lack of information and skill. But unless they gain it, there will be no progress – people have to be supported to become “experts in their own situation’ and to have the way of expressing their concerns properly. A criterion for a successful development process or anti-poverty intervention should be considered the extent to which the state has



ensured the access of poor people themselves to the process of design and management of these interventions.

Means of participation exist legally and more will be developed in the future. But the practice of public participation is scarce and mostly disappointing. It seems that the link between governors and governed are broken and there is a real crisis of representativeness which results in a very weak support for the policies, decisions and initiatives of the government. Interestingly enough, NGOs see the problem not so much in the quality and direction of the governmental policies but in the inability of the government to convey its policies in accessible language and through accessible media to people. NGOs believe that there is a need for some other actors to communicate and interpret the policies of the state to the people and this should be NGOs themselves. However, there are also many NGOs that see serious obstacles for them to assume this role. First of all, NGOs in Bulgaria still have a bad image and most probably will not be trusted by the general public as an interpreter. And secondly, many of the government policies in transition are extremely unpopular with the people as they threaten their previous security; from this perspective, people would like to see NGOs defending them against the state and not helping the state to impose these policies.

The main reason for not having a good participatory process for designing and implementing development policies, according to the interviewees, is that actors in development cannot think further than short-term individual interests and there is no general vision and perspective. The lack of such long-term orientation and vision about concrete future results makes the cross-sectoral dialogue impossible or incomplete and to a great extent undermines the efforts invested so far.

i) Partnerships NGOs – State Institutions on National Level

Previous research indicates that the relationships between the NGOs and the state have been dynamic and subjected to the influence of multiple factors. Immediately after 1997, when the last post-communist government stepped down, NGOs were able to engage in close interaction with the new government (Dajnov, 2001b). Later, as MBMD study (1999-2002) shows, the instances of partnerships between NGOs and central authorities have decreased – while in 1999 more than 36% of the interviewed NGO have had close contacts with the government, in 2002 only 25% have had such contacts. What is more, NGOs get more disappointed by these contacts over the years – at the beginning, 89% of them found it useful to maintain contacts with the central government but in 2002 less than half of them (41%) still appreciated these contacts. It seems that after the “big democratization agenda” has been realized, the institutions are closing down for the NGOs. Some of this could be attributed to the change in the donor funding priorities which shifted away from NGO participation in legislative work and advocacy. This has presented a real challenge to the NGOs in a context where the ‘democratization agenda’ has been replaced by the “development agenda’ which requires even more active participation and contribution from the NGOs but with declining foreign resources.

The main conclusion of the current review is that the state is overcoming its total negativism towards NGOs and starts to use them as source of training and expertise that complements the one existing within the government. Partnerships are built around utilizing NGO non-material resources (knowledge, experience, information, networks, and contacts). However, there is a certain dynamics in the value that the state ascribes to these resources – while at the beginning the NGO technical expertise was the most needed, now the government has developed their own through the

young and educated people entering the institutions, so this is a diminishing advantage for the NGOs gained through foreign donor assistance. What becomes more attractive for the government now is the links of the NGOs with large constituencies, their quick access to first hand data and to the beneficiaries, and their cost-effectiveness – however, all these are still rare commodities in the NGO sector.

Both the state and the NGOs believe that partnerships should be based on well recognized common interest – like in the case when NGOs promote important democratization instruments (e.g. Access to Information Act) which advances the transformation of the society in the direction pursued by the state as well. However, from this perspective, it is almost exclusively the big and well established NGOs with access to sufficient foreign resources that might be of interest to the government.

Although the government stresses that it is committed to partner with NGOs, the best contribution it seeks from them is to transmit the messages of the government to their target groups through their contacts and networks. NGOs feel very frustrated that they have very limited influence over the process of developing these messages. They are confident that they could offer a lot of expertise with regards to new legislation, plans and strategies, joint work in consultative bodies, training and other services, human and financial resources for joint projects on local and national levels, etc. But even when the government praises them for their expertise and practical experience, NGOs feel that their contributions are taken into account only if and as much as they coincide with the values, ideas and expectations of the government. And if not – they are completely ignored.


NGOs in a number of sub-sectors report that they have had some form of a formal partnership with the state institutions during the legislative processes in the spheres of environment, children, disabilities, and equal opportunities. However, most of

them have felt that the state institutions only formally accept the partnership arrangement but do not respect NGOs as important contributor to the legislation or public policy development; NGOs are not well heard and taken into account or are even seen as competitors – especially because they often come with donor backing. Good partnerships are still due mostly to personal contacts.

In Bulgaria, there are no special bodies and mechanisms that would create the infrastructure for permanent, democratic and transparent dialogue and partnership between the state institutions and the government. One exception is the National Council for Ethnic and Demographic Issues where some NGOs participate regularly but even there formality and lack of true commitment to partnerships prevail.

Both sides are unsystematic in their contacts and dialogue – due to differences in attitude, lack of skills, lack of understanding of each other's limitations and possibilities, dependence on personal relations. NGOs appear to be not pro-active and not persistent enough in establishing partnerships. One great obstacle in this is the lack of continuity between consecutive administrations in terms of policies, standards and work culture.

The area of funding and of resources generally appears to be the one that causes the bitterest feelings. NGOs accuse the state of not transferring any resources from the previous totalitarian and centralized state to the civil society as this has been done in all Central European countries through the mechanisms of tax incentives, endowments, favourable conditions for renting or purchasing of premises, etc. Quite the opposite – the state tends to use the resources that NGOs raise from foreign sources. In addition, the real or the simulated lack of knowledge about the civil society allows the state institutions to often pretend that, as NGOs are voluntary organizations, they should work for free to implement the partnership tasks. The existing systematic neglect of the state's responsibility to share resources with the civil society is evident in



the process of the state entrusting to NGOs social services provision without providing adequate resources to them to be able to carry out the necessary activities.

Even more hotly contested is the area of EU funding – which is the largest the most quickly expanding resource for NGOs in many areas. The situation with the EU funding for NGOs is discussed in detail in Appendix C. A quick summary of the opinions of the participants in this review would be to say that NGOs are quite frustrated and alarmed by the way EU funds are managed and distributed by the state. The examples of state institutions' incapability to manage the process, of waste of funds, of un-transparency and fraud, including creating false NGOs, are abundant. NGOs believe there is a role for them to play in helping the government to utilize pre-accession funds by using their experience to compensate for the lack of expertise in the government. Government is much less inclined to accept this offer – rather, it maintains that NGOs are absent in the areas they are really needed and with the type of cooperation the government wants (e.g. service provision to groups with special needs).

The prevailing feeling among NGOs is one of dissatisfaction with the partnerships they have had so far with the institutions on national level. The attitude of the state institutions has been mostly hostile or patronizing as if NGOs were there to only make their lives more difficult. Small NGOs and informal citizens' groups are particularly disappointed – those who have little to offer in terms of highly specialized expertise are pushed aside although they very often represent important local interests and needs 'from the source'. They feel that the state barricades itself behind bureaucracy, un-transparent procedures and blocked channels of information and it is unfair to then accuse NGOs that they lack knowledge of how to deal with the institutions.

On the other hand, government is disappointed by the NGOs – it seems that they prefer intellectual

work, research, publications and training instead of providing direct services to children that are so much needed now. Government feels that NGOs are not flexible enough and are not responsive to the priorities at hand. At the same time, some state institutions admit that the imperfect and constantly changing legal environment hampers the partnerships with NGOs and does not create sufficient incentives for NGOs to engage with them.

Thus the general state of the interactions between NGOs and the state institutions is one of a mutual dissatisfaction – instead of being partners in development, they still compete for territories and resources. Even though all seem to agree that NGOs (should) help the state to solve problems that it wouldn't manage otherwise, the idea of partnership is not articulated in clear strategic terms. Generally, partnerships are developed on lower, more pragmatic levels and still constitute isolated cases which are not difficult to enumerate.

Participants in the review saw the following strategies as recommendable for the improvement of the interaction between NGOs and the state institutions at the central level (ranked according to interviewees' preferences):

- Get to know each other better and engage in a 'civilized European dialogue';
- Conceptualize and articulate partnership in the context of development recognizing the potential conflicts of values and interest of the different stakeholders;
- Solicit more support from the state – financial resources, equal treatment with the other actors, expanding areas of NGO involvement;
- Initiation of joint projects;
- Improvement of the two-way information exchange;
- Pressure the state to allow greater access to policy making for NGOs – not just as experts but as stakeholders;
- Increase the level of activity and responsiveness of NGOs to partnership with the govern-

ment and encourage them to patiently accumulate experience in this area understanding that the government works via established but slow and time consuming mechanisms;

- Provide technical assistance to the administration to work more effectively on EU programs.

ii) Partnership NGOs – Local Authorities

The already quoted previous research (MBMD, 2002) has discovered that the level of interaction between NGOs and institutions on local (district and municipal) level is increasing. The increase is particularly noticeable at district level – if in 1999 only 10% of the interviewed say that they participate in making decisions and 33% say that they keep good contacts, in 2002 these percentages are respectively 17% and 45%. This is probably due also to the fact that the planning processes at district level related to the EU accession have been much more active recently. On municipal level the increase is not that impressive – 2-3 points – but still encouraging. The low and decreasing level of satisfaction from the interactions, however, is similar to that of the central government. Some analysts link this fact not only to the actual quality of the interactions but also to the fact that NGOs have become more knowledgeable and more demanding as to the outcomes of the partnerships with the local institutions.


Participants in the current review agreed that partnerships on local level are easier than the ones on central level – mostly because of the informal relationships, visibility and trust that exists in any given settlement. However, the scope of these partnerships continues to be limited to exchanging some excess municipal space for some of the NGO expertise or other services. These partnerships are not institutionalized – not only in terms of concrete organizational mechanisms but also in terms of

existing attitudes and culture of building partnerships. This leads to the lack of continuity in the interactions where every four years almost everywhere the NGOs have to start from scratch with the new administration.

Nevertheless, NGOs report positive effects of collaboration with the local institutions in the past two-three years. It seems that more and more local authorities recognize the role of NGOs, and have the good will to involve them in various activities – they organize information meetings, design joint projects, and offer material support to some NGO projects. They regard NGOs as being closer to the local people and their problems, more flexible in responding to these problems and also more knowledgeable about the possible responses. The common territory seems to facilitate easier process of identifying common interests.

In line with the MBMD research, our interviewees also report instances of good – regular and productive – interaction with the administration of the district governors where NGOs are frequently invited to take part in resolving a great variety of policy issues. The new and increasing development responsibilities of the district administrations make them more open to the contributions NGOs are capable of offering.

At the same time, NGOs report a lot of difficulties in establishing partnerships with the local institutions on municipal level – and the most frequently mentioned one is the lack of knowledge, understanding and trust between the local stakeholders. Curiously, the same reason has been given also in a positive sense – to highlight why partnerships on a local level are easier than the ones on central level. This fact just underlines the importance of trust in local relationships which often decided the outcome of each effort to establish partnerships. However, trust could not entirely compensate for the lack of institutionalization – NGOs feel that it is not always clear who and why enters these partnerships. This is particularly true for the small



NGOs and informal groups which are often left out. In addition, the local authorities are very selective regarding the types of NGOs they consider partners – they are much more interested in those who provide social services while non-social projects don't get attention.

In many cases NGOs have felt that local institutions fear the influence which these NGOs might have on the beneficiaries and the public opinion. City Councils are particularly jealous - they believe they are the ones who represent the citizens because they are legitimately elected while NGOs have to prove their representativeness and legitimacy through some other means.

The area of funding is again a bitter one. As more and more resources will be left at the discretion of the local authorities, NGOs fear – and some have already witnessed this – that the process will not be transparent and based on clear criteria and standards. A number of respondents reported that local institutions prefer to establish their own puppet NGOs instead of working with the ones that have sometimes more than ten years of experience – and thus the surrogate NGO sector replaces the genuine one.

On the other hand, local authorities stress the need to get more information from the NGOs about their activities and to have easy contact with them. Local officials also find it difficult to determine which NGOs should be involved where and when because they have very diverse projects, some times in distant and unrelated areas, and it is difficult to see where their real expertise lies.

There are also powerful outside factors that influence partnerships locally and these are the economic situation, the level of decentralization, and the weak partnership among local institutions themselves. In addition, Bulgaria as a whole is a country with low social capital and the general willingness to interact and cooperate is very low. We have to admit this is not going to improve soon.

The review generated some ideas about possible actions that could contribute positively to the improvement of the interactions between NGOs and local institutions:

- To get to know each other better and to increase the level of trust;
- To use the opportunities provided by the process of decentralization – both for the NGOs and for the local institutions;
- To increase the level of solidarity and interaction among NGOs locally;
- To promote visions of local development that do not include only direct aid and handouts the way local institutions in previous times have done it;
- To press the municipalities to institutionalize their work with NGOs.

iii) Partnerships NGOs – Businesses

The current review shows that the relationships between NGOs and businesses continue to be very weak and to be built entirely around exchanges of goods and services and not around a pursuit of some common goals. Interest in such partnerships is motivated by anticipated mutual benefit rather than by concerns for external development on behalf of the broader community.

The common explanation is that the legislation is not helpful. However, some research (Alfa Research, 2003) shows that the more disturbing problem is that the existing legislation is poorly known and used. Thus even the existing incentives don't play role in increasing the local contribution of the businesses to NGOs. Support is offered on basis of personal relationships and trust.

Almost all NGO respondents say that their work with the businesses is at the very beginning and admit that this is the weakest area of their activity and organizational development. Some successful examples of cooperation include exchanges of ser-

vices – businesses are interested in the training provided by the NGOs on particular topics and in particular moments (e.g. when new legislation is introduced) but otherwise the contacts are rare. Businesses do not have a particular favourable attitude to NGOs as providers – they would accept the service on the basis of quality and cost equally from NGO or a fellow private company. Acknowledging and favouring NGOs for the wider social objectives that they pursue is a very rare attitude among businesses although some business associations already exist that try to promote the concept of social responsibility (e.g. the Bulgarian Business Leaders Forum). Bulgaria is far behind the Central European countries in this area and the general feeling is that businesses are and will continue donating in order to serve their own emotional needs rather than because of concern for wider development goals.

On some rare occasions NGOs and businesses (or, rather their business associations) partner in some discussions and negotiations for legislative and normative changes. However, businesses are much more active and successful and are always present while NGOs have much weaker presence. Interestingly enough, with respect to the partnerships with the state businesses, whose normal mode of operation is competition, cooperate more successfully than the NGOs that are more often seen to compete than cooperate.

Possibilities for improving the partnerships between NGOs and businesses are seen in two main directions. Firstly, with the improvement of the overall economic situation businesses will leave the zone of fighting for survival and will have the space to increase their social sensitivity. Secondly, there are still many prejudices on both sides – NGOs consider moneys from the businesses ‘dirty’ while businesses don’t trust NGOs as it is unclear where they take their moneys from and how they spend them. With the increase of frequency and quality of interaction, it is expected that the level of trust will increase and will allow better partnerships.


iv) Partnerships NGOs – Media

NGO participants in the review had a strong shared view about the importance of the good relations with the media. The reasons for partnering with the media were also similar – the majority of the NGOs needed higher visibility of their activities, their organizations and their issues/beneficiaries in order to further both their work in the respective areas and to attract more resources to these areas. Media, when friendly, was also seen as an important tool for putting pressure on the institutions regarding certain advocacy issues. The capacities of media to facilitate educational work, awareness raising, change of mentality and attitude were also highly appreciated.

On the other end, the media like talking to NGOs because they often produce high quality independent research and analyses; they organize seminars on hot topics of high public interest; their debates and civic actions draw a lot of attention among citizens and authorities and present good photo opportunities. However, it is mostly the individual experts from some central or well established local NGOs that get the attention rather than the organizations themselves.

The interviewees report a number of successful partnerships and the general feeling is that there is already good basis, positive attitude and stronger channels for cooperation between the NGOs and the media. Nevertheless, some old obstacles have not been completely overcome.

NGOs are still not satisfied with the intensity, the balance and the depth of treatment of the issues related to their work and their beneficiaries. Media are not simply an impartial critical observer of the NGO activities but intentionally focus on sensational moments pretending that this is the only news that the civic sector produces. According to NGOs, the regional media are more interested and involved while the central media are much com-



mercialized and hardly allow any space for positive stories and successes achieved by the NGOs in the area of social development. This lack of balance affects NGOs deeply because the influence of the media in creating the public image of the NGOs is very strong and they tend to believe that negative media coverage is the main reason for the negative image of NGO among not only the general public but also the institutions.

Media representatives are quick to respond that NGOs have rarely anything important to present to the public, that they speak abstract and alienating ‘project language’ and cannot sell themselves. Accusing media for being biased and intentionally seeking sensational stories, NGOs are not much better with their ‘positive and self-centered’ messages – they only promote their own point of view and cannot present any issue in its complexity and controversy, with all the pros and cons which would give the readers the opportunity to develop their own view on the basis of the information provided.

Nevertheless, the current media image of the NGO sector seems to have improved in the past two-three years despite some high profile scandals (e.g. Democracy Foundation). Previous studies describe several stages through which the media image of the NGOs has passed through. At the beginning of the transition, NGOs have had a ‘romantic image’ of fighters against the official authorities and in this period they were linked to the global tasks of the transition from the totalitarian state to democracy and market economy. Around 1995 this image started to be more pragmatic as NGO missions became more concrete, focused around specific projects and causes. Thus it appears that the NGO image in the media has been subjected to melting and minimizing. This has been partly the reason for the development of a negative public opinion, according to which in 1998, 37% of people think that NGOs work for themselves, 21% have positive attitude and think that NGOs work for public benefit, 18% - for the causes of the political institutions, 8% - for semi-criminal economic groupings,

2.5% - for foreign interests; and only 13.5% of the respondents say that they don’t know about NGOs which shows how strong the above opinions, assumptions and prejudices are (BMC, 2001). The NGO sector is still seen as an import that tries to copy American or Western models without having the same institutional and financial conditions (Yanovski, 2002).

Although many negative images remain, in 2002 MBMD reports increase with 16 points of the positive attitude of the public towards NGOs compare to 1999 – now 68% of the respondents say that they have had some positive experience with or knowledge of NGOs.

2.2.3 Public Policy – Expert Prescriptions versus Participatory Processes

In conclusion, it could be stated that some basic institutional arrangements that allow systematic interaction between all stakeholders in development have been established but the practice is still unsatisfactory. True participation in the public policy development as well as real partnership between institutions with different values, interests and culture are still rare phenomena. Public policy continues to be developed as expert prescriptions backed by donor and government institutions which civil society actors have limited input in it – and NGOs least of all. The window of opportunity has opened but the real process has not happened yet.

2.3

Contribution of NGO Sector to Development

This section takes a look at the scope, structure and fields of activity of the NGO Sector in the narrower sense of the concept, i.e. as comprising only of a specific type of NGO which we call development agencies. Then we look at the achievements, strength and weaknesses of this Sector in the context of development.

2.3.1

Boundaries of the NGO Sector

The question of the size of the NGO Sector rightfully holds the attention of different stakeholders – NGO activists, politicians, donors, and researchers. The numbers of the registered and active NGOs, which are never the same, are perceived as important indicators of the state of civil society in terms of social capital, of ability to influence and keep in check the institutions, of culture of self-organizing and generating resources and solutions at the grass-roots level, etc.

During our review we found out that there already exist sources of information about the scope, structure, resources and activities of the NGO sector which are collected annually by different government bodies and research institutions. The figures that we quote here were valid and useful at the time of the analysis but they should be taken as a very dynamic variable.

According to the statistical registry (BULSTAT) after 1996, the following non-profit organizations have been registered under the Law on Persons and Families and the Act on Legal Non-profit Entities (ALNPE): 3,028 foundations, 12,724 associations and 10 branches of foreign non-profit organizations

or 15,762 non-profit organizations in total (this figure does not include Chitalishata³, political parties, religious organizations and trade unions).


Under the new ALNPE, as public benefit organizations there have been registered 175 foundations (20.3%) and 688 associations (79.7%). The number of the public benefit organizations includes sports clubs, school boards and a small number of Chitalishta (as they have the right to be registered as NGOs as well). The number of the public benefit organizations is increasing as more and more NGOs choose this status although for the moment it does not bring them any clear advantages (for more details see *Appendix A.*)

The number of non-profit organizations that have submitted financial reports for 2002 to the Central Registry at the Ministry of Justice is 3,511 and this is the highest number of non-profit organizations that could be considered active at the moment. However, this figure includes a number of sports clubs and other organizations that are not considered typical NGOs in the sense of the current review, the number of the real active NGOs seriously decreases and according to the estimates of the interviewees they are between 400 and 1,000 in the country and their number is decreasing.

Although nowadays there is more quantitative information about the NGO sector, the methodological difficulties to use this information for analysis remain. Some of these include:

- Data on registered NGOs are not segregated – state bodies (Central Registry, BULSTAT, etc.) use one determinant to distinguish NGOs from all other organizations and to boundary the “sector” – if the organizations are regis-

³ Educational and cultural institutions at community level, they are registered under a separate law.



tered under ALNPE; this does not give the necessary clarity about the types of the registered organizations and their shares in the total;

- The discrepancy between registered and active NGOs remains and even widens and there is no reliable way of establishing the number of the active ones; we have accepted that an indication about an active NGO should be the submission of an annual narrative and financial report to the Central Registry – but data there are also not segregated;
- Only basic data is collected regularly by both the government agencies and research institutions concerning the number and the area of activity and sometimes human or other resources; some more quantitative data is generated by sociological agencies under specific foreign-funded projects (e.g. MBMD research funded by USAID) but only during the lifespan of the project; thus Bulgarian researches from the NGO sector or the academia still do not have rich and reliable bodies of quantitative data on which to base their analyses and trying to generate such data themselves is always a partial and imperfect effort due to the limited time and resources of their projects;
- On the other hand, the access to the information already collected (e.g. the annual reports of the NGOs at the Central Registry) is difficult and uncertain because of the lack of clear rules for access and the inability of the respective state institutions to provide this service.

This lack of reliable, updated and accessible quantitative data results in very different, subjective by necessity, perceptions about the scope and the boundaries of NGOs – almost equal numbers of our respondents believed that, on one hand, there are too many NGOs in Bulgaria and the number should be reduced by erasing the inactive ones from the registries under certain conditions, or including some “bankruptcy” clauses in the court registration document, or tightening the criteria for donor or

governmental support provided to NGOs as to exclude those who only imitate existence. On the other hand, there is the perception that there are not enough NGOs, especially in particular geographical areas or field of activities, that the associative culture of the Bulgarians is still very weak and needs encouragement even if the established organizations are short-lived or come back to life accidentally after long periods of hibernation. This is an issue of immense strategic importance – shall the limited resources that donors, government or leading Bulgarian NGOs have designated for civil society development be targeted at informal groups or new NGOs or shall they be targeted at the established ones is a highly contested area. For now, it seems that each agency that possesses the necessary resources makes its own decisions and there is no continuous debate within the NGO sector about the overall strategies for building/strengthening it. The lack of debate is a weakness of the sector as, clearly, there cannot be one final answer to this question.

The theoretical and methodological choices of our review and the way of selecting the purposive sample of respondents which we have discussed already in section 1.2, helped us to create a picture of the NGO sector not based on the partial and contradictory quantitative data that is available at the moment but on the reality of the NGO life in Bulgaria. Having decided not to seek representativeness and not to use a standard sampling procedure, we had to rely on NGO directories, previous studies and active networks of organizations around the country in order to create our purposive sample. Looking at the profile of these organizations, we can highlight the following characteristics, ranked according to their significance for our work:

- All these NGOs communicate actively and regularly with each other and with the outer world; they provide regular and updated information both about their activities and about their contact details to the relevant bodies in the state (e.g. Central Registry) and in the sector (e.g. NGO Resource Centre);

- They are ready to share information and to spend time to provide information to the general public (including the researchers of this review);
- They have all implemented formal projects with external funding and have acquired experience, confidence and work culture that allow them to be part of a broader dialogue and exchange in the NGO sector;
- They have trained/knowledgeable human resources of some kind – staff, volunteers, members – that have been exposed to experiences and practices outside their own organizations and can compare and strategize for their own work;
- They have broader social development goals which are not based on serving the specific needs of their staff or immediate constituencies but are based on some progressive international standards and good practice;
- They do not have membership or even if they are registered as associations, they have limited membership and do not seek representativeness of the given social group they work for and with.

This type of NGOs we call development agencies (or non-government development organizations, NGDOs) and in the classification of Uphoff (section 1.3.4), they come closer to the private sector than to the Third sector which is the membership and the solidaristic one and which occupies the space between the state and the business. In development context, these organizations are termed non-governmental to clearly distinguish them from the government structures and initiatives in the same field. In development terms these NGOs are defined as agencies aiming at achieving socially significant goals which are broader than the interests of their individual staff members; these organizations do not have members and people involved in them are selected on the basis of professional merit.

The ‘private’ character of NGDOs allows us to judge them against the criteria of effectiveness and efficiency common for the private sector. The third

criterion against which institutions are assessed is accountability - however, the fact that, although private, these organizations are non-profit, requires a separate assessment framework. We will make an attempt to offer such assessment in sections 2.3.2 – 2.3.4 below. The criteria for effectiveness, efficiency and accountability are looked at within the framework of the ‘greater benefit’ that these organizations strive to achieve for the public – namely, the relief of the triple global crisis as discussed in detail in section 2.1.:

- Poverty;
- Environmental degradation;
- Violence in the community.

2.3.2 Effectiveness of the NGO Sector

In this section we will try to discuss the effectiveness of the NGO sector by looking at its achievements in the past ten years or so. It was quite interesting for us to discover that our NGO respondents felt much more comfortable and positive when describing the achievements of their own organizations and much more critical when talking about the achievements of the sector as a whole. We attributed this fact to the problematic ‘sectoral identity’ as whole, the lack of interest/information/recognition about the achievements of the other NGOs, and the lack of a forum for an ongoing self-reflection of the sector regarding its achievements and effectiveness. Wherever possible in the text below, we have made the distinction between the respondents’ assessment of their own organization or of the sector as a whole. As far as the other types of respondents are concerned, the donors had more to say regarding the sector as a whole but could also give examples of individual organizations’ successes, while the businesses and the government had very little information about the achievements of the sector and either restricted themselves to individual examples or only offered recommendations as to what the sector should aim at achieving in the future.

In the following paragraphs we will look at eight achievements of the NGO sector as phrased by our respondents:

i) The existence of the sector is an achievement in itself

The large majority of NGO respondents believed that it is an amazing accomplishment that – despite the hostile state, the scarce resources and the unappreciative public – the NGO sector survived and developed! Mirroring the fluctuations in the political environment and generating its own dramas, the NGO sector had gone from the euphoric expansion in numbers and types of NGOs willing to work together for democratization and ‘civilization’ of the totalitarian state (early 1990s) through politicization and confrontation between leading NGOs and their followers (second half of 1990s) and has come to a situation where there are no more political blocs and alliances but mostly informal support and exchange networks that start thinking about possible more structured/formalised interaction.

Asked about the main characteristics of the NGO sector in Bulgaria today, our respondents highlighted the following four:

- **Diverse** – organizations that comprise the sector are very different not only in their missions and areas of activity but also in their very understanding of civil society, their level of development and their connectedness to the other NGOs and the sector; this both source of richness and of frustration when trying to develop common platforms for policies and action;
- **Dependent on foreign donors** – still more than 80% of the funding for the development agencies comes from foreign donors; very few of them are experimenting with paid services, income from assets and cooperation with the businesses;

- **Divided, with no unifying structures and policies** – having overcome the hostile divisions and confrontation from the mid 1990s, the sector has not found yet any mechanisms or structures that would enhance the partnerships among NGOs and the cross-sector cooperation;
- **Closed** – the world of the development agencies is very closed and includes mostly themselves, their donors and their direct beneficiaries; the sector is still a novice at developing permanent and productive interaction with the media, the state institutions and the businesses; its values, strategies and products are appreciated mostly within the sector itself.

According to the majority of the respondents, even though most of the above characteristics point to problematic areas of the NGO sector development, in the given context the achievements are satisfactory and the existing NGO sector is living up to the tasks entrusted to it. A very substantial group, however, still maintains that the NGO sector has remained a foreign import and never took root in the Bulgarian reality – as such, it serves no real local needs and constituencies. It is remarkable, that the second group is comprised of representatives of leading NGOs with recognized achievements on national and, sometimes, international levels and they are very proud with this; apparently they exclude their own organizations when making the above generalization. Representatives of businesses and government never raised this issue, while the media were more sensitive about it.

ii) The Sector has developed structures and activities in all areas of social life

After the end of the totalitarian regime, political openness and foreign aid created conditions for a boom of NGO development - small but very active groups emerged in the capital, and quickly broad-

ened their scope from political to also social and economic issues. These NGOs remained to a great extent the core of the NGO sector, co-opting newcomers who also developed professional capacities and interest in national level concerns over the years. Beyond this inner circle, the sector has weaker capacities, more limited access to resources and focuses almost entirely on local issues.

Regarding the geographical profile of the NGO sector, our review didn't find anything new despite the serious efforts to level up the development of civil society outside Sofia. Concentration of NGOs in Sofia not only in numbers but also in capacities (information, human resource, funding, etc.) is a persistent phenomenon. Furthermore, an even more disturbing trend is that the once lively NGO communities in other big towns – especially Plovdiv, Pleven, etc. – are now weakened and depressed due to the ending of major re-granting programs (DemNet, Foundation for Civil Society Development, OSF) that provide small but steady financial support to them until 2000-2002. Smaller cities and villages remain disadvantaged as ever. From the development point of view, this situation is very problematic as local civil society actors are seen crucial with their close relations with the local communities and their potential to make bigger difference in people's lives. Possibilities for partnerships and synergies in smaller communities are also bigger and NGOs could make substantial contribution by taking the lead.


The level of activity of the NGOs (in terms of where they are active) is mostly restricted to local/district level. NGOs operating on national level are almost exclusively based in Sofia and, according to our calculations, are between 70 and 100. The level of activity of NGOs (in terms of how active they are) is very different. Our respondents identified three groups – some NGOs only exist on paper and this is the biggest group of the registered organizations. The second group is of NGOs that do have activities but only and as far as there is easily available funding; they only gen-

erate employment for their members or staff and cease to exist when the funding dries out; this is the largest group in the sector and to a great extent it is the one that determines the opinion of the public, the media and the authorities about the sector. The third group is of those who work hard and really achieve something; they are the minority and they are rarely used for generalizations regarding the contribution of the NGO sector to development. Public opinion is influenced by the most visible in the public space, not necessarily by the most effective.

Regarding the fields of NGO activities, the perception of our respondents were in sharp contrast with what the quantitative surveys show (MBMD, 2002). The fact that current government and donor policies and funding started to focus on some particular fields (e.g. social services delivery, programs for Roma, etc.) left the general impressions with the Sector that these are also the areas where NGOs are involved the most. Our respondent ranked the fields of activity in the following way, stressing that being very active in a given field does not mean being most effective as well:

- Social problems and marginalised groups;
- Minorities;
- Environment;
- Human rights;
- Education;
- Health;
- Civil society development;
- Economic development;
- EU integration;
- Research;
- Culture;
- Youth;
- Children;
- Sports and tourism.

According to the surveys, however, despite using the temporary opportunities offered by the pro-



grams for social services delivery or minority rights, the largest number of NGOs in Bulgaria continues to focus on education, training, information, and culture. The difference between the perceptions and the statistics could be attributed to the higher visibility of the respective programs and funding opportunities have had at the time of the review.

Respondents felt that some areas have been neglected and NGOs have failed to achieve more there – these are at the bottom of the list above and include health care, social services, drug abuse prevention, culture and fine arts, corruption, EU integration. No matter what the reasons for these perceptions, the important message was to note areas where the needs and demands are rising and the responses of the NGOs are insufficient.

A small group of respondents seem to have reacted towards the overall development and anti-poverty orientation of the sector and raised concerns that some other important areas are dangerously neglected – not so much by the local people and NGOs but by the funders – foreign donors and the national government. Such areas include:

- Support to talented children;
- Young people that are not marginalised (prevent brain drain);
- Care for the majority rather than minority.

This is a fair observation - donors have focused on NGOs touching socio-political issues of public interest and on dealing with disadvantaged groups that have little resources of their own and have difficulties accessing resources from other sources. However, self-organizing of citizens with different private interests has always been regarded as a good tool to achieve results in areas where clearly identified needs exist – and although the resources might not come from the same sources and through the same processes, there are no obstacles for NGOs who want to pursue these targets to undertake action.

iii) **The current legal and fiscal environment is the sector's own doing**

The current state of legal and fiscal regulations of the NGO operational environment has been achieved through many years of hard effort of leading Bulgarian NGOs that not only provided the technical expertise needed for the legislative process but also managed to mobilize the support of the NGO community to push for the adoption of the new legislation vis-a-vis an indifferent or sometimes openly hostile state. Unlike many Central European states, the Bulgarian state has never considered transferring resources to the civil society as part of the dismantling of the centralized totalitarian state – no funds from the privatization process were channelled to the NGOs, no property was distributed, and no continuous funding facilities were designed and set in motion.

Although NGO representatives had a lot of concerns about the legislation, they showed relatively weak knowledge and understanding of both the limitations and the opportunities that it provides. Instead of focusing on the respondents perceptions, we decided to commission an expert analysis which was produced by the Bulgarian Centre for Non-Profit Law and is included here as *Appendix A*. The paper presents a number of possibilities for improving the legal and fiscal environment for NGOs but the general underlying principles of these improvements are two:

- Larger access of NGOs to all areas of activities together with the public and the private providers;
- More resources for NGOs to develop their capacities and to operate programs.

iv)
The sector has established itself as an alternative and a partner to the state

The participation of NGOs in consultative bodies on national and local levels, although a recent phenomenon, was seen by the respondent as one of the sector's main contributions that was earned through many years of sheer persistence and flexibility. NGOs see themselves and are already seen by the state as strategic partners to government in the reform process. NGOs focus more on their own participation in the policy development process and the provision of alternatives to the government. The government stresses the role of the NGOs to transform policy into reality – not only to comment and criticize but also to engage in serious development work. This requires cooperative attitude, political will and capacity on both sides – and according to our respondents the initial steps have already been made. The question of how NGOs determine the priority areas where they want to partner with the government or provide alternatives to it remains important because these partnerships are still developed through the pro-activity of the NGOs – the state has not yet developed the habit of soliciting support from NGOs on a systematic basis. About half of our respondents believed that NGOs determine their priorities according to the donor priorities – most of the respondent interpreted this as a weakness but some pointed out to the fact that donors often have more resources and valid experience in setting priorities - they make their needs assessment, they develop strategies, they foster partnerships with the government. NGO representatives were less critical of the donors directly but were merciless towards their fellow NGOs accusing them for uncritically accepting dependence on donor agendas, for being all-eating instead of promoting activities they can and want to do; for manipulating the agenda of the society, etc.

About one third of the respondents believed that NGOs develop their priorities and partnerships according to their knowledge and understanding of

the society needs. These NGOs also use donor support but try to keep their focus and to only address those aspects of the donor agenda that are not diverting their own ways. This type of interdependence is acceptable for the NGOs as it combines visions and strengths of important development actors.

A small group of NGOs reported that they develop their priorities through a more systematic process and according to the objectives of the organization, the state priorities, and the area where the organization has capacity.


v)
NGOs have contributed to a positive change in culture and mentality

This was seen as the chief achievement of the individual organizations, less so of the sector as a whole. NGOs have managed to stimulate change in people's way of thinking – in the words of the respondents, to provoke more initiative and creation of informed opinion in individuals and groups, to educate citizens, to stimulate people to stand for their rights though some form of social movements, to 'awake' the society, to take people out of their silence, to 'civilize' towns and villages through civic initiatives, etc.

As much as mentality and culture continue to be seen as obstacles to democratization and development, NGOs are confident enough to claim that their work has had the most positive influence on them compared to all other actors and processes in development.

vi)
Successful NGO advocacy has contributed to democratization and development in Bulgaria

Apart from one obvious aspect of democratization – civil society development itself - NGOs have con-



tributed to the development of important laws, regulations, and programs with the state institutions in virtually all aspects of the social and economic life. They have worked closely with the institutions and the political parties without being part of the establishment – they (or the best of them) maintained the distance between themselves and the government and served as the main guarantor of principal freedoms and citizen participation. In some areas NGOs have provided civil control over political parties, institutions, police, and the army to ensure their transparency and increase the effectiveness and quality of their work.

In addition to the direct advocacy, a number of other initiatives contributed to the advancement of democratic governance and institutions, e.g.: election monitoring, pressure on government to respect human rights, watch dog organizations focusing on corruption, etc. NGOs are also appreciated for their work on disseminating broadly valuable information, on organizing public events and discussions, on launching campaigns that attract media attention, etc.

Some of the respondents, however, felt that despite these successes, the need for advocacy is even greater now and NGOs will have to invest more in it in the coming years if they would like to see a real change in the lives of their beneficiaries.

**vii)
NGOs have piloted service provisions to marginalized groups and established standards and good practice**

About one third of our NGO respondents thought this was a key achievement for their organizations and for the sector. These NGOs have been providing direct services to people in need and working to reduce social exclusion. They did not undermine the importance of policy development and advocacy, but believed that showing practical results and usefulness and, through this, gaining the support of

the public, is better strategy in order to later address the government and achieve systemic change.

In the view of these NGOs, service provision was not confronted to the advocacy work – they felt that in Bulgaria service provision also served democratization through empowerment of the beneficiaries, encouragement of self-help, recognition of the resources of the beneficiaries, etc.

The current move on the side of the government to start subcontracting NGOs to deliver social services is met with mixed feelings on both sides – although both recognize it as an important opportunity, NGOs are wary about the government not providing the needed resources for the implementation of the programs, while the state institutions that will have to interact with the NGOs are concerned about NGO accountability and quality of work.

**viii)
The NGO sector has produced valuable information, analyses and strategies**

NGOs and, to a certain extent, the government have showed strong appreciation of the intellectual potential of the sector and have pointed out to various publications, information sources, etc. that they have been using in their work in different ways – mostly when preparing their own strategies and proposals but also for clarifying conceptual or strategic issues, for explanations of important phenomena, for factual information, etc.

After reviewing the above eight points that cover the major achievements of the NGO sector as seen by the participants in the current review, we can conclude that the sector has a feeling of satisfactory progress although linked more to the individual organization than to the sector as a whole. Nevertheless, the prevailing attitude is self-critical and the effectiveness is perceived as low for the sector.

In this context, it is not difficult to imagine that many people had *serious concerns regarding effectiveness*. About one third of the interviewed NGOs, when talking not about their own organization but the sector as a whole, say that NGOs have not done much – they are not effective, do not produce sustainable results through their projects. Their work didn't manage to speed up the positive processes and to slow down the negative ones in the period of transition - in only 30% of the occasions the NGO voice is heard. A smaller group is even saying that NGOs do not contribute to development at all as there are no mechanisms to negotiate priorities on the national level.

Apart from these sceptical views, our review identified several factors impeding the effectiveness of the NGO sector:

- Limited participation - NGOs often lack resources and motivation to involve the relevant stakeholders in their initiatives and this results in a weak popular base; often NGOs are people with expert knowledge who rely more on persuasion directed at government officials than on public mobilization;
- Weak interest/commitment to sustainability – although the difficulties in this area are great, the lack of strategies for dealing with the sustainability of organizations and initiatives is preventing any long-term vision or planning and limits achievements to piecemeal projects;
- Lack of solidarity and connectedness in the NGO sector – this persistent weakness of the sector has growing influence on its relationships with the other sectors in the context of the EU accession.
- Perceived and real corruption – one of the most damaging phenomena are the cases of corruption in the relationship between the NGOs and the state, especially with regard to the distribution of EU funding.

2.3.3 Efficiency of the NGO Sector

The question of NGO efficiency has been raised regularly but it has rarely been answered at all, let alone in a satisfactorily detailed and reliable manner. Unfortunately, our review was not an exception. The talk about NGO resources and the effective use of resources in order to produce maximum quality results is still difficult in terms of revealing quantitative data (communication block) and developing qualitative judgments (theoretical block).

The concern about efficiency has existed more on the side of the donors and the intermediary support organizations – and particularly with regards to certain fields where donors invest their funds than with regards to individual organizations. Donors have tried to coordinate among themselves, tried to push organizations in the same field to cooperate instead of competing for the same project money, tried to establish networks and guilds that would receive the funds and distribute them among the members in more efficient way. All these policies have produced modest effects on efficiency as the need for it did not originate from those who could have made it work.

Nevertheless, the concern about efficiency is growing among the development NGOs together with the growing appreciation of professionalism and high technologies in every sphere, including organizational development, staff time management, etc. One reason for this is the declining funding for operations and the need to do more with less. Another factor is of a more positive nature – when given opportunity to create reserve funds or endowments, to acquire capital assets or some other form of permanent NGOs tend to increase their attention towards managing operations in the most cost effective way. However, project funding that is not flexible and does not reward cost effectiveness – which is most of the project funding available to these

NGOs – will not contribute to creating the right attitudes and skills in increasing the efficiency of the NGO work.

We will look at the resources of and for the NGO sector in more detail in the next section 2.4.

2.3.4 Accountability of the NGO Sector

As we have already seen, measuring impact and effectiveness is a difficult enough task and this aggravates the problem of accountability. In our discussion on the nature of the development NGOs, we pointed out that these organizations are only accountable to the law. No matter how commendable by certain democratic or normative theories, there is a structural constraint for NGOs to be accountable to their beneficiaries – they bear the burden of mobilizing and managing funds and they have to maintain trust and confidence with the donors or they will collapse.

Although accountability is the most desirable organizational characteristic, empirical studies show (Edwards and Hulme, 1995) that people try to avoid it everywhere. In this context, there is no perfect state of accountability and we need to be sensitive about the level at which the absence of accountability begins to make likely ineffective or illegitimate actions by an organization.

The discussion we had during the review helped us to extract some minimum standards of accountability that are seen as needed and sufficient by the NGO community. These include:

- Publishing an annual report with comprehensive narrative and financial parts – although this is already a legal obligation for the public benefit NGOs, this is still an issue for a large part of them;
- Publishing information about the beneficiaries of the NGO's programs, trainings, grants, etc.

and the amounts provided to the beneficiaries – preferably on regularly up-dated web-site;

- Providing accurate information about the organization, activities and beneficiaries to surveys, directories, data-bases and other initiatives aiming at increasing the visibility and accessibility of the sector;
- Participating in networks, conferences and other types of NGO forums and providing information directly to the interested parties.

Government and businesses put their trust more on individual contact, on first hand knowledge about their partner NGOs or on references from a trusted third party. Their expectations were related more to the pro-active approach of the NGOs who would like to present their work and credentials to the other sectors rather than the other sectors searching information for them.

2.3.5 Bulgarian NGOs Response to the 'Global Triple Crisis'

Despite some commendable achievements in the past ten years, NGOs feel only moderately satisfied with the progress and put forward more serious and more ambitious agendas. Their focus has shifted from the primary task of democratizing the totalitarian state during the period of transition towards the concept of participating together with the state in a constant dialogue and action regarding the development of the society. The 'triple global crisis' agenda has not crystallized as such in the visions of the Bulgarian NGO leaders but elements of it – e.g. growing focus on poverty and social exclusion - could be identified.

2.4 NGO Sector Resources and Resources for NGOs

This section will look at the resources that NGOs have at their disposal to do their development work in four already established categories – in order of their significance in the current situation they are: human, non-material, material and financial. These categories will be analyzed both in their quantitative and qualitative aspects. We will also briefly look at the resources that are available to the NGOs for their own development.

2.4.1 Key Conclusions about the Resources of the NGO Sector

In our previous discussions about the interaction between the stakeholders in development we already pointed out the fact that no individual stakeholder possesses all necessary resources that are needed for achieving the stated development goals regarding the ‘triple global crisis’ – alleviation of poverty, reducing the environmental problems and ensuring sustainable development, and curbing violence in the community. This requires permanent interaction and sharing of resources among all stakeholders that could only achieve progress if they act in solidarity over long periods of time.

The question about the resources of the NGO sector was central for this review due to the interest of the stakeholders, for various reasons – some wanted to show to the public and the government that the NGO sector is an important and significant employer, or has operated with financial resources that are compatible to some of the industries and especially as these finances come from foreign sources they should be treated as investments; or that the quality of the human resource in the sector


exceeds any other industry. This attitude shows still the need of the sector to establish its credibility vis-a-vis other sectors.

The other motivation, which was more substantial for us, was to see if the resources we have are adequate and proportionate to the ambitions and development objectives we put for ourselves and a NGO sector. And if not, which is our intuitive answer, what does this mean and how should it be addressed.

The discussions on resources were numerous but of a different quality – we found out that reliable information about resources is still difficult to collect. We had to rely on the good will of the respondents to provide us with their true assessment of their resources which we could not triangulate in any way as such information does not exist in any formal way (we could not use data directly from the national statistics due to the deficiencies in the format and aggregation). We found some interesting patterns in how NGOs provide information about their resources – big NGOs and especially the grant-makers provide information readily, while the small ones are either very suspicious about these questions, or cautious about the eventual reaction in their environment, or shy about the level of resources they could demonstrate – whatever the reason, they have systematically omitted the questions about their financial situation or other resources in the written questionnaire that accompanied the review.

Some key conclusions about the resources of the NGO sector can be summarized as follows:

- The vast majority of NGO respondents believe that a substantial part of the intellectual and expert potential of the country is concentrated in the NGO sector and sees this resource as a



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 possess any property; there is no favourable treatment of NGOs as tenants from the state, apart from 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 3-5 years.

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 pro-

voked 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 possess some sort of equipment, 57% have computers and these percentages have not changed during the years although the numbers of the units have increased (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 about 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 from foreign donors and subsidies or grants from the state. Membership fees and income from 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 from 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.

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 preliminary 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 sole-

ly 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 local-

ly, 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 <i>what</i> question <i>Effectiveness</i>	This could be considered the ultimate approach and the desired ends of development work
Sustainable project interventions	The <i>how</i> question <i>Continuity</i>	These could be seen as the means leading to the desired ends
Sustainable institutions	The <i>who</i> question <i>Self-reliant institutions</i>	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 unsustainability 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 than 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 stable 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 (professionalism, 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, professionalism, 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

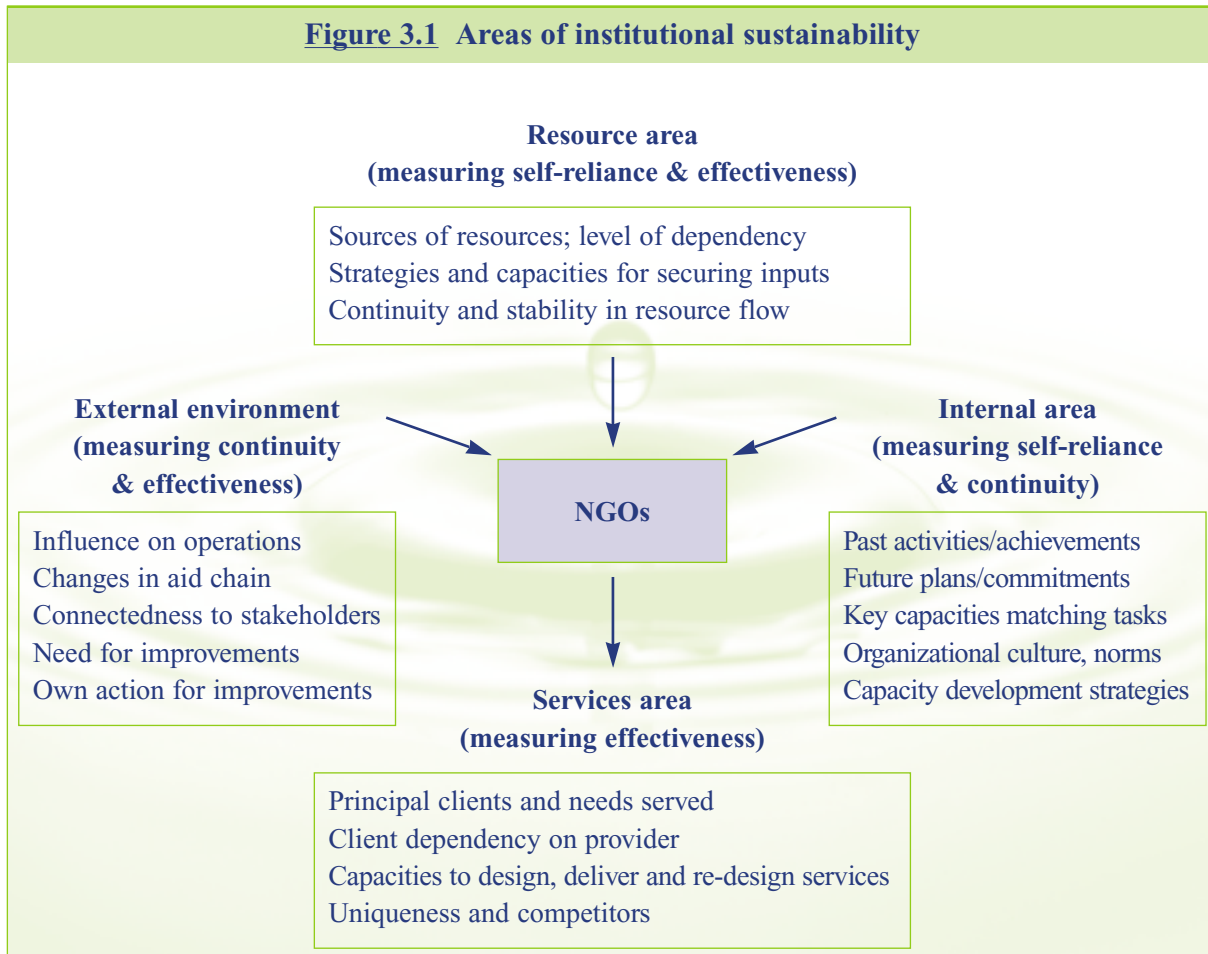


Table 3.1 Framework for sustainability policies

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, opportunism, 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

APPEN DICES

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 argued 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 led 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 until 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;

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- 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; BUL-STAT 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, BUL-STAT 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 long-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:

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- 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 invalids⁴, 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

⁴A 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.

β.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.hrhc.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.

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- **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 Bulgaria 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’ Association	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
Geococlub ‘Academica’	Veliko Turnovo
European Info-Center	Veliko Turnovo
Veliko Turnovo Club	Veliko Turnovo
International Social Services	Veliko Turnovo
‘Obrazovatelyen Svyat’ Association	Veliko Turnovo
‘Sts Kozma i Damyana’ Foundation	Veliko Turnovo

'Center Mariya' Association	Gorna Oryahovitsa
Club 'Socialno Razvitie'	Dobrich
'St. Nikolay Chudotvoret's' 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 Demokratiya'	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 Founmdnation 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 Psychodrama 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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Tzanka VASSILEVA (Field work, contribution to section 2.2)

Violeta NENOVA (Field work)

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