



2019 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

Bulgaria
June 2020



Cover Photo: Members of the Beresan Youth Bank present their achievements at the 2018 Annual Civil Society Development Forum, an event organized by Ednannia with support from USAID. The Forum is the largest national platform for learning, communication, and experience sharing among nonprofit organizations in Ukraine, typically bringing together approximately 2,500 participants from the non-profit and private sectors, donor community, media, governmental bodies, and local authorities.

Photo Credit: Ednannia, Ukraine

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For Bulgaria
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LOCAL PARTNER

Bulgarian Center for Not-for-Profit Law (BCNL)

Luben Panov

PROJECT MANAGERS

FHI 360

Michael Kott
Eka Imerlishvili
Alex Nejadian

INTERNATIONAL CENTER FOR NOT-FOR-PROFIT LAW (ICNL)

Catherine Shea
Jennifer Stuart

EDITORIAL COMMITTEE

Erin McCarthy, Asta Zinbo, Michael Kott, Jennifer Stuart, and Kristie Evenson

BULGARIA

Capital: Sofia
Population: 6,966,899
GDP per capita (PPP): \$21,800
Human Development Index: Very High (0.816)
Freedom in the World: Free (80/100)

OVERALL CSO SUSTAINABILITY: 3.5



Bulgaria continues to be the poorest country in the European Union (EU). According to Eurostat, nearly a third of the population (32.8 percent) is at risk of poverty or social exclusion. Bulgaria also has the greatest percentage of people (20.9 percent) who are seriously materially deprived (i.e., their living conditions are severely constrained by a lack of resources to the extent that they cannot, for example, afford to pay their bills or keep their homes adequately warm). The high level of poverty has an impact on the extent to which people are active citizens, are willing to volunteer, and have the capacity to donate.

The political situation in Bulgaria in 2019 was marked by polarization, populism, and political struggles. Two elections were held during the year: EU Parliament elections in May and local municipal elections in October. The elections affected CSOs in several ways. The introduction of major policy changes slowed down in the periods before and after the elections. At the same time, parties actively looked for ways to attract new supporters. In some cases, these efforts involved attacks on CSOs. For example, one of the parties in the ruling coalition proposed to terminate the Bulgarian Helsinki Committee, one of the country's oldest human rights organizations.

Attacks against liberal values peaked in 2019. As discussed in last year's *CSO Sustainability Index* report, the ratification of the Council of Europe Convention on preventing and combating violence against women and domestic violence (known as the Istanbul Convention) was blocked in 2018. In 2019, similar attacks led to the withdrawal of the National Strategy for Children 2019-2030, which the government had prepared in collaboration with CSOs, and the postponed entering into force of the new Law on Social Services. In addition, anti-CSO rhetoric has grown. In 2018, such attacks were focused specifically on organizations working on gender issues and the lesbian, gay, bisexual, transgender, and intersex (LGBTI) population. In early 2019, children's organizations began to be attacked. By the end of the year, the attacks targeted the entire sector, questioning CSOs' role as protectors of people's rights and service providers and claiming that the sources of their funding may affect their work.

CSO sustainability deteriorated during the year. Several legislative proposals questioned basic standards of freedom of association, such as access to funding and the right of judges and prosecutors to associate freely. CSOs' public image deteriorated significantly as trust in CSOs declined and officials continued to make negative statements about CSOs. There was also a decrease in organizational capacity as the attacks hindered CSOs' ability to attract constituents and promote their missions. Advocacy was also affected by the anti-CSO campaign, while financial viability decreased because the available sources of funding declined. CSO service provision and sectoral infrastructure remained unchanged.

According to amendments to the Law on Non-Profit Legal Entities (hereinafter the CSO Law) that went into force at the beginning of 2018, CSOs have three years to transfer their registration from the courts to the Registry Agency; 2019 was therefore the second year in which CSOs could undertake this process. More than 4,800 CSOs transferred their registration from the courts in 2019. In addition, 1,564 new CSOs were registered with the

Agency during the year. With the almost 9,400 CSOs that registered or transferred their registration in 2018, the total number of CSOs registered with the Agency as of the end of 2019 was nearly 16,000. According to the National Statistical Institute, 13,870 CSOs submitted annual reports for 2018.

LEGAL ENVIRONMENT: 2.6



The legal environment governing CSOs in Bulgaria deteriorated slightly in 2019. While no new legislation was passed, several restrictive proposals were introduced that were still pending at the end of the year.

In theory, amendments to the CSO Law that came into force at the beginning of 2018 simplified the registration process. According to these amendments, all new associations and foundations seeking legal entity status now register with the Registry Agency, instead of the district courts as they did previously. Registration processes should be completed in three days. Documents can now be submitted electronically. In practice, however, there continue to be problems with registration under the amended law. Based on data from the Registry Agency, more than 1,650 applications for

registration or re-registration were rejected in 2019, while 6,383 applications for registration or re-registration were approved. Registration officials need to analyze why this process has been so difficult for CSOs.

The amendments to the CSO Law also allow CSOs to obtain status as public benefit organizations through the Registry Agency, instead of through a separate procedure with the Ministry of Justice, as was the case previously. All associations and foundations that work in one of the public benefit areas listed in the law can obtain this status. Public benefit organizations have to comply with additional requirements, such as making their narrative reports public. In exchange for the increased transparency, they receive additional benefits, including tax deductions for their donors.

There was also some confusion with the implementation of the Law on Prevention of Money Laundering (hereinafter the AML Law), which was adopted in March 2018. Even though CSOs have special treatment under the law, they still have to submit plans to train their employees/officers on fighting money laundering, which they view as an unnecessary administrative burden.

In addition, the AML Law requires all CSOs to declare their beneficial owners, which has created a lot of confusion as to who CSOs' beneficial owners are. In response to this lack of clarity, the State Agency for National Security issued a guidance document. In addition, a group of more than 200 CSOs proposed changes to the law to define the term beneficial ownership in the law itself. While their attempt was unsuccessful, after another CSO initiative, the AML law eventually was changed in May 2019 to clarify that if an organization's official representative is considered to be the beneficial owner, the organization does not need to file a separate application to confirm this fact to the Registry Agency.

There were several attempts in 2019 to question some of the basic principles of freedom of association. In October 2019, members of parliament (MPs) from the ruling coalition introduced two proposals to the Judicial Systems Act. The first proposal would limit the sources of income of associations of magistrates (the professional associations of judges, prosecutors, and other legal professionals) to membership fees, donations from members, and funding from the EU and the European Economic Area, thus prohibiting donations from other individuals (other than members), donations from private foundations or corporations, economic activities, and other sources of foreign funding. The second proposal would directly prohibit judges, prosecutors, and investigators from forming professional organizations or becoming members of any association. Both proposals were rejected during final voting on the amendments to the Judicial Systems Act in January 2020.

Another disturbing event in 2019 was the politically motivated attempt to terminate one of the oldest human rights organizations in the country, the Bulgarian Helsinki Committee (BHC). One of the parties in the ruling

coalition (VMRO) asked the prosecutor general to terminate BHC for trying to influence magistrates and carrying out unconstitutional activity. While the prosecutor general refused to take any action on this request, civil society viewed this as a worrying sign. Eventually, the prime minister publicly announced that he has worked well with BHC and stated that “the NGO sector is an extremely important corrective of any government.”

Additional amendments to the CSO Law that were adopted in late 2018 clarified the deadlines for CSO reporting and confirmed that CSOs should submit their financial reports to the Registry Agency only after they transfer their registration. CSO financial reports, as well as the narrative reports of public benefit organizations, are publicly available.

The taxation of CSOs did not change in 2019. CSOs are exempt from taxes on their income from donations, grants, and membership fees, but pay a 10 percent tax on profit from economic activities. Individuals and corporations are eligible for tax deductions for donations to public benefit CSOs, equivalent to 5 percent of their annual income and 10 percent of their net profit, respectively. CSOs face no limits to their access to sources of income, either national or international. They can participate in public procurements for goods and services and can fundraise publicly from both companies and individuals. The only limitation to their engagement in economic activities is that they must be additional and related to their mission.

In principle, CSOs have access to legal assistance, including from the Bulgarian Center for Not-for-Profit Law (BCNL) and the legal network of the National Network for Children. At the regional and local levels, however, access to legal assistance is more limited.

ORGANIZATIONAL CAPACITY: 4.2

The CSO sector’s organizational capacity declined in 2019, largely as a result of the anti-CSO campaign and the growing polarization in society, in which informal groups, conservative organizations, and even the Orthodox Church questioned the legitimacy of CSOs fighting for the rights of children, minorities, and others. Such attacks had a negative effect on CSOs’ ability to attract constituents and promote their missions.

Most registered CSOs had limited capacity to engage in intense communication campaigns to counter the anti-CSO attacks or to engage in broader outreach efforts in 2019. As a result, many CSOs were unable to convince broader segments of the population of the importance of supporting their work. A sociological study carried out in September 2019 by Alpha Research at the request of WWF Bulgaria confirmed the fact that few people engage with formal CSOs. According to the survey, 61 percent of respondents have not supported CSOs and do not plan to support them in the future, while only 10 to 11 percent of respondents engage with CSOs by donating money, volunteering, or doing both.

On the other hand, informal groups increased their outreach efforts, especially on social media, which helped them attract new supporters. The group opposing the enactment of the Law on Social Services and CSO engagement in social services delivery, for example, attracted tens of thousands of online supporters, which is very difficult for traditional CSOs to do.

Formal CSOs face serious problems sustaining themselves, and the number of active organizations has decreased. The Active Citizens Fund (the European Economic Area (EEA) Grants in Bulgaria), for instance, noted that it received approximately 25 percent fewer applications in 2019 than in previous calls for proposals.

Few CSOs focus on strategic planning. For example, only 4 out of the 140 member organizations of the National Network for Children expressed interest in the network’s initiative to provide strategic planning support in 2019. In the environmental area, generally only organizations that are part of international networks have strategic plans. Informal groups have clear but short-term objectives as these are more likely to engage the public.

ORGANIZATIONAL CAPACITY IN BULGARIA

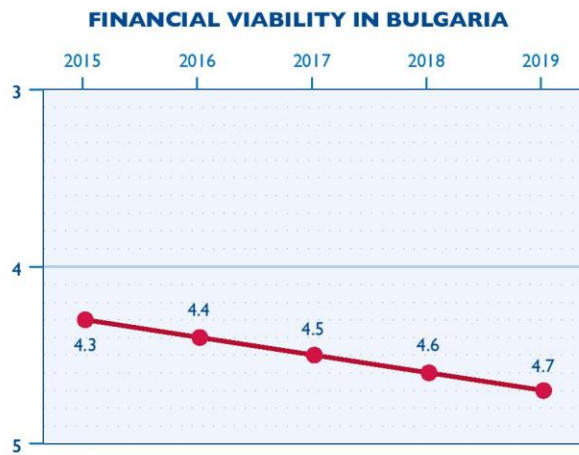


CSOs are becoming less professional both in terms of internal management and the way they organize their work. Many CSOs increasingly lack the administrative capacity to develop and implement internal policies and have fewer full-time employees, relying more on part-time consultants instead. Still, most established organizations have clear policies and try to be transparent, especially if they engage in fundraising from individuals and corporations.

Because of the difficult financial situation CSOs faced in 2019 and previous years, many CSOs have problems attracting and retaining full-time employees. CSOs are becoming less competitive as employers compared to both the state and the business sector. According to the Charities Aid Foundation's 2019 World Giving Index, an average of just 5 percent of Bulgarian respondents reported volunteering in CSOs in the last ten years, placing Bulgaria at 124th place out of 125 countries.

CSOs in Bulgaria have cheap and easy access to the internet and technical equipment, although the availability of technical equipment is generally project-based. The social networks most widely used by CSOs are Facebook and Instagram.

FINANCIAL VIABILITY: 4.7



CSOs in Bulgaria increasingly struggle to secure funding for their operations as available sources of funding are decreasing.

Traditional donors have largely stopped funding CSOs in Bulgaria. The Charles Stewart Mott Foundation awarded its last grants in Bulgaria in 2018. Oak Foundation closed its office in Bulgaria although it will continue its engagement with the country. On the other hand, the Active Citizens Fund provided its first grants in 2019, valued at slightly more than EUR 6.1 million, although projects only began to be implemented in the fall.

Local sources of funding continue to be limited. The 2019 State Budget Law allocated approximately BGN 70 million (approximately \$40 million) to CSOs. Out of this amount, almost BGN 50 million was provided to the

Ministry of Youth and Sports, which primarily benefits sports organizations, while approximately BGN 12 million was provided in the form of direct subsidies to organizations listed in the budget law. Some ministries issue competition-based grants. The Ministry of Youth and Sports provided BGN 2 million (approximately \$1.2 million) in 2019 from the fees collected from gambling operators, the same amount as in 2018. However, the funding was only for short-term projects (up to six months) so its impact is unclear. The Civil Society Development Council was still not set up in 2019, so the BGN 1 million (approximately \$575,000) budgeted for CSO projects was lost.

Funding at the local level is insufficient, although there were some encouraging developments. For example, the new Social Innovation Program in Sofia was launched in 2019 with a budget of BGN 100,000 (approximately \$58,000).

Some of the biggest and most important funding programs, including the America for Bulgaria Foundation (ABF) and the Active Citizens Fund, continue to be foreign. ABF continued to be the biggest foundation donor for CSOs in 2019. However, the overall amount provided to CSOs by ABF decreased from \$10.6 million in 2018 to approximately \$9 million in 2019.

CSOs had limited possibilities to receive funding under the EU Operational Programs in 2019. There were no new calls under the EU Operational Program for Good Governance, although around EUR 5 million in grants that were signed in December 2018 and early 2019 began to be implemented. The Operational Program for Human Resource Development financed some CSO projects focused mostly on social service provision. There were no CSO beneficiaries under the Operational Programs for Environment or Science, Education and Intelligent Growth.

According to the Bulgarian Donors' Forum, both corporate and individual giving decreased in 2018, the most recent year for which data is available. Corporate donations fell by 4 percent to BGN 36.6 million (approximately

\$21 million), while individual donations declined by 7 percent to BGN 8.3 million (approximately \$4.8 million). What is more worrying is the fact that only 0.8 percent of the companies that submitted tax declarations and 0.3 percent of individual taxpayers declared any donations in 2018. The most used donation mechanisms are donation boxes and charitable SMS while only around 8 percent of people use bank transfers. According to aggregate data for the last ten years in the World Giving Index, only 16 percent of people in Bulgaria have donated to a CSO.

While these numbers are not promising, there were some positive examples in 2019 worth highlighting. A number of local online giving platforms and groups were active. For example, the Give/Donate Facebook group had 10,000 members and Help Karma has helped a number of causes. At the end of 2019, there were thirty-two active campaigns by twenty-four Bulgarian CSOs on the Global Giving platform. A group of twelve leading CSOs combined their efforts in the Bulgaria Gives campaign with the aim of promoting giving to CSOs. The campaign brought together more than 120 causes and collected BGN 50,000 (approximately \$29,000) in just ten days in March. Some CSOs have significant fundraising capacity. At its annual gala called the Evening of Virtues, for example, For Our Children Foundation collected more than BGN 180,000 (approximately \$103,000). On the other hand, membership fees continue to be a small source of income.

CSOs invest in efforts to sell goods and services, but their capacity in this regard is still limited. For example, Kaufland, a big retail chain, approached NAVA to purchase goods produced by its social enterprise but NAVA did not have the capacity to fill such a big order. One of the EU Operational Programs provides funding to social enterprises, but CSOs have to compete with municipalities for this funding. In a positive development, BCNL launched darparazr.bg, an online shop for products produced by social enterprises, in 2019.

CSOs are legally obligated to publish their financial reports and active organizations adhere to these requirements. These are publicly available on the website of the National Registry Agency although there are often delays with the publication of the information. According to the law, audits are mandatory only for organizations with a very high turnover; despite this, some CSOs carry out voluntary audits.

ADVOCACY: 2.7

CSO advocacy deteriorated in 2019 as the backlash against CSOs affected their advocacy efforts.

CSOs have access to formal channels of communication with the government. CSOs participate in several public councils, including the Public Council with the Parliamentary Committee for Interaction with CSOs and Citizen Complaints. In September 2019, the Council for Administrative Reform (which is part of the government) approved updated Standards for Public Consultations and issued new Rules, Procedures, and Criteria for Determining CSO Representatives in Consultative Bodies. While these documents are a sign that the government recognizes the importance of participation, there are questions about the effectiveness of formal consultation mechanisms, as shown by the situation with both the Law on Social Services and draft National Strategy for Children.



The Law on Social Services was adopted in February 2019 after a broad consultation process that lasted for two years. The law was supposed to come into force on January 1, 2020. However, a public campaign on social media was launched against the already adopted law claiming that CSOs were supporting the law in order to access state social contracts and benefit from significant state funds. Despite the written appeal of fifty-six leading CSOs engaged in the social area arguing for the law to enter into force as planned, the law's effective date was postponed until July 2020.

The draft National Strategy for Children 2019-2030 was published for discussion in January 2019, which is when the anti-CSO campaign and rhetoric started. Several organizations and online social groups reacted negatively to the draft. Objections to the draft included claims that it would allow children to be taken away from their parents

easily. These groups also opposed provisions of the strategy that encouraged sexual education in schools and discouraged the use of corporal punishment, including by parents. The public criticism led the prime minister to order the withdrawal of the strategy in April. The lack of a clear position by the state institutions that initiated the draft strategy and their failure to defend it publicly increased mistrust against both state institutions and CSOs. Even after the strategy was withdrawn, the campaign remained active and false information continued to spread. For example, on October 7, 2019, two schools in Sliven stopped work when parents came to get their children based on rumors that the state social services would come and take away their children as part of the “Children Strategy.” The negative campaign has grown slowly from an effort opposing a state policy document into a broader campaign questioning CSOs’ legitimacy and even basic liberal values and the EU policies in Bulgaria.

In the current environment, some CSOs worry that if they advocate for progressive reforms, their efforts may have negative results. While CSOs still engaged in several advocacy campaigns during the year, including in the environmental area, the majority of those were focused on preventing negative developments rather than proactively pushing for specific agendas. In January, the High Administrative Court supported the arguments of environmentalists that changes to the development plan for the national park Pirin can take place only after public consultations and an environmental assessment. This decision came only after all other avenues (letters, petitions, protests, etc.) proved ineffective. The Ministry of Environment and Waters tried to introduce amendments to the Law on Biodiversity that would, among other things, provide new and unclear requirements on how and which CSOs can take part in committees for the EU program Natura 2000. After more than 120 organizations issued a statement opposing the proposed amendments, the amendments were withdrawn in April.

Several CSOs including the Bulgarian Pediatric Association and the Parents Association, with support from the National Network for Children, initiated a campaign to create a National Children’s Hospital. Eventually, the government announced a tender for construction of the hospital which is an important achievement even though there are debates as to the best approach for the construction.

On August 21, 2019, the government finally adopted the Regulation for the Civil Society Development Council, almost one and a half years after the working group prepared the initial draft of the regulation. However, the call for election of CSO members of the Council was announced only in February 2020. There was also no development with the Law on Volunteerism, which was introduced in parliament in 2017 but continued to await its first reading at the end of 2019.

SERVICE PROVISION: 3.1



CSO service provision did not change in 2019. CSOs continue to provide a diverse range of services in areas ranging from education and social services to support to migrants, youth, and minorities.

CSO services generally respond to the needs of people. CSOs increasingly track the results of their activities and the services they provide and use this information to show their impact to donors and the public.

CSOs are learning how to reach beyond their traditional constituencies. They use social media to promote their services or ask their corporate partners for help in reaching out to their employees or partners, for example, by providing products around traditional holidays such as Easter or Christmas. These efforts, however, are still in the early stages of development.

Some CSO products and services are financed through grant funding; these are usually provided to beneficiaries for free. But many CSOs also try to engage in income-generating activities and social entrepreneurship to generate additional funding. Income-generating activities traditionally include trainings, publications, analyses, or expert advice or working with people in vulnerable situations to produce various products. An increasing number of organizations engage strategically in the development of new products and services that they can sell to increase

their financial independence. These include branded products, educational games, experiences (such as preparing bread), and catering/food. As noted previously, the majority of CSOs have limited production capacity, but there is significant interest among CSOs in developing these skills.

The government appreciates CSO services, as evidenced by the newly adopted Law on Social Services, which expands the possibilities for the government to engage CSOs by creating new forms of public-private partnerships. Most municipalities at the local level are also satisfied with CSO-provided services. But the current environment and negative rhetoric has made cooperation with both national and local authorities more difficult, and there have been cases when municipalities have not been willing to publicly express their support for CSOs. There are also areas such as healthcare and education in which the authorities do not contract with CSOs sufficiently even though they may have the experience.

SECTORAL INFRASTRUCTURE: 3.0

The infrastructure supporting the CSO sector did not change significantly in 2019, although the attacks against CSOs have pushed them to look for opportunities for joint interaction.

Traditionally, CSOs get most of their support from existing networks and a few specialized CSOs, such as the NGO Information Portal (ngobg.info). In 2019, the Active Citizens Fund also started providing assistance to CSOs and organized a number of trainings related to the program's thematic priorities, including empowerment of various groups; democratic culture; human rights; climate change and environmental protection; and financial management.

A number of experienced local grantmaking organizations re-grant either international or corporate funds. These include the Bulgarian Fund for Women, the Trust for Social Achievement, Tulip Foundation, and Workshop for Civic Initiatives Foundation. The corporate programs of Lidl (a retail chain) and Vivacom (a telecommunication company), as well as Telus International (an outsourcing company), also continue to support CSOs.

As CSOs were under attack in 2019, the value of CSO coalitions was more apparent, especially among bigger CSOs. With the help of donors such as Civitates, the Citizen Participation Forum and the Bulgarian Fund for Women attempted to create overarching coalitions covering a wide spectrum of organizations or thematic areas in order to respond to the attacks on CSOs and liberal values. There is also an ongoing effort to establish a coalition of social service providers. Other existing networks, including the National Network for Children, For the Nature Coalition, the Bulgarian Donors' Forum, and the Bulgarian Platform for International Development, also continued to be active in 2019.

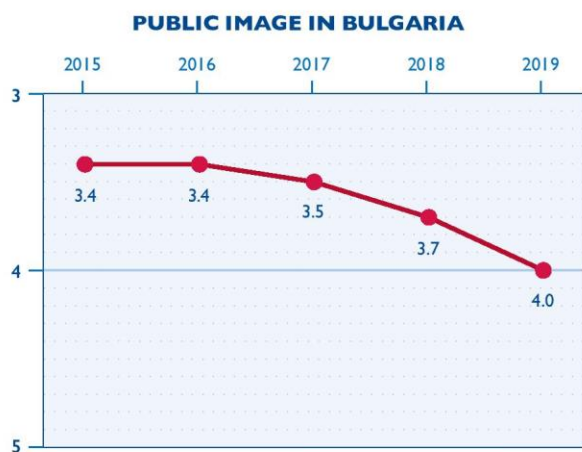
CSOs can access quality training that is available on both a paid and free basis. In general, CSOs are more interested in training on practical topics such as legal requirements and accounting. A number of trainings focused on communication, marketing, and presentation skills were also offered in 2019.

A number of good examples of intersectoral partnerships show that companies continue to value CSOs and see them as partners. For example, Avon and Animus Association cooperate on a hotline for domestic violence and AI (a mobile phone operator) and the National Association for Foster Care work together to support various foster care initiatives. Customers of the Fantastico supermarkets can donate to Olemale.bg, which supports families of children with disabilities, when paying at the cash register. In 2019, Accenture worked with BCNL to develop darpazar.bg, an online shop for products produced by social enterprises.

Bulgaria Gives, which aims to promote giving to CSOs, is a good example of cooperation between CSOs and media. The campaign also benefited from the support of actors and musicians who challenged their colleagues and friends to donate.



PUBLIC IMAGE: 4.0



The sector's public image deteriorated significantly in 2019 as a result of the increased anti-CSO rhetoric during the year.

In 2019, national media coverage of CSOs was focused largely on the negative campaign against the sector. Media also provided critics of CSOs with the opportunity to present their opinions, further spreading disinformation about the role of CSOs. Social media now influences traditional media, with newspapers and TV stations often covering Facebook posts that present false information or unsubstantiated claims about CSOs. In doing so, these false claims have been given legitimacy and spread farther. At the local level, media provides sufficient space for CSOs to promote positive stories, although CSOs note that local media is often less

interested in publishing stories about problems or conflicts. Large media outlets continue to support the campaigns of specific CSOs. For example, Nova TV continues its partnership with Reach for Change to support social entrepreneurship.

According to a report published by Gallup International and the Wellcome Global Monitor in June 2019, Bulgaria ranks last of all countries surveyed in terms of trust in CSOs, with just 24 percent of people trusting CSOs. Bulgaria also has one of the highest percentages of people who do not know whether or not to trust CSOs (26 percent). This demonstrates the serious impact of the anti-CSO rhetoric. One example of the negative effect of the campaigns in the last two years is the fact that an established CSO changed its name so it no longer includes the word "gender," a term that now has very negative connotations in Bulgaria as a result of the campaign against the Istanbul Convention in 2018.

While the business sector's attitude towards CSOs did not change in 2019, the government's attitude changed somewhat, with both national and local level institutions expressing support for CSOs in person, but unwilling to be publicly associated with CSOs. There are examples of the government choosing to not publicly announce the fact that CSOs are engaged in decision-making processes for fear of a negative reaction. At the same time, high-level state officials continue to express negative attitudes towards CSOs. For example, the Minister of Defense has criticized the fact that institutions take into consideration CSO opinions and has called CSOs "structures that call themselves civil society who no one has elected for anything." Various public statements claim that foreign funding of CSOs leads to the promotion of foreign interests. Even the Orthodox Church published an official statement against the new Law on Social Services, in which it stated that the new regulation gives the leading role to private providers that are mainly CSOs that "may be an instrument of foreign interests that are harmful for our society." A member of parliament from the ruling coalition spoke openly against CSOs, stating in one interview that, "Bulgaria is a country with a governmental, not with a non-governmental rule. But CSOs, often paid from abroad, are trying to govern. They stopped the second ski lift in Bansko, they may stop the metro as well."

The experience in 2019 demonstrates that CSOs' capacity to organize themselves and use social media is quite limited and that CSOs do not work sufficiently with their members. Few CSOs have dedicated staff members to manage their public relations. When CSOs have to respond to a coordinated attack, they still have to continue doing their regular work, while anti-CSO groups are able to focus primarily on the campaign. CSOs do not have time to train their staff on public relations; they need experienced people to help them immediately.

There is no joint CSO code of ethics, but CSOs are required by law to publish their financial reports. Public benefit organizations also are required to make their activity reports publicly available.

Disclaimer: The opinions expressed herein are those of the panelists and other project researchers and do not necessarily reflect the views of USAID or FHI 360.

U.S. Agency for International Development

1300 Pennsylvania Avenue, NW

Washington, DC 20523

Tel: (202) 712-0000

Fax: (202) 216-3524

www.usaid.gov