

Activity of Bulgarian Non-Governmental Organizations: From the Donation Institution to the Donation Policy

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***Annotation:** the article aims to review the main problems and activity directions of NGOs in the context of the donation policy. The main practices and levels of donation implementation in relation to non-governmental organizations are highlighted. Recommendations are made to improve the efficiency of the donation policy in order to operate non-governmental organizations with the objective to preserve social stability and to develop the Bulgarian civil society.*

Keywords: Bulgaria, non-governmental organizations, civil society, financing, donation institute, gift policy

1. Introduction.

Non-governmental organizations have established themselves as an integral institution of the civil society.

In accordance with Article 2 of the Law “Legal entities with non-commercial activities”, non-governmental organizations are considered foundations and associations. These are all public organizations that are registered in a single register administered by the Registry Agency of the Minister of Justice of Bulgaria. There are other public organizations which are not regulated by this law and are not entered into a specific register and are therefore not considered non-governmental organizations. Their existence is described in Art. 44, 1 - citizens can unite freely and art. 12, 1 of the Constitution of the Republic of Bulgaria - associations of citizens which secure and protect their interests¹.

It should be noted that non-governmental organizations used to exist during the period of the communist regime in the People’s Republic of Bulgaria (from 1944 to 1991). After the fall of the monarchy on September 9, 1944, more than 30 trade unions were founded, which merged in the “General Workers Professional Union”, which by 1945 had ca 300,000 members². Most of the NGOs were united in the communist organization "Fatherland Front". In accordance with Article 52 of the 1971 Constitution of the People’s Republic of Bulgaria, the right of citizens to create organizations for political, professional, cultural, artistic, scientific, religious and sports purposes was established³.

At the end of the 1970s, the international fund “Lyudmila Zhivkova” was founded (today it is the fund of Cyril and Methodius), the fund “13 centuries Bulgaria”. However, the activities of these civil associations were carried out under the control of the Bulgarian Communist Party BCP. After the July Plenary Meeting of the BCP in 1987, during the period of “Perestroika”, the terms “public organizations” and “social and political organizations” were replaced by ‘civil society’.

¹ Constitution of the Republic of Bulgaria//Promulgated in State Gazette issue 56/13.07.1991г., in force from 13.07.1991г.

² Prodanov V. Civil society and capitalism, Sofia 2003, p. 103

³ Constitution of the Peoples Republic of Bulgaria in force from 18.05.1971 to 13.07.1991г.

In 1989 in Bulgaria there were already more than 100 public organizations, movements, and other formations under the leadership of the BCP⁴.

After the fall of the communist regime and radical changes in public and economic activities, the number of non-governmental and public organizations started growing rapidly. In 1992, the Union of Bulgarian Foundations and Associations was founded. In 1997 there were already 3403 citizen associations, 66 foundations and 1,812 professional sports NGOs⁵.

Currently, there are more than 15 NGOs registered in Bulgaria, of which about 5,000 in Sofia. The main lines of their activities are education, culture, sports and human rights⁶.

In accordance with the current European Union requirements, an NGO sustainability index has been created. According to surveys of the "Bulgarian Center for Non-Commercial Law" carried out in 2016, the NGO sustainability index has not changed and since 2012 it has been 3.3. The index is based on the legal environment, organizational capacity, financial sustainability, intercession, provision of services, infrastructure, public prestige⁷ as a political image in the external and internal political arena.

2. Institution of donation.

The effectiveness of the non-governmental organizations is largely determined by financial capabilities. The following main types of financing in the social sphere which characterize the Bulgarian non-governmental organizations could be: profit from own activities (the "Legal entities with non-commercial activities" law allows NGOs to engage in commercial activities if profits are invested in order to achieve the goals laid down in the charter), through EU projects, membership fees and through the institution of "donation".

Under Bulgarian law and in accordance with the 'obligations and contracts' law, a donation is an agreement according to which one person (a donor) immediately and without any compensation gives his or her property right to another person (recipient), who accepts it⁸. In the activities of Bulgarian non-governmental organizations, the institution of "donation" has a regulatory framework. Its governed by following regulations: the "Legal entities with non-commercial activities", the 'obligations and contracts' law, the act on "Corporate and Income Taxation". The donation institute consists of all existing NGOs (Bulgarian and foreign) carrying activities associated with the donation, for example fund "America for Bulgaria", fund "Open society», public donor funds in different cities of Bulgaria – Vidin, Burgas, Yambol, from all private and business representatives, who are involved in this activity. Institute of donation has its own regulatory, administrative, economic, financial and communicative resource. The system of behavior of the institution is manifested between the participants in it, for example between NGOs and business, NGOs and private donors. There is a hierarchy at the institute that manifested in the relations between NGOs in the EU countries and the USA and their daughter funds, for example fund "Open Society", "Bulgarian donor fund". It is way to spread its influence in Bulgaria. The Institute of donation exists to present a new financial side – charity, and the main purpose is increasing the material level of Bulgarian NGOs, apply "soft power", lobbying the interests of these organizations. Thus, the donation institution, by its significance for NGOs, turns into a "donation policy".

The subjects of the donations (donors) are organizations such as funds (international and Bulgarian), companies in Bulgaria, as well as individual entrepreneurs, and individuals who donate funds through various mechanisms donate funds to support initiatives⁹.

So in 2016 individuals donated 8, 521, 419.00 BGN, business organizations 34, 146, 385.00 BGN, and funds as part of NGOs 52, 852, 556.00 BGN¹⁰.

The policy of the objects of the donations (recipients) are NGOs which carry out activities related to the support of young people, poor families, families with children with disabilities, which reflects the problems of the social sphere.

⁴ Again there

⁵ Information Portal of Bulgarian NGOs//<https://www.ngobg.info>

⁶ Between 800 and 900 new NGOs are registered each year//www.m.dnevnik.bg

⁷ Bulgarian Center for Non-profit Law//http://www.bcnl.org/uploadfiles/documents/Bulgarian_index_2016_24_07

⁸ Law on Obligation and Contracts, p. 225, subparagraph. 1, State Gazette, issue 2, 5/12.1950r.

⁹ Foundation America for Bulgaria//<https://www.us4.org>

¹⁰ Bulgarian donor forum//<https://www.dfbulgaria.org>

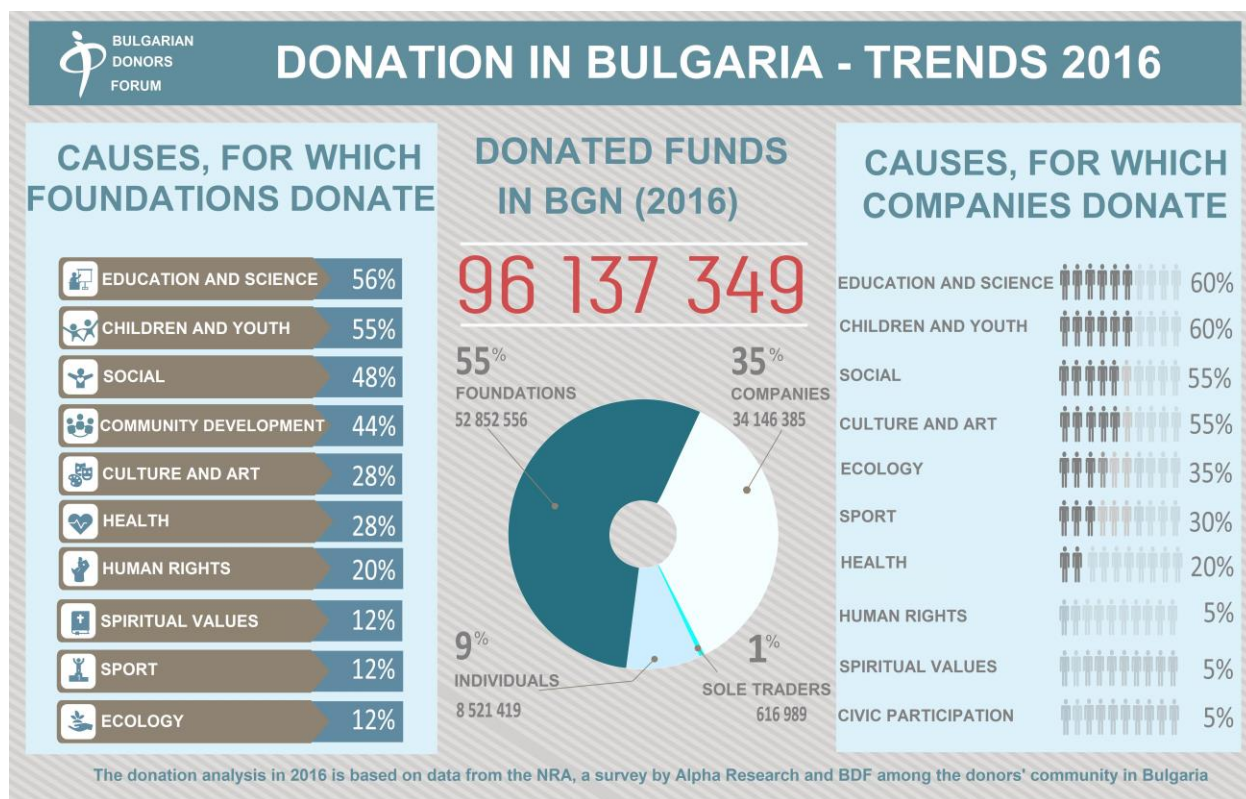
3. Policy of donation

Currently, the act on “Corporate and Income Taxation” is one of the most important regulatory acts related to the financing of NGOs. Art. 31 of this act states that for tax purposes, accounting expenses in the amount of 10% of the positive accounting financial result (accounting profit) are recognized when these expenses are spent in favor of NGOs¹¹.

Thus, the Bulgarian legislator allows businesses to finance NGOs. However, in order to increase the incentive for financing NGOs, it is necessary to increase tax relief for trade enterprises within the definition of the Trade Act. On the other hand, for the development of the civil society and an increase in the percentage of their own funding for NGOs, it is necessary to decrease their taxes received through commercial activities. All this will help stabilize the implementation of the NGO donation policy through dichotomy. Dichotomy is a complex dialectical system of transitions and complements of intro and inter subjects (states and organizations). The opposition in such cases loses its essence and acquires the meaning and content of partners and allies¹².

The results (as reflected in Table 1) of the study of the ‘America for Bulgaria’ Foundation and the Bulgarian Donating Forum are indicative:

Table 1



The figures in the table clearly demonstrate that in 2016, out of 96,137,449.00 BGN, funds ‘donate’ 55%, business organizations — 35%, individuals — 9%, individual entrepreneurs — 1%. 56% of the funds were allocated to education and science, for youth policy for children - 55%, for social development - 48%, for public development - 44%, for culture and art - 28%. It is very significant to point out that NGOs allocate less funds to culture and art, healthcare, human rights and spiritual values, namely, from 28% to 12%. Reason being that health care and the value background of the civil society are the basis for the stability of the national security of a state.

¹¹ Law of Corporate and income Taxation//Promulgated in State Gazette, issue 105/22.12.2006r., in force from 01.01.2017r.

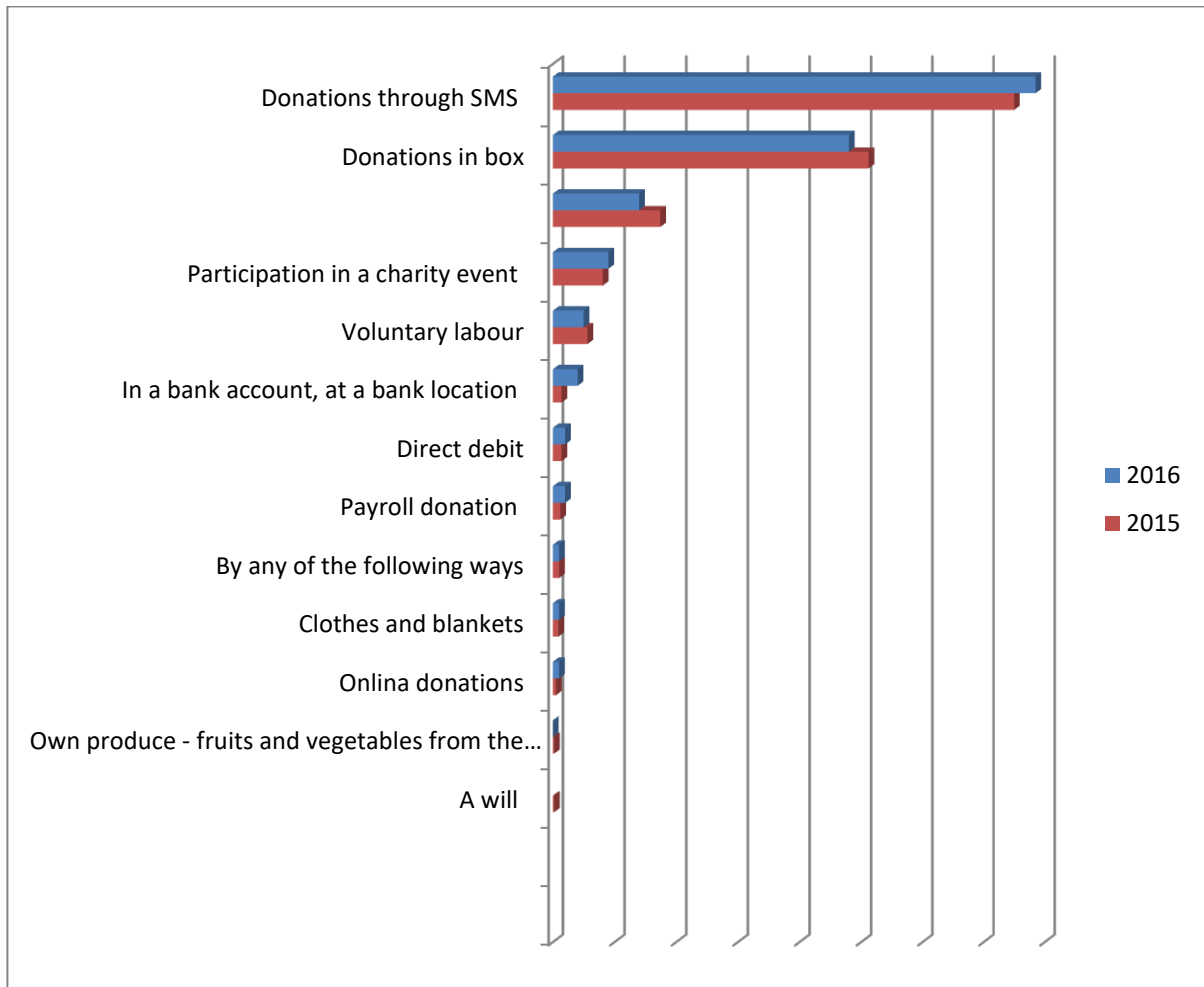
¹²Medvedev N., Nesterchuk O., Slisovskiy D. The former soviet union (CIS). Whether there are any new resources for reintegration? Przegląd Strategiczny - Wydawnictwo Naukowe WNPiD UAM -2018.-№ 11- C.157-172

At the same time, education and science, youth and social policy funds and commercial organizations are identical in their percentage contribution. Thus, it is desirable, in the context of the donation policy, to balance the financing of all above mentioned areas.

Interestingly, after all, non-profit NGO funding for commercial companies prevails in the areas of healthcare, culture, arts, and social development.

The policy of donating to NGOs is also expressed in the manner in which donors give funds (see table 2).

Table 2: Preferred modes of donation in 2016 and compared to 2015



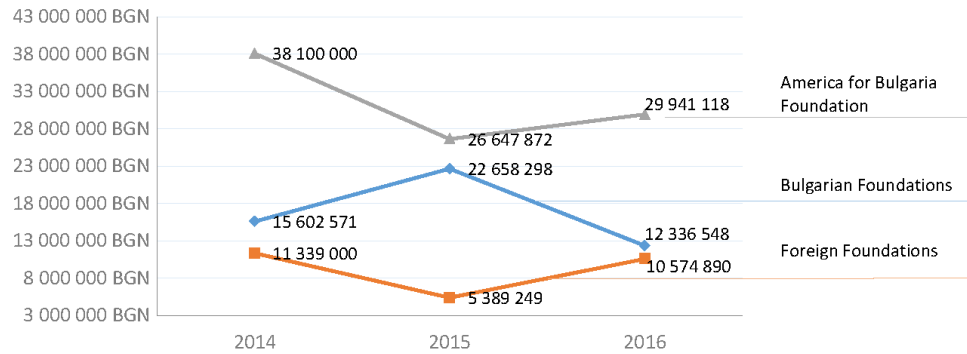
Based on the results of the Bulgarian donor forum, the profile of the NGO donation policy is as follows: donations via SMS to Bulgarian citizens include 78.5%, donations in boxes 51.2%, food purchases through which NGOs initiatives are supported - 17.4%, voluntary work - 5.6%¹³.

Rarely donations are made through bank accounts, the Internet. In this regard, infrequent Internet donations are a barrier to the presentation of non-governmental organizations in the information space. For the further development of the donation policy via Internet, it is necessary to promote it, and thus the funds will be increased to promote civil society in Bulgaria in accordance with the interests of the population.

¹³ Bulgarian donor forum//<https://www.dfbulgaria.org>

Table 3

Donated funds from Bulgarian and Foreign Foundations and America for Bulgaria Foundation for last 3 years



Giving practices in Bulgaria 2016

Based on the content of table 3 from 2013 to 2016, there is a decrease in funds provided by international funds, while Bulgarian funds increase contributions. In 2016 The America for Bulgaria Foundation has a significant contribution to the share of donations. It is approximately about 30 million BGN¹⁴.

Table 4: Donations in Bulgarian currency under the priority area of the "Foundation America" for Bulgaria in 2016.

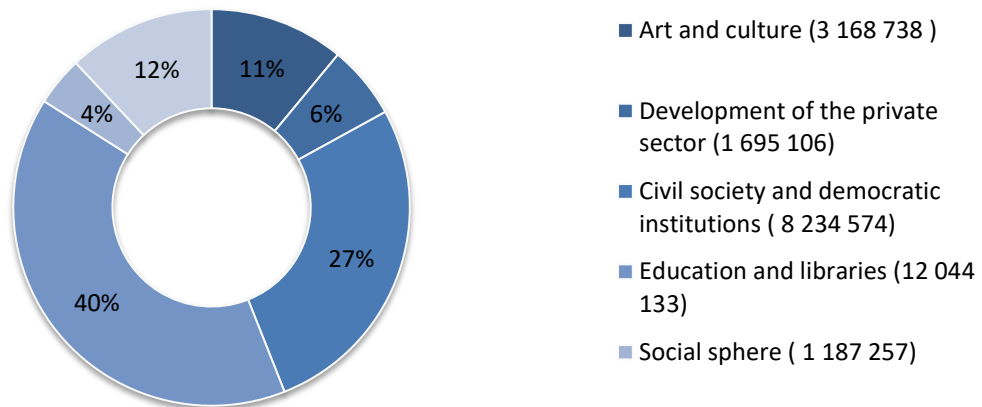


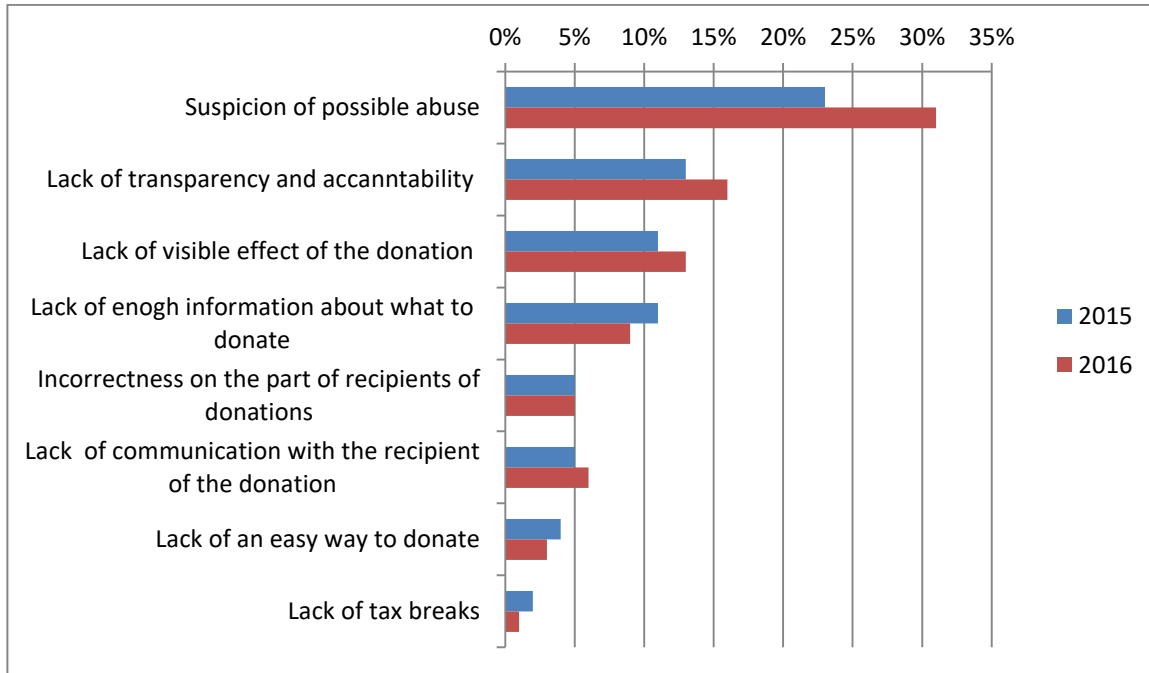
Table 4 demonstrates, that in 2016, the America for Bulgaria Foundation gave primarily funds for the development of education and libraries - 40% of all donations, and the development of civil society and democratic institutions — 27% of all donations. It is noticeable that there are less donations in the field of art and culture and for the social sphere¹⁵. Investment in education enables the United States of America to influence the development of Bulgarian education in a way that is beneficial to them, which is not always in the national interest of the country.

¹⁴ Foundation America for Bulgaria//<https://www.us4.org>

¹⁵ Foundation America for Bulgaria//<https://www.us4.org>

The second largest area of donation is the development of civil society and democratic institutions. Bearing in mind that this fund appeared in Bulgaria immediately after the fall of the communist regime and, together with the Soros Foundation Open Society, is still the largest and richest foundations in Bulgaria, which means that foreign influence on Bulgarian civil society is significant. As a result, civil society is built on Western models and most non-governmental organizations protect the interests of Western countries and the United States.

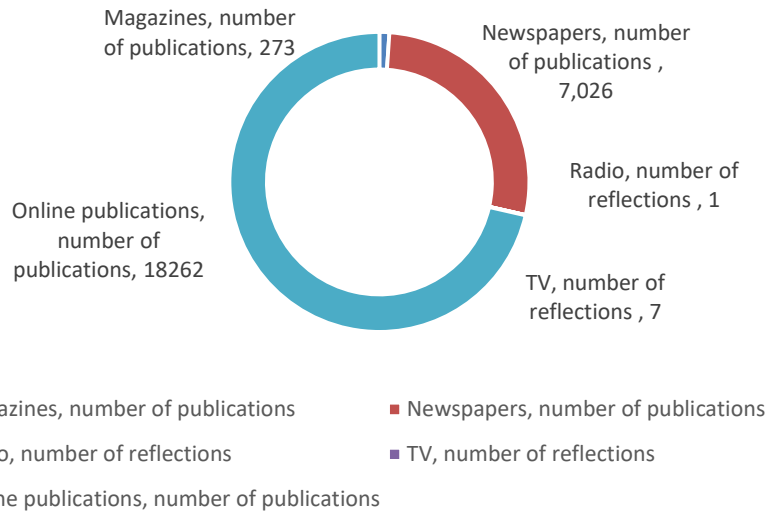
Table 5. Problems of individual donors in 2015 and 2016



In the process of implementing the donation policy, the existence of individual donors appears to be the main problem. This creates a barrier to donors as firstly there is a lack of clarity in regards the biased and irrational disposal of funds (see Table 5). Secondly, there is a lack of sufficient transparency and accountability. Thirdly, there is insufficient evidence of the effectiveness of the donations. Individual donors are the easiest way to find a gift. 9% of those surveyed in 2015 think that 11% in 2016 believe that they lack information on what to give.

Suspicion of fraud and deception ranked first and increased in 2016 compared to 2015, therefore, institutions need to think about applying more stringent measures in this regard, this is primarily from the prosecutor's office. In this way, the biggest problem donors face will be resolved, and the amount of funds will increase, which will increase the level of civil society.

Table 6: Ratio of number of publications on the subject of donation by media type in 2016



According to the Bulgarian Donating Forum, the information support of the donation policy is as follows: the number of publications in magazines on this topic is 273, in newspapers - 7026, in radio programs - 1, on television - 7, in Internet - 18262¹⁶. As a result, it turns out that the coverage of this policy is prevalent in the Internet sources and, taking into account the development of the information society, it is the main indicator of the coverage of the objects of this policy and its presentation. We can assume that the Internet is the main and most effective means of promoting the implementation of the donation policy directions.

Based on the aforesaid, it is necessary to single out the pros and cons of the implementation of the donation policy of NGOs.

3.1 Pros and cons of the policy of donation

Pros:

1. The goal-setting of NGOs is primarily in the social sphere, which is the main stabilizing factor of civil society.
2. Funding from the EU and the US strengthens the development of a democratic framework in Bulgaria, because it is aimed at the development of a civil society.
3. The explicit results achieved by NGOs, thanks to their targeted projects, lead to an increase in the activity of individual donations in the form of civil initiatives.
4. Donations from Bulgarian and foreign foundations in the field of education strengthen the culture of civil society.
5. Taking into account the informatization of society, the availability of information support for the donation policy is manifested.
6. During the Bulgarian presidency of the Council of Europe, at the beginning of this year, legislative changes came into effect, which facilitated the registration of NGOs in Bulgaria, and thus the donation policy became more accessible.

¹⁶ Bulgarian donor forum//<https://www.dfbulgaria.org>

Cons:

1. Donations in the field of education, despite the fact that they have the largest number do not lead to an improvement in the educational system of Bulgaria.
2. Information about the donation policy is most often provided in the context of the interests of the subjects of this policy and contradicts the principles of civil society.
3. The largest number of donations is provided by American and European non-governmental organizations, and this does not correspond fully to in the interests of the national security of Bulgaria.
4. Legislative tax reliefs do not quite effectively incentivize the donation policy of NGOs.

As a result, the policy of donating of NGOs in Bulgaria is, above all, the support of the social spheres, investments of foreign funds, Internet information support, sources of donation.

3.2 Donation policy implementation levels.

Therefore, the levels of implementation of the donation policy in the context of the functioning of NGOs should be differentiated as follows:

- at a legislative level. Legislative support of non-governmental organizations is the most important provision for their development. At the same time, the interaction between the state and NGOs is a complex and controversial process - with the help of the state, the control of NGOs begins to increase with the provisions of relevant legislation, there are fewer platforms for establishing and developing a constructive dialogue, the interest of state authorities in providing assistance and support to the public sector is decreasing.

The main legal act is the "Legal entities with a non-commercial purpose" Act. According to this act, a long registration process, including registration with the Bulgarian State Security Service, prevents the population from participating in public initiatives. Under the pressure of the public and the European Union, as of January 1, 2018 amendments for legal entities with a non-commercial purpose came into effect, according to which a single register was introduced for them to the Registration Agency.

The recent changes in the legislation contributed to the increase in the number of NGOs and facilitated their reporting.

Until the fall of Todor Zhivkov's regime in 1989, NGOs were created in accordance with the "Persons and Families" Act of 1949 which regulated the activities of Bulgarian NGOs till 2001. In Western democracies, legislative acts regulate the activities of NGOs, taking into account the necessities of civil society. Their number and influence begin to grow rapidly, the functions they perform change, the mechanisms of interaction with the state change and the scope of their activities expands. But despite this, at present, few NGOs only manage a successful sustainability and carry out their activities for a long time. This results in a decrease of the number of citizens participating in public associations, which reduces the development index of the civil society.

At a legislative level, the process to facilitate the registration of NGO activities should continue, and the legislator should increase the percentage of tax relief on funds received by NGOs as donations.

In "Income and Corporate Taxation" Act it is important to increase the amount of tax relief for donating to NGOs in order to stimulate even more funding for NGOs from businesses.

These recommendations can contribute to more effective implementation of the donation policy as an instrument of civil society.

- at an administrative level, in modern times, there is a clear increase of pressure of political power in Bulgaria over NGOs, which results in the subordination of NGOs to state structures which are not in favor of the civil society.

In accordance with the strategy for the development of the state administration of Bulgaria from 2014 to 2020, one of the main objectives is a partnership cooperation aimed at conducting joint projects for the implementation of initiatives of civil organizations in the evaluation of administrative services¹⁷.

¹⁷ Analysis of the Norwegian financial mechanism in Bulgaria//<https://www.eegrants.bg>

Another goal is an open and adequate management¹⁸. Despite this strategy, the development index of Bulgaria remains low compared to other Eastern European countries. As a result, between the political authorities and NGOs, arise problems which are evident in the implementation of legislative acts, government decisions and the interests of civil society.

- at an information level, after Bulgaria became an EU member, a large-scale NGO campaign began to advance in the sphere of information. Considering that in 2017 a third of the Bulgarian society has no access to Internet¹⁹ and thus creates additional problems in relation to the activities of NGOs. This is a significant barrier in the development of civil society.

Another problem in the sphere of information is the presence of fake news that is directed against democratic freedoms, including against NGOs.

Therefore, in March 2018, the Association of European Journalists presented its position on countering the phenomenon of fake news and then the European Commissioner for Digital Economy, Maria Gabriel was provided with a report from a high-level expert commission researching possible measures against fake news. It analyzes the main categories of fake news which influence voting results, the policy of ecology and migration. Thus, the fake news phenomenon is directed to a greater extent at the political sphere than at the economic one²⁰.

- at a foreign policy level, at the present, NGOs in Bulgaria are funded mainly by European and overseas structures. This leads to a dependence of the civil society institutions on foreign influence.

Notable examples in this regard are:

- a signal from the Bulgarian Anti-Corruption Fund to the prosecutors' offices of Bulgaria and Russia regarding alleged corruption related to the South Stream project. The information was based on the materials in an article on Bulgarian-Russian relations in the American magazine New York Times²¹.

- the activities of two non-governmental organizations, the Civil League and the Green Policy Institute, which spoke before the European Commission with a request to stop the Russian company Gazprom's monopoly, fine it and oblige it for up to three months and propose a roadmap to eliminate its full control and to liberalize the gas market²².

Thus, the activities of NGOs were aimed at disrupting the South Stream project in line with the interests of the United States, not of Russia and Bulgaria.

- at a migration level, during the Bulgarian Presidency of the EU Council, on March 1, 2018, with the participation of NGOs a conference was held on "Migration and human safety in post-crisis Bulgaria: European and national perspectives in the context of the Bulgarian EU Presidency. Civil society organizations believe that migration will determine the future of the European Union. Appeals for greater solidarity and safety form an environment in which the search for sustainable solutions is a necessity in a dialogue between the EU states.

One of the most active migration organizations is the Helsinki Committee of Bulgaria. A program for the legal protection of refugees has been in existence since 1994, when the migration threat in Europe was still low. The efforts of this organization led to the creation of a new legal framework and legislation regarding refugees and created many precedents in judicial practice in connection with immigrant affairs.

- at a demographic level, at the press conference of the International Family Day on May 15, 2018, the public organization Movement for the National Initiative made a public report of its activities for the first and most successful multimedia campaign 'Do it for Bulgaria'. In 2017 the campaign received the support of the Bulgarian Orthodox Church, the private and public sector. The initiative ended with the mass baptism of 1,000 children and the participation of about 10,000 people. Support was provided to families with reproductive problems through funding from the "Want a Child" foundation.

¹⁸ Strategy for development of the state administration in Bulgaria 2014-2020//strategy.bg

¹⁹ One third of Bulgarians are without internet//Standartnews.com 11/12.2017

²⁰ Analysis of the association of European journalists - Bulgaria//www.aej-bulgaria.org

²¹ Jim and Becker. How Putin forget a pipeline deal that derailed//The New York Times, the 30 of December 2014.

²² Gazprom offers a false liberalization of Europe//https://www.zelenite.bg

This year, the organization continues its activities with the company “Do it for Bulgaria 2”. The organization sums up that in 2017 due to the negative growth, the population of the country decreased by 45,836 people²³. A proposal was made to solve this demographic problem through the cooperation of the state, businesses and society through the new Internet platform ‘Bulgaria Wants You’. The campaign presents Bulgaria as a favorable place for starting a family and child care. The goal is the return of Bulgarians who live abroad to their homeland.

Despite all these activities, there are still no concrete results in this direction to date, which leads to an understanding of the need for a closer cooperation between NGOs and the state.

- at an international level, there is a penetration of Turkish politics through NGOs. Many NGOs reflect the interests of Bulgarians of Turkish origin and Bulgarian municipal areas, which are governed by representatives of the Turkish diaspora. And Turkey actively finances these structures. This leads to significant Turkish influence in Bulgaria and the European Union.

Evidence of this is the meeting of the Bulgarian Minister of Education and Science Krasimir Vulchev on March 14, 2018 with measures: Hassan Azis from Kidzhali, Resmi Murad from Ardino, Sunay Hassan from Chernochochen, Sebizan Mehmed from Kirkovo, Aidan Osman from Krumovgrad. The main issue, or rather the main goal of this meeting, was the creation of real conditions in schools for studying Turkish as a native language. They also demanded the appointment of enough Turkish language teachers throughout the country²⁴.

The Helsinki Committee of Bulgaria and the Equality and Justice Association protect the interests of the Roma population living in Bulgaria. Their activities contribute to the integration and socialization of the Gypsy population.

4. Conclusion.

All these levels indicated above show that the functioning of Bulgarian NGOs largely reflects the lack of independence and dependence on the EU, the USA.

Therefore, despite some success of NGOs in implementing this policy, for its better-established stability, attention should be paid to the fact that, nevertheless, sources of funding should be the mainly independent from foreign representation. In addition, a genuine interest of the Bulgarian government in the development of the NGO donation policy is required. Foreign funding significantly limits the autonomy of Bulgarian NGOs, and they are less able to protect the interests of civil society.

The political situation in Bulgaria every year makes for an ever-increasing demand for non-governmental organizations to function effectively. At the same time, on one hand, the NGOs activities should be flexible and adapted to the demands of a globalizing world and, on the other hand, meet the interests of civil society. Under these conditions, non-governmental organizations are building their own strategy in solving external and internal political tasks, taking into account existing political and socio-economic needs.

²³ 45836 Bulgarian children were born in 2017//<https://www.dnes.bg>

²⁴ Mayors to the Minister: Effective learning of Turkish language in schools//<https://www.haskovo.netnews/447474/Kmetovete-poiskaha-ot-obrazovatelniya-ministar--efektivno-izuchavane-na-turski-v-uchilisthe>

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