

## **BULGARIA**

### **Community foundations**

#### **History**

The development of community foundations in Bulgaria was triggered by international donor programs. In 1997-98 the Charles Stewart Mott Foundation, working through the Open Society Foundation, funded a challenge grant program to encourage the Open Society Clubs, which spread throughout the country, to convert themselves into community foundations. Four of the Clubs won grant awards in 1998 – Sliven, Varna, Bourgas and Rousse. The Open Society Clubs in Varna and Rousse demonstrated success in building short-term funds from local resources. After the end of the Mott challenge funding their local fundraising gradually decreased.

In 2000 the Civil Society Development Foundation organized several seminars and round tables on various topics relative to the founding and operation of community foundations. As a result of this the NGO communities in 6 towns around Bulgaria (Bourgas; Plovdiv; Lovetch; Haskovo; Nova Zagora; Kardjali) organized themselves to establish a community foundation with the support of local government. Three community foundations were legally registered as a result of CSDF support: the Bourgas Community Fund; The Plovdiv Public Fund “Razvitie” and the Lovech Community Fund. The city governments promised to allocate some budget and in-kind support to these organizations, but the partnership with local businesses was quite limited. The main interest of these community foundations was not to raise money from private donors. The purpose of their creation was to operate as a vehicle for allocating city funds to local NGOs through an open and transparent process, and to manage flow-through grants coming from external donors. Today, only the Community Fund of Lovech continues to operate out of the 3 established with CSDF support.

From September 2001 till September 2006, Counterpart International implemented a five-year program funded by USAID to support the development of community foundations throughout Bulgaria. This program assisted the establishment of 10 community foundations in the towns of Blagoevgrad, Chepelare, Gabrovo, Lom, Pazardzhik, Sliven, Stara Zagora, Tutrakan, Vratsa and Yambol. Nine out of the 10 community foundations continued working as community foundations beyond the end of the Counterpart program. In 2005, the community foundations within the program formed their own membership association – the Association of Community Foundations in Bulgaria (ACFB).

In October 2006, the CEE Trust stepped in to provide follow-up assistance to the group of community foundation members of ACFB through matching grants for re-granting purposes. The assistance was planned for 3 years, until mid-2009, and the funding for this program came from USAID-Bulgaria and the Mott Foundation. The focus of the program is the strengthening of the Bulgarian community foundations as local grantmakers.

In 2007, the community foundations which are members of ACFB started building their endowments with the support of an organizational development grant from the WINGS Global Fund for Community Foundations.

International donors still play a major role in strengthening the Bulgarian community foundations. There is only one organization self-identifying as a community foundation that was started in 2006 without a seed grant from international donors: the Community Foundation of Plovdiv. The initiative group which

created it was a beneficiary of training and technical assistance within the program of Counterpart International, but it took more time to register as a legal entity. It is not a member of ACFB yet.

## Current situation: Facts and figures

Number of community foundations <b>formally established in total.</b>	12
Number of community foundations established <b>in 2007.</b>	0
The number of community foundations <b>at early stages of development.</b>	1
<b>Percentage</b> of country's <b>territory</b> covered by community foundations.	30%
<b>Percentage of population</b> that has access to a community foundation.	25%
<b>Total number of people</b> with access to a community foundation.	About 2 million
Is the <b>rate of community foundation formation</b> steady/increasing/decreasing? Explain why in the box below:	Decreasing compared to the period 2001-2006

International funding played a major role in the dissemination of the community foundation concept around Bulgaria in the above mentioned period of 2001-2006. Without external funding, the currently existing community foundations and ACFB are not able to extend assistance to new community foundation initiatives. The international funding is still very important for the initial capacity building of new community foundations initiatives.

<b>Total sum of grants made</b> by community foundations in 2007	About US \$400,000
<b>Total number of grants</b> made in 2007.	About 100
<b>Total sum of the income/donations</b> in 2007.	US \$344,286 income from donations and US \$110,100 income from external matching grants for re-granting
<b>Single largest source of income</b> for community foundations	Different community foundations have different "single largest source of income": for some of them it is a corporate donation; for others – individual.
<b>Total sum of endowments</b> at the end of 2007.	Community foundations began pilot fundraising for endowment towards the end of 2007
<b>Community foundation</b> with the <b>largest endowment</b> at the end of 2007 and <b>size of its endowment.</b>	CF Pazardzhik – US \$4,200

## Complete list of community foundations

### Community Foundation Blagoevgrad, established in 2002

23 Todor Alexandrov Str., Suite 34

Blagoevgrad 2700

**Office:** +359-73/886 340

e-mail: [obf\\_bld@yahoo.com](mailto:obf_bld@yahoo.com)

**Community Foundation Chepelare, established in 2002**

1 Dicho Petrov Street,  
Chepelare 4850

**Office:** +359-3051/ 32 70

e-mail: [office@chepelare.net](mailto:office@chepelare.net)

Web page: [www.chepelare.net](http://www.chepelare.net)

**Community Foundation Gabrovo, established in 2002**

18 Radetska Str., fl. 3  
Gabrovo 5300

**Office:** +359-66/ 806 552

e-mail: [r\\_gg@abv.bg](mailto:r_gg@abv.bg)

Web page: [www.fond-gabrovo.veda.bg](http://www.fond-gabrovo.veda.bg)

**Community Foundation Lom, established in 2005**

1 Slavjanska Street;  
Lom 3600

**Office:** +359-971/66 473

e-mail: [fund\\_lom@abv.bg](mailto:fund_lom@abv.bg)

**Community Foundation Stara Zagora, established in 2003**

14 Graf Ignatiev Street;  
Stara Zagora 6000

**Office:** +359-42/ 602 155

e-mail: [office@fund-sz.org](mailto:office@fund-sz.org)

Web page: [www.fund-sz.org](http://www.fund-sz.org)

**Community Foundation Pazardjik, established in 2003**

6 Ekzarh Yossiff Str.  
Pazardjik 4400

**Office:** +359-34/ 444 158; T/F: +359-34/ 445 058

e-mail: [ofond\\_pz@abv.bg](mailto:ofond_pz@abv.bg)

**Community Foundation “Stote Vojvodi”, Sliven**

Dyeleva reka, hotel Imperia,  
Sliven 8800

T/F: +359-888/409 811

**Community Foundation Tutrakan, established in 2004**

20 Transmariska Street,  
Tutrakan 7600

**Office:** +359-857/60 070

e-mail: [fund\\_tutrakan@abv.bg](mailto:fund_tutrakan@abv.bg)

**Community Foundation Vratsa, established in 2005**

2 Iskar Street,  
Vratsa 3000

**Office:** +359-92/621 818

e-mail: [fund\\_vratza@abv.bg](mailto:fund_vratza@abv.bg)

**Community Foundation Yambol, established in 2005**

14 Al. Stamboliiski Street, floor 2,  
Yambol 8600

**Office:** +359-46/662 881

e-mail: [ofmostove\\_tundja@abv.bg](mailto:ofmostove_tundja@abv.bg)

Other organizations which self-identify as community foundations:

**Community Fund Lovech, established in 2000** (with the support of CSDF; successful in generating flow-through grants on an annual basis from local government and local companies, as well as from external donors)

44 Turgovska Str., fl. 4  
Lovech 5500

**Community Foundation Plovdiv, established in 2006**

Address: 4 Artin Gidikov Str., Plovdiv 4000

**Phone** +359/32/624324

e-mail: [plovdivcom@gmail.com](mailto:plovdivcom@gmail.com)

## **Community foundation staffing**

Five out of the 10 community foundation members of ACFB have permanent paid staff, while the rest rely primarily on volunteers from their Boards, and employ part-time staff during grantmaking competitions and for monitoring of grantees.

## **Community foundation income**

### Income

In 2007, the total amount of funds accumulated from local private sources (individuals and companies) by the community foundations was US \$344,286. The percentage of individual versus corporate donations has not been tracked. The amount raised from international sources for grantmaking purposes was US \$110,100. Thus, local sources comprised 66.6 percent of the grantmaking funds of the community foundations, and international sources – 33.3 percent. Some community foundations raised funds from international sources for organizational development. The total amount received in 2007 was about US \$60,000.

### Purposes

As mentioned above, the largest amount of income was received for grantmaking purposes. Operating costs were covered by a percentage of local donations and a percentage from external grants. In general, community foundations spend from between 10 percent and 20 percent of their total annual income for operating costs.

### Permanent funds/Sustainability

Seven out of 10 community foundations, members of ACFB, conducted pilot fundraising for endowment building around Christmas 2007. They used between 10 percent and 25 percent of all funds raised in those campaigns for endowment building. The rest of the funds were used for grantmaking purposes.

## **Environment for philanthropy**

### Local attitudes

Community philanthropy is on the increase in recent years, but still has a spontaneous and campaign-oriented character. It is also largely oriented towards humanitarian causes. Direct giving to the final beneficiaries prevails over the use of intermediaries. Mass media began to play a major role as organizers of public collections of charity for humanitarian causes. They do not usually cooperate with foundations in these campaigns.

Community foundations played a role towards making local philanthropy better organized in the communities where they work. Today a large number of local donors prefer to donate through community foundations instead of directly to the final beneficiaries. However, the community foundations have still not reached out to the majority of local companies and individuals. Their local donor networks keep on expanding.

#### Legal and tax environment

The current tax incentives are: individuals receive a tax deduction on up to 5 percent of their annual income if the latter is donated to non-profit organizations in public benefit (including community foundations); companies receive a deduction on up to 10% percent of their annual profit. There are no special incentives for community foundations.

#### Changing attitudes and the national or local environment

There are a few measures proposed by a platform of national-level NGOs, including ACFB:

- introduction of 1% allocation from taxes mechanism to support NGOs;
- introduction of a special “civic fund” for grants to NGOs from government sources (as a way of compensating the nationalization of private foundations during socialism);
- introduction of a legal definition of “endowment” in the law on non-profit organizations, which will lead to better differentiation of foundations and associations in civil society.

### **Community foundation activity and impact**

*Example.* In 4 years, **Community Foundation Stara Zagora** has distributed 94 small grants to grassroots organizations, in the total amount of US \$300,000. Last year, the community foundation opened a new grantmaking area – supporting projects for rehabilitation of forests that burned down in the summer of 2007. The fundraising campaign for this cause attracted immense support from local and national-level donors. One single fundraising reception accumulated over US \$20,000. The fundraising continues, and the community foundation will start making the grants for this initiative in the spring of 2008.

### **Current challenges and future developments**

#### Major challenges facing community foundations

- Underdeveloped culture of private philanthropy;
- Small tax incentives for donations;
- Competition with some corporate fundraisers (such as the mass media) for attracting the same donors;
- Lack of legal definition of endowment and no tax-free investment for foundations.

#### Areas for future community foundations development

- Endowment building;
- Expanding their local grantmaking 2 to 3 times the current size (corresponding to the gradual growth of private philanthropy);

- Exploring new sources of funding, such as bequests and new forms of planned giving.

### **International links**

The members of ACFB invited an international consultant from the Czech Republic to train them on endowment building. This series of trainings was regarded as very useful by all community foundations.

In the period 2001-2006, with funding from USAID, representatives of the majority of currently existing community foundations went on a study tour to the USA, and some community foundations participated in the Annual Conference of the Partnership of Russian Community Foundations. Both exchanges were regarded as very useful by the community foundations.

Participation in international exchanges is usually conditioned upon the availability of external funding, because the community foundations are not able to secure their own funding from local sources for capacity building.

## **Support Organization: Association of Community Foundations in Bulgaria**

### **History and purpose**

The Association of Community Foundations in Bulgaria (ACFB) was legally registered in June 2005. It started with 6 members, and today it has 10 members. The mission of ACFB is to support the development of philanthropy in Bulgaria by promoting the concept of community foundations, providing tailored services to its members, and disseminating best practices. ACFB also liaises with international community foundation networks and distributes information to its members on new international developments concerning community philanthropy.

### Other organizations that support and promote the development of community foundations

The Trust for Civil Society in Central and Eastern Europe (CEE Trust): Since October 2006, the CEE Trust makes matching grants to community foundations in Bulgaria to support the growth of their local grantmaking. Through this activity the CEE Trust also helps promote quality standards in the work of the community foundations. It liaises actively with ACFB in monitoring the overall development of the community foundations and designing follow-up assistance.

### **Structure and organization of ACFB**

- **General Assembly** of all members – highest body; it makes strategic decisions, elects the Managing Board and the Controller of the Association;
- **Managing Board** consisting of 6 people; makes operational decisions, appoints the Executive Director;
- **Controller:** an external person, not related to any community foundation; monitors the work of the Managing Board and reports to the General Assembly, can perform internal audit if necessary;
- **Executive Director:** full time – responsible for the overall coordination of all functions of the Association

**Sources of income:** currently 10 percent of the income comes from local sources (membership fees and donations) and 90 percent comes from international donors (grants).

Currently, only the Controller is an external person, all other people are members of community foundations.

### **Recent accomplishments**

- Developed standards for community foundations in Bulgaria;
- Ongoing coordination and exchange of experience between the existing community foundations;
- Organizing on an annual basis the national-level award “Local Donor of the Year”.

### **Current challenges/future developments**

- A new initiative to form community foundations in unserved or underserved areas;

- Efforts to assist some of the current members to expand their geographical scope of work;
- Efforts to involve national-level donors.

### **Additional resources**

See the ACFB website: [www.acfb-bg.org](http://www.acfb-bg.org)

The Trust for Civil Society in Central and Eastern Europe (CEE Trust) can be contacted at:

CEE Trust

Sofia Representative Office

22A San Stefano Street, 1504 Sofia, Bulgaria

[www.ceetrust.org](http://www.ceetrust.org)

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