

# Bulgarian Charities Aid Foundation

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Annual report **2002**



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## Introduction

Honestly, it is not an easy task to write an introduction to BCAF story for the 2002.

We completed a big grantmaking programme - for the last three years it gave us the status of a "donor" attracting the attention of organisations, media, local authorities and companies. The programme occupied most of our time and we were used to it. During 2002, we funded another 35 projects; we conducted concluding meetings and events, balls, evaluations... Beside the facts and figures, probably, we failed to describe in this report the excitement and emotions – ours and those of the partners and their partners, about all that has happened, changed and improved as a result of the projects. However, we do believe, we will remember them for a long time and they will urge us to be more persistent and frank, never let routine rule over our work and to improve constantly even things, we are good at.

It's even harder to describe the business meetings all over the country. Some 11 towns, 200 participants, the discussions which re-arranged the agenda or opinions confronting other opinions. It is hard – to make the people of business sit for hours and talk and plan about changing their communities together. I think we are doing it – since we got asked to come again in Blagoevgrad, since the Kustendil businesses read and estimated the merits of our "yellow book" on business philanthropy, and since everywhere we have been there were also many questions and many challenges about what to follow. exciting

I get now to the flushing "More and More" which continues infecting people, who are willing to make good and want to make it easy. I skip all of the longest search for the name, the hours of talking, making analogies, digging proverbs and fairytale characters, probing into history and art ...

It is hard to write down how sad we are that in 2002 our chairman Michael Brophy decided to leave us in order to get his (temporarily, I believe) retirement.

Finally – in 2002 we have managed your and our programmes and money with our minds and hearts, and we are happy about it. We look back and see we have got higher! The best thing is that we have still to go even further!

*Elitsa Barakova*  
*Executive Director*

### **Our goals for 2002:**

- To expand and enrich the Financial and Legal Information programme.
- To support and encourage the efforts of local organisations and initiatives for fundraising and local resource mobilisation.
- To continue to develop schemes for individual giving.
- To promote the more active participation of business in socially responsible community activities.
- To position ourselves as a resource centre for information and knowledge – on NGOs, philanthropy and social needs – for the decision makers and media.

The mission of the Bulgarian Charities Aid Foundation is to promote the development of philanthropy in Bulgaria, to attract resources for charitable purposes and to assist donors to achieve maximum effect in their charitable activities.

Bulgarian Charities Aid Foundation (BCAF) was founded in November 1995 by leading Bulgarian foundations: Evrika Foundation, Open Society Foundation, St. St. Cyril and Methodius Foundation, and Union of Bulgarian Foundations and Associations. BCAF works in partnership with its founders in Bulgaria and is an active member of the global network of CAF organisations.

The Bulgarian CAF is part of *CAF International* - a network of organisations that share CAF's vision and mission.

**CAF International** works to:

- stimulate and develop philanthropy around the world;
- build the capacity of non-profit organisations;
- develop the trust of the public and of the philanthropists towards the non-profit sector;
- grow as a centre of competence and information on financial and charitable matters.

## **PROGRAMMES**

During 2002 BCAF worked on four major programmes:

**I. Financial and Legal Information** – financial and legal training and consultations for NGOs, advocacy for legislative change, and a Charitable Deposit Scheme.

**II. Programmes for NGOs** - management of grant-making and training programmes for NGOs and programmes for development of cross-sectoral relations.

**III. Supporting Corporate Philanthropy** – partnership with business associations and business leaders, development of payroll giving, training and meetings with companies and local authorities.

**IV. Public Relations and Networking** – informing current and potential partners, cooperation, research, publications and data base maintenance.

## **FINANCIAL AND LEGAL INFORMATION**

### **Financial monitoring**

In March 2002 BCAF undertook a process of financial monitoring and audit of the grantees of the Partners Programme. They have been inspected for their correct and lawful project reporting according to Bulgarian legislation and observing the financial part of their contracts with BCAF. Together with the control functions of the auditing checks, BCAF used the opportunity to provide support to the organisations with less experience in project financial management. In addition these activities gave us the opportunity for direct contact with the organisations and assessment of their needs for training and relevant information on NGO fiscal and legal framework. Weaknesses in the accountancy and documentation of the project activities have been identified. The information obtained was later used for designing the training topics and programmes.

### **Training on NGO accountancy and taxation**

Five training sessions took place in 2002 covering subjects of accountancy, social and health insurance and tax treatment. Three of the workshops were organised as a paid service with participation fee. They were attended by total of 102 NGO representatives. Other two workshops aimed to improve knowledge and capacities of the NGOs funded by Partners Programme. They were organised by BCAF using sources of Democracy Network Programme.

In summary, our foundation managed to occupy a specific niche on the market of such services in competition with a number of private companies. BCAF is recognized by the NGO sector as a provider of a quality training service – well-qualified trainers, distinguished professionals in their areas, and prices that even less developed NGOs might afford. Availability of constant clients of the paid workshops proves it, part of them regularly using our services though being based outside Sofia. We have clients from Varna, Rousse, Bourgas, Trigrad, Vidin, etc.

There is also an interest towards our training materials prepared for the workshops. We have already received orders for purchase of training packs by people who had not got the opportunity to participate.

BCAF started preparation for a new course on NGO finance that will be module-based. The training course is planned for 2003.

### **Legal and financial consultations for NGOs**

BCAF continued its traditional practice to provide individual free of charge consultations for NGOs. In 2002 our programme coordinator had 114 consultations – most of them concerning NGO re-registration, business activities of foundations and associations, tax treatment.

## **Tax incentives for donations Данъчно поощрение на дарителството**

In 2001 BCAF participated in an expert group (together with the Bulgarian Center for non-profit law and the NGO Resource Center Foundation), which submitted suggestions for legal amendments that would encourage corporate and individual giving. One of the propositions concerned tax deductions for individuals working on 'labour contracts'.

In 2002 our efforts succeeded. The National Assembly decided that as from January 2003, this category of taxpayers would be entitled special tax exemptions for donations. The taxable income can be decreased with the sum of the donations made up to 10%.

## **PROGRAMMES FOR NGOS**

### **THE PARTNERS PROGRAMME**

2002 was the last year of the 3-year BCAF's Partners grant programme funded by USAID under Democracy Network programme, administrated by the Institute for Sustainable Communities. The programme addressed Bulgarian NGOs, working in some of the four priority areas of the DemNet :

- A. Social Safety Net Improvement
- B. Environmental Protection
- B. Democracy Strengthening
- Г. Economic Development.

The Partners programme granted financial assistance that stimulated cross-sectoral relations and the use of local resources. The major principle of the Partners programme was funding of projects on a matching basis, which stimulates NGOs to look for matching resources – 30% of the overall project costs.

In 2002 the last 3 funding sessions were held and 35 projects were granted. During the three years of implementation the overall number of granted projects is 92, submitted by 69 organisations.

During the last year of the programme, BCAF organised various meetings and events, aiming to provoke and sustain the relations and exchange of experience among the granted NGOs. – The Spring Ball for funded organisations and their donors; two round tables for the organisations, in the social sphere and for those, working in the area of economic development and tourism; Official Closing event for the end of the programme.

During the period 2000- 2002, four evaluations of the programme

were performed- 1 quality service evaluation, 2 impact assessments and 1 self-assessment of Partners programme, which contributed largely to the organisational strengthening as well as to the development of the programme itself.

#### **Goals of the Partners programme:**

1. To support projects of regional importance which have a long-term effect and offer useful services in the four priority areas.
2. To support the development of the financial and programme sustainability of NGOs through the building of relationships with government and business;
3. To encourage citizen participation and mobilization of resources that will support the activity of NGOs.

#### **Achievements**

- At the program's end we could estimate the requirement for *30% attracted contribution* as rather successful attempt. This is based on the number of received proposals – 564, the country-wide geographical scope of applying organisations, as well as the extreme variety of sub-grantees, which were either based or operating in remote villages, small and big towns. Reviewing the sub-grantees' profile indicates that having resource mobilisation experience is not a prerequisite for success, as BCAF was the first donor for more than 15 NGOs which managed to attract external contribution..
- Recruitment and working with *external assessing and monitoring experts* is a major input in strengthening BCAF programme delivery systems. We have a considerable database of people with quite different expertise; the list consists of 42 experts coming from the business, central government, academic and research institutions, operational and intermediary NGOs.

- Our participation in Demnet contributed to the gradual enlargement of the More and More Scheme. The funds raised from individual donors are allocated to charitable causes, including NGO activities. Before the programme's end a small grant competition was announced among Partners sub-grantees. 3 sub-grantees in social Safety-net improvement area and 1 in environmental protection areas received small grants.

We practiced and constantly improved the grant-making procedure, which guaranteed:

- sub-priorities in the 4 DemNet priority areas formulated in accordance to preliminary needs assessment and analysis
- equal access to grants and equal opportunities for applicants to receive consultations and advice,
- assessment process based on expertise, professional integrity and open sharing of opinions on Experts Committees' sessions;
- opportunities for rejected applicants to receive supportive feedback and consultancy on project ideas and other funding options
- transparency of the procedure within the eligible frames

According to the participants in the programme, the evaluators and the team the Partners programme helped the gradual process of shifting from donor-driven culture in Bulgarian NGOs to more autonomous and self-sustained functioning, although we are fully aware this would take longer time.

## **PHARE ACCESS PROGRAMME 2000**

The Phare Access 2000 Programme in Bulgaria is implemented, through the Decentralised Implementation System, by the BFI Consortium comprising of: Bulgarian Charities Aid Foundation-leading partner; Foundation for Entrepreneurship Development; Information and Consultancy Centre. In September 2002, 400 applications responded the call for proposals, and 51 grants were awarded. The Phare Access Programme contributed a lot to the building on the grant-making experience gained through the Partners Programme. The programme incorporated best practices of all partners in the Consortium, thus providing exchange of knowledge and experience.

The programme gave us the opportunity to overview the current status in the non-profit sector in Bulgaria, regarding the organisational and financial capacity of the NGOs - strengths and weaknesses. We are able to conclude that the majority of Bulgarian NGOs have little skills and capacity to write and implement EU-funded projects. The above is reflected in our Strategic plan, especially in the part referring to NGO training services and programmes, which aim to support the development of competitive capacity of Bulgarian NGOs on the arena of EU funding.

## SUPPORTING CORPORATE PHILANTHROPY

### MORE and MORE

2002 was the second year of BCAF's practical work on introduction of payroll giving in Bulgaria. Series of meetings with managers of leading companies were organised in order to present the initiative and invite them to participate.

- More than 90% of our individual donors active in 2001 up-dated their contracts
- BCAF organised 50 presentations of the scheme to potential participants.
- Eight external agents were hired to help the promotion campaign and present the scheme before companies.
- During the year 91 employees from 17 companies and organisations joined the scheme.
- The monthly sum total at the end of the year reached 902 BGN.
- In October the Scheme was given a name "More and More" logo and web-site– [http:// poveche.abv.bg](http://poveche.abv.bg).
- The annual More and More Award was established



The **More&More** mechanism is simple: you choose the cause, the sum to donate, sign a contract, which enables your employer to deduct the sum from your monthly salary and transfer it the More and More account.

#### Facts and figures:

- So far only Sofia based companies participate in the scheme.
- Most donors are young people- average age- 31.
- Average monthly donation is 7 BGN, min – 2 and max 20 BGN.
- The sum total for the year 2002 is 9 075 BGN.
- Only one company matches the donation of its employees.
- More than 80% of the donors choose to support the cause: medical treatment of children.

So far BCAF suggests three **causes**:

- Children's medical treatment
- social support projects
- environmental protection projects.

BCAF is ready to present new causes offered by the donors.

The More and More scheme enables you to help a lot, through a small sum of money – gathering together many individual donations. The uniqueness of the initiative is based on its regularity- it's a tool for constant fundraising and donations' distributions.

BCAF serves strictly the donor's will, created and follows clear and just rules for funds distribution, provides constantly information about the results. Donors receive advice and donation certificate, (which they can present to tax authorities to claim the expected tax deductions from 2003).

Not a single lev from the donations goes to cover any administrative expenses so far.

#### *We would like to thank for the voluntary support :*

*Mr. Martin Chobanov – for the logo*

*Dr. Emil Benatov & partners – for the official registration of the slogan*

*Net Info Ltd- for the creation, hosting and maintenance of the web-site*

## How is the money distributed:

### Supported organisations:

- Sustainable World Foundation, Sofia – 400 BGN.
- University Rescue Squad, Sofia – 500 BGN.
- Open Society Club, Stara Zagora - 450 BGN.
- Institute for Support of Integration, Sofia - 450 BGN.
- Women Alliance "Proxen", town of Kazanlak - 500 BGN.
- "Chovekolubie" Association, town of Pazardzik - 496,60 BGN.

BALIZ – Bulgarian association of people with intellectual problems, town of Pleven- 455,82 BGN.

The donations collected for medical treatment of children are distributed three times a year. The families write requests and each one is reviewed in the order

### Distribution of donations:

- 5 378 BGN – for the medical treatment of 13 socially disadvantaged children
- 2 351 BGN – for 5 projects in the social support area
- 900 BGN – for 2 projects in the environmental protection area

they have been registered at BCAF. A Committee set up by BCAF makes the decisions. Its work is supported by the statement of medical specialists, who work on volunteer basis. To be eligible for review each request should be backed up with a set of documents, stating the medical diagnosis and the social status of the

family.

The money collected for social support activities and environmental support projects are distributed among the best proposals of NGOs from the whole country on a competition base. To be able to apply for the grants the organisations need to develop a project and prove their capacity and knowledge to implement it. They fill in an Application Form, the proposals are assessed by a committee set up by BCAF, following a previously established indicators and criteria.

In 2002 the employees of the following companies and organisations participated in the More&More scheme:

NGO Resource Centre Foundation  
C.E.G.A. Foundation  
Foundation for Local Government Reform  
Interpartners Plc.  
Lowe Swing Communications Ltd.  
Media Club Ltd.  
Taurus Consultants Ltd.  
Union Media Ltd.  
GfK – Bulgaria Ltd.  
Deya Ltd.  
Radeya Ltd.  
Interoffice Ltd.  
Workshop for Civic Initiatives Foundation  
Bianor Ltd.  
Catholic Relief Services  
National Assembly of the Republic of Bulgaria  
Edno Magazine  
ET Ecohim – Valentina Kyunstler  
Dinacord Bulgaria Ltd.  
Mobile Plus Ltd.  
Center for Liberal Strategies  
VIP Mobile Ltd.  
ET Tzvetelina Koleva – Tzveti Ko  
BEVA Foundation

## IMPACT AND SUSTAINABILITY

The aims of this project supported by Community Fund (UK) are:

- To increase awareness and discuss with NGOs, business and local authorities the effectiveness of local giving.
- To promote new and effective forms of giving and ways of business sector's involvement at local level.
- To foster local initiatives based on cross-sectoral partnerships.

The British organisation Allavida is the leading partner, coordinating the efforts of the two Bulgarian NGOs – BCAF and Workshop for Civil Initiatives Foundation (WCIF).

### **"Business and philanthropy" meetings**

#### *Agenda*

1. Development of company's giving worldwide. From philanthropy to corporate community involvement and responsible business.
2. Forms and models of CCI:
  - company award scheme,
  - payroll-giving scheme,
  - community funds,
  - cause-related marketing.
3. Discussion on applicability of the presented models.
4. Bulgarian legal tax incentives for donations.
5. Discussion on solving local problems with united efforts.

### **Regional meetings "Business and Philanthropy"**

We had been working in 11 Bulgarian towns situated in the regions of Southwestern and Central Bulgaria during 2002. Regional meetings "Business and philanthropy" took place in the towns of Kustendil, Pernik, Blagoevgrad, Separeva banja, Dupnica, Radomir, Gabrovo, Veliko Turnovo, Drjanovo, Pavlikeni and Yakoruda. They were organized by BCAF or BCAF and a local partner /usually NGO/. Scenario and the agenda were designed and delivered by BCAF's staff. Senior representatives of businesses and local authorities attended as a majority.

We developed a new, improved version of feed-back questionnaires. Now the participants may evaluate the information from the meetings and say how they feel about applying some of it.

### **Local Resource Mobilisation Training workshops for NGOs**

In 2002, WCIF held 4 training workshops developed with the help of BCAF. BCAF's role was to engage representatives of business and local authorities speak to NGO-participants and share their experience in working with NGOs. In addition BCAF presented Bulgarian legislation and tax incentives for donations and payroll giving scheme to the participants. The presentations made by the representatives of the business and local authorities turned out to be one of the most useful and interesting part of the workshops. We were able to find most of the partners for organising and implementing "Business and philanthropy" meetings on those seminars.

#### **Pilot Initiatives:**

- Within the frame of the Programme of Counterpart International Bulgaria for Establishment of Community funds in Blagoevgrad, Gabrovo and Chepelare, we conducted a business meeting in Gabrovo. In 2003 BCAF will continue its involvement in the programme for helping these 3 community funds in their efforts in fundraising and particularly in the payroll giving.
- Rotary club in Blagoevgrad invited us to present the principles and practices of socially responsible business to its members.
- We encouraged NGOs to mobilise local resources in Kustendil and helped them by producing an application form for a small project to be presented to local companies. 3 NGOs used those forms and implemented some effective fundraising meetings with local businessmen.
- We supported the initiative of the Municipality of Gabrovo to organize "best businessman" award and participated in the Awarding ceremony.

## **PUBLIC RELATIONS AND NETWORKING**

In general, the in 2002 BCAF's PR was directed towards the image building of BCAF as a key organisation in regard to grantmaking, as well as expert on tax treatment for individual and corporate giving. Most of the public events reflected BCAF's involvement with the Partners Programme and Phare ACCESS Programme 2000.

At the end of the year, BCAF started to develop a new PR strategy for 2003, which aims to promote the More&More scheme and increase of trust in individual giving.

### **Web-sites**

In the end of 2002, we developed a new concept for BCAF's main web-site – [www.cafonline.org/bcaf](http://www.cafonline.org/bcaf), which is under construction at the moment and will be completed in 2003. There will be a Bulgarian version of the site, too.

A special web-site <http://poveche.abv.bg>, entirely in Bulgarian, is dedicated to promotion of the More&More scheme, aiming to aiming to improve the relationship with donors and potential recipients of donations.

### **Media Presence**

- More than 10 participations in National electronic media – Bulgarian National TV, BTV, & dni TV, NOVA TV, etc.
- More than 10 interviews for Bulgarian National Radio, Tangra radio, Darik Radio, etc.
- More than 40 publications in the press – national and regional
- 3 press-conferences

### **BCAF Publications**

In March 2002, BCAF published the handbook **Corporate Social Responsibility - Whys and Hows in Bulgaria and Worldwide**. It is the first of this type to be produced in Bulgaria. The main issues to be answered by the book were: why and how business give, how companies' community programmes may both meet strategic business objectives and social causes; what is the influence of the global transition from philanthropy to corporate social responsibility in the business sector in Bulgaria; what is the state support for development of community involved business, etc. The book contains also information on tax treatment of donations in Bulgaria, description of corporate philanthropy in Bulgaria together with 15 case studies of leading companies, among them: British Airways, Ford, Danone, Solvay, Umicore, MobilTel, Overgas, Unilever, etc., and BCAF experience in introducing payroll giving. The book was officially presented at the round table discussion for managers and PR managers of leading companies at the Radisson hotel.

In March and September 2002 BCAF published a colorful case-story book, entitled 'The one who seeks – finds a way' in 2 parts. The book contained 55 authentic stories - and pictures- of successfully completed projects, financed by Partners Program written by the sub-grantees themselves. Unfortunately, some of the NGOs lack skills for self-reflection and summarizing. The best texts and their authors received awards and small grants. The book's purpose was not only to register the achievements but also to serve as a tool for attracting new supporters to the initiatives described in it.

In 2002 we published 6 editions of the Partners Bulletin, issued in 1000 copies. It is distributed free of charge among NGOs, companies, media, local and central authorities. It contained information on financial management and reporting for NGOs, legal and fiscal frame, papers related to philanthropy, giving schemes, charity campaigns and initiatives, corporate donors. In separate special editions, we presented the projects, funded by the Partners Programme, as well as the two big events – the spring and autumn balls, which celebrated the successful completion of the projects under the programme.

We compiled and published an Annual Report 2001 in Bulgarian and English. This is the first BCAF annual report to be so well structured, professionally laid out and color printed which made it noticeable among other publications of Bulgarian NGOs.

**Networking**

BCAF is a partner to Workshop for Civic Initiatives Foundation and The C.E.G.A. Foundation in the project for NGO sector Review. It includes analysis of previous surveys and new research, incorporating various methods of gathering information – numerous discussions, focus groups, a special Reference group and the group of Counselors of the Review.

BCAF participated the Career 2000 project, organised by BBLF. We made a presentation on the opportunities and challenges for young people in the Third Sector to the students of the Sofia University SV. Kliment Ohridski.

**Membership**

BCAF is member of the Bulgarian Business Leaders Forum and the American Chamber of Commerce.

## **ORGANISATIONAL DEVELOPMENT**

The grant-making procedure, the number of applicants and sub-grantees, the geographical scope, the amount of granted funds, the number of external experts involved, and the number and variety of events we had in Partners program added immensely to our *credibility as a grant-making organization*. Thanks to the Partners Programme, there was a definite increase in the popularity of BCAF in the non-profit sector. We established a database of NGOs, as well as informal network, which we constantly use for other activities and projects, too.

The availability of funds for completing the plan for our own organisational development helped the *improvement of our management systems*. 3 board and/or staff retreats were carried out for self-assessment, strategic and operational planning, resulting in adoption of the next 5 year (2003 – 2008) Strategic plan by the Board of Directors.

Members of BCAF team participated in various training activities for improving their capacity of a grant-maker during the training programme offered by ISC and other providers - training in advocacy skills, training in media relations, for-profit activities for NGOs, quality of social assistance and the role of NGOs, sustainability training, etc.

Participation in the Phare Access programme 2000 provided for the improvement of the organisational capacity in regard to project management, evaluation and monitoring, reporting according to EU standards

Penka Tsvetkova and Marina Tokusheva participated in the first International *Corporate Week in London*, organised by CAF- UK, which gathered all Corporate Services Managers from the CAF Network. The event aimed at improvement and unification of CAF practices in the sphere of Corporate Services, as well as exchange of ideas and working methods, regarding the cultural differences throughout the world. The knowledge gained was incorporated in BCAF's strategic plan, regarding development of Corporate and Individual giving practices in Bulgaria.

In 2002 Lyudmila Atanassova continued her participation in the Postgraduate Diploma Social Development Practice, run by Development School – UK, funded by C.S.Mott and Rockefeller Brothers Fund. The overall objective is to develop CEE practitioners - community development workers, NGO consultants and social advocates so that they are able to respond to social situations and to facilitate social groups (organisations, communities, alliances) to increase their capacity to contribute to beneficial social change.

Kalin Tzekov completed a four module training on Advocacy, organised by ISC. He was one of the 7 participants, offered a 2 week continuation of the training in USA, because of their high motivation and achievements during the course.

As a member of BBLF BCAF signed an agreement to follow the principles of the Code of Business Ethics. To great extend the Bylaws for Public benefit activities, approved by BCAF is based on the above principles.

### **Board of Directors**

#### **Chairman**

*Michael Tachev*

#### **Members**

*Stephen Ainger, CAF-UK*

*Antonina Stoyanovska*

*Avgustina Tzvetkova*

*Irina Nedeva*

*Ivo Christov*

*Ivo Prokopiev*

*Lyuben Belov*

*Nikolay Mladenov*

#### **Staff**

Elitsa Barakova  
Executive Director

Penka Tsvetkova  
Deputy Director

Kalin Tsekov  
Coordinator

Lyudmila Atanassova  
Coordinator

Plamen Peykov  
Coordinator

Marina Tokusheva  
Coordinator

Kamelia A. Stancheva  
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