Barriers to Civil Society Organisations' participation in EU-Funded programmes in Bulgaria

Technical review and recommendations on the application of state aid / de minimis Regime and the withdrawal of advance payments

Eurochild
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1. Introduction

Civil society organisations (CSOs) play a vital role in the effective implementation of EU-funded programmes, particularly in reaching vulnerable and marginalised groups, promoting social inclusion, introducing innovations and strengthening public accountability. This is recognised by Regulation (EU) 2021/1060, Article 8 (partnership principle) and the European Code of Conduct on Partnership.

According to the Civic Participation Index 2023 report, there is a decline in the activity of CSOs due to their limited opportunities to participate in decision-making processes and difficult dialogue with public bodies. Among the factors preventing CSOs from participating more actively in civic activities and initiatives, over 70% respond that they do not have enough people in the team to participate. CSOs face major challenges, such as, reduced staff teams, and the lack of sufficient capacity, both caused by a lack of funding, a trend Eurochild has observed across Europe.

Despite this, public support for CSOs to represent their interests or solve complex societal problems has doubled, from 16% to 38% (America for Bulgaria Foundation, 2024) - despite social changes from 2018 to 2024 during a time of increased political instability in Bulgaria.

The Bulgarian government has an understanding of the need to increase the capacity of national CSOs. This is evident from its recently published call, part of the Technical Assistance programme, BG16RFTA001-1.010 "Active and competent civil society organisations to increase the added value of cohesion policy in Bulgaria". This seeks to:

(1) to strengthen the administrative capacity of CSOs to apply the partnership principle in the implementation, monitoring and evaluation of the Partnership Agreement 2021–2027 programmes and in preparing the subsequent programming period (the new Multiannual Financial Framework, 2028-2034);

(2) to increase civic participation and commitment to that principle across the same implementation, monitoring, evaluation, and programming cycles.

However, structural obstacles to accessing funds remain. During the current EU budget period (2021–2027), administrative and regulatory barriers are significantly restricting the participation of Bulgarian CSOs in EU-funded programmes.

Responding to these access challenges, in the summer of 2025, Eurochild, together with its Bulgarian members and partners - 10 child rights CSOs and one academic institution - conducted survey and interview-based research to identify the main barriers facing

Bulgarian CSOs in accessing EU funding. The findings confirmed long-standing concerns previously documented by national organisations (NGOBG, Amalipe, BCNL). International organisations (Eurochild) have voiced concerns over the Bulgarian government's primary control of the funding, which limits accessibility for other non-governmental stakeholders. Calls for proposals are technically open to civil society organisations (CSOs), but the administrative criteria and co-financing requirements make it difficult to access these resources.

This effectively leads to a lack of participation of civil society and is cited as one of the main reasons for an underspending of EU funds in Bulgaria. This has also reduced the overall quality of accepted proposals, as evidenced by lower evaluation scores in certain programmes (Amalipe).

Two issues have proven particularly restrictive:

1. The ***de minimis regime*** applies even to non-economic, public-benefit activities.
2. The **absence of advance payments** undermines the financial viability of CSO participation.

Both barriers stem from national-level decisions and interpretations of, rather than direct guidance from, European Union regulations. Their combined effect has had a detrimental effect on civil society participation, excluding competent organisations from accessing EU funding programmes, and the failure of competitive selection procedures, due to insufficient eligible applicants.

These barriers contradict both the principles of partnership and proportionality enshrined in the Common Provisions Regulation, and the objectives of the European Social Fund Plus (ESF+). One of **the key challenges** outlined in the 2025 Country Specific Recommendation that Bulgaria has received from the EU's socio-economic review in the European Semester is that "*the involvement of local and regional authorities, social partners, civil society and other relevant stakeholders remains essential in order to ensure broad ownership for the successful implementation of the Recovery and Resilience Plan*". This lack of involvement is hindering Bulgaria's efforts to make optimal use of EU instruments.

2. Findings

2.1. Restrictive application of the state aid / *de minimis* regime

The *de minimis* regime exists to prevent market distortion in economic activities by capping public support to a small amount - currently up to €300,000 per "single undertaking" over any three fiscal years - so the public aid is too small to affect competition or trade. However, most CSO interventions financed through ESF+, such as community mobilisation, education, and social inclusion, are **non-economic in nature**. At the EU level, educational and non-market social activities are exempt from state aid rules.

During the first programming period after Bulgaria joined the EU, 2007-2013, the *de minimis* regime was not applied to CSO projects. In the second period, 2014-2020, however, the Operational Programme "Science and Education for Smart Growth" (OPSESG) introduced the regime after 2018, despite its initial exemption. Under *de minimis*, a single organisation may receive a maximum of EUR 200,000 (EUR 300,000 as of 2024) over a rolling three-year period.

In practice, this means that a CSO chosen to implement one project of approximately BGN 585,000 (EUR 300,000) becomes ineligible to apply for further funding or to partner on additional projects for the next three years. The national CSOs interviewed to inform this report shared that this cap disproportionately excludes medium and larger CSOs, and has led to reducing competition in open calls. It has at times contributed to failed selection procedures, due to an insufficient number of eligible applicants.

European Commission representatives in Monitoring Committees have repeatedly indicated that applying *de minimis* to such CSO activities is unjustified and that other Member States have identified lawful ways to avoid it. Responsibility for interpretation and implementation rests with the national Managing Authorities (for ESF+ in Bulgaria, this is the Ministry of Labor and Social Policy) and the Bulgarian Ministry of Finance.

The continuation of a restrictive application of the *de minimis* regime is therefore an administrative choice by the National Managing Authority that limits competition and undermines the objectives of the ESF+ in fostering inclusive participation.

2.2. Elimination of Advance Payments

Another barrier that has disproportionately affected smaller CSOs has been the removal of advance payments has created an additional barrier.

In previous programming periods, CSOs could typically rely on an advance payment of up to 20% of the total project value. Since 2022, this mechanism has been effectively withdrawn for CSO-led projects under ESF+ funded initiatives. Again, this is not due to EU requirements but rather a national practice that allows advance payment only when fully secured by a bank guarantee or insurance. Earlier, CSOs could provide a promissory note ("запис на заповед"), which proved workable in practice and rarely resulted in losses for Managing Authorities.

The new security requirement is financially prohibitive. Obtaining a bank guarantee often entails locking up equivalent cash or collateral - resources that smaller and medium-sized CSOs often lack. As a result, many organisations are unable to serve as lead beneficiaries. Instead, CSOs join as partners to municipalities or schools that continue to receive advances. Projects have been delayed or cancelled where CSOs cannot pre-finance early activities. This unequal treatment of beneficiaries has discouraged direct CSO participation.

EU-level rules do not prohibit the use of promissory notes or advances. Indeed, other donors - including the European Commission under CERV (direct management fund) and comparable programmes - disburse advances of up to 80%, even where recovery may occasionally require legal proceedings.

Indeed, even in instances in which a 20% advance payment has been provided, organisations can find themselves facing financial difficulties because of the long verification process of the financial reports. This forces the organisations to use the organisation's own funds or take loans, and contributes to the 'starvation cycle' faced CSOs resulting from constraining funding practices. The organisations surveyed for this report shared experiences of funding delays for as long as 6 months and up to 9 months if an organisation is working in partnership with a municipal authority with its own protracted financial procedures.

Small or medium-sized CSOs can find it excruciatingly difficult to sustain project activities to avoid a damaging hiatus pending the receipt of further funding.

3. Key conclusions and recommendations

Both barriers - inappropriate application of *de minimis* regime, and the lack of advance payments for CSO beneficiaries - share common characteristics:

- They are national-level administrative choices, not EU obligations.
- They demonstrate an excessive risk-avoidance approach that prioritises bureaucratic safety over effectiveness and partnership.
- They reduce competition, discourage capable CSOs from applying, and limit the diversity and quality of project implementation to address pressing social challenges.

In the longer term, these practices are creating a systematic exclusion of civil society. Both practices reinforce the dominance of institutional beneficiaries, and undermine the objectives of ESF+, including the partnership principle embedded in the Common Provisions Regulation governance of EU Cohesion Policy.

The current application of *de minimis* to CSO-led interventions treats non-market, public-benefit activities as if they were economic, creating artificial funding caps and excluding capable organisations from competition.

A proportionate, EU-consistent approach is needed to distinguish genuinely economic activities from social and educational work, align practice across programmes, and provide legal certainty to both authorities and applicants.

The withdrawal of advance payments for CSO beneficiaries - combined with restrictive forms of security - has shifted cash-flow risk onto organisations least able to carry it. This has delayed or deterred participation, favouring access for public bodies. Restoring proportionate advance mechanisms will level the playing field, improve delivery timelines, and safeguard competition and diversity among implementers.

Recommendations for policymakers:

Regarding the *de minimis* / state aid regime

1. Adopt a formal interpretation that non-economic, public-benefit activities and services implemented by CSOs (education, inclusion, rights, community work) are not subject to *de minimis* / state aid rules.
2. Ensure harmonised application across all programmes (Programme "Education", Programme "Human Resources Development" and others) to prevent inconsistent or excessively restrictive practices.
3. Engage with the European Commission to confirm the legality of this interpretation and to document comparable approaches in other Member States.
4. Where caution remains necessary, the Managing Authority of Programme "Education" partial approach - applying *de minimis* only to staff and operational costs - may be retained as a temporary solution.
5. Require technical assistance and capacity building for the Management Authority to efficiently manage EU funds. Learn from other MS how to overcome these barriers.

Regarding advance payments

6. Reinstate the 20% advance payment mechanism for CSO beneficiaries under all EU-funded programmes and streamline financial review procedures to radically reduce their duration. Consider increasing the advance payment to encourage small and or medium-sized CSOs to apply and to make the process more inclusive.
7. Reintroduce the use of promissory notes ("запис на заповед") as an acceptable and proven form of guarantee.
8. Guarantee equal treatment of beneficiaries, avoiding discriminatory financial requirements for CSOs compared to public institutions.
9. Establish monitoring and transparency mechanisms to track the proportion of CSO-led projects and assess whether administrative rules discourage participation.

Learn from other EU Member States how to handle this specific situation, the European Centre for Social Innovation can provide valuable guidance and support in this process.

4. Conclusion

The effective participation of civil society organisations (CSOs) in EU-funded programmes is essential for inclusive, transparent, and sustainable results; yet today's restrictive practices on *de minimis* and advance payments are neither required by EU law but rather stemming from excessive administrative caution and limited political will.

Resolving these barriers does not demand regulatory change but clear political decisions implemented through administrative guidance and coherent policy coordination.

Eurochild and our partners in Bulgaria underscore the need for unified, inter-ministerial action - between the Managing Authorities, the Ministry of Finance, and the relevant ministers - and for a renewed governmental commitment to the Partnership Principle and the Code of Conduct on Partnership under the Common Provisions Regulation in EU programmes. This is especially timely in the later years of the current EU Multiannual Financial Framework, and with a view to the new programme period 2028-2034.

Addressing these two issues will significantly enhance the effectiveness of EU funds in Bulgaria, strengthen genuine partnership with civil society, and ensure that European resources benefit the communities that need them most.

For more information, contact:
Kristiana Stoyanova,
Policy and Advocacy Officer – Child Poverty (outgoing),
Kristiana.Stoyanova@eurochild.org
Ciaran O'Donnell,
Partnerships and Programmes Coordinator,
Ciaran.ODonnell@eurochild.org
Zuzana Konradova,
EU Affairs Coordinator,
Zuzana.Konradova@eurochild.org

Eurochild AISBL
Avenue des Arts 7/8, 1210 Brussels
Tel. +32 (0)2 511 70 83
info@eurochild.org – www.eurochild.org