

Inclusive Entrepreneurship Policies,  
Country Assessment Notes

# Bulgaria

2020



This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

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# Foreword

Inclusive entrepreneurship policies seek to ensure that everyone has an opportunity to create a sustainable business for those with realistic potential, regardless of their background. Business creation by people from under-represented and disadvantaged groups (e.g. women, youth, seniors, immigrants, the unemployed, people who experience disability) helps generate jobs, thereby fighting social and financial exclusion while stimulating economic growth.

These policies have become much more relevant with the COVID-19 pandemic, which has led to rapidly increasing unemployment and inactivity. Addressing this jobs crisis is one of the top policy priorities in European Union and OECD countries and inclusive entrepreneurship schemes have strong potential for moving some unemployed people back into work. Moreover, these policies can be leveraged to help re-boot economies as there is untapped growth potential among some of the target groups.

This note is the fourth country assessment note prepared by the Organisation for Economic Co-operation and Development (OECD) in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each EU Member State. Each note provides an overview of the entrepreneurship activities by women, youth, seniors, immigrants and the unemployed. It also provides an assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment, and suggests policy actions to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector.

The 2020 notes include a special section on entrepreneurship support for people who experience disability. This section provides an overview of the entrepreneurship activity levels, obstacles faced and policy responses. It also contains a new section on entrepreneurship framework conditions to provide additional context for interpreting the tailored policies and programmes.

These country-specific notes are part of a wider programme of work by the OECD and the European Commission that includes “The Missing Entrepreneurs” publications, the Better Entrepreneurship Policy Tool ([www.betterentrepreneurship.eu](http://www.betterentrepreneurship.eu)), a series of Policy Briefs on specific target groups, policies and issues, and national policy reviews of youth entrepreneurship and women entrepreneurship. This work stream examines how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice. For more information please refer to: [www.oecd.org/employment/leed/inclusive-entrepreneurship.htm](http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm).

# Acknowledgements

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This note was prepared by Prof. Zhelyu Vladimirov of Sofia University. David Halabisky of the OECD CFE edited the note under the direction of Dr. Jonathan Potter, also of the OECD CFE.

Much of the data contained in this note were prepared under the direction of Dr. Jonathan Levie of the Global Entrepreneurship Monitor.

Finally, this note benefited from feedback and suggestions provided by Julien De Beys and Guy Lejeune of the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.

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# Key messages

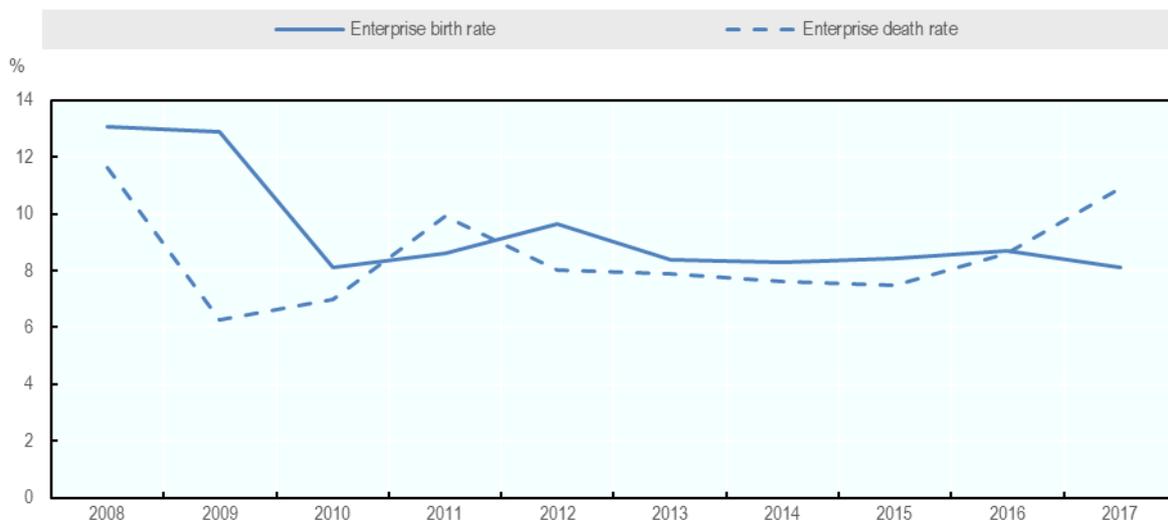
- The conditions for entrepreneurship are generally considered to be unfavourable. Overall, the regulatory and administrative environment contain lengthy processes and access to finance is challenging for most entrepreneurs.
- Data from the Global Entrepreneurship Monitor suggest that there are approximately 206 000 early-stage entrepreneurs (i.e. the number of people involved in starting a business or managing one that is less than 42 months old). The share of people involved in early-stage entrepreneurship over the period 2015-19 was below the European Union (EU) average (4.6% vs. 6.5%). This gap relative to the EU average was sizable across most population groups, notably youth (4.9% vs. 7.9%) and seniors (2.5% vs. 4.4%). However, the gender gap in early-stage entrepreneurship was small over this period and women were about as likely as the EU average to be involved in creating and managing new businesses.
- Eliminating all of the gaps in entrepreneurship activity rates across population groups would (i.e. applying the early-stage entrepreneurship rate of men who are 30-49 years old to the whole population) result in an additional 106 000 entrepreneurs. About 60% of these “missing” entrepreneurs are female, nearly 60% are over 50 years old and another 15% are youth (20-29 years old).
- There are currently few inclusive entrepreneurship policies and programmes. Entrepreneurship support consists of general financing and training schemes that are typically open to everyone, including disadvantaged groups.
- However, a small number of tailored entrepreneurship support schemes are in place and European Structural and Investment Funds remain a critical support for policies and programmes in this area. There is a fairly comprehensive support system for young entrepreneurs. Tailored training and mentoring is also available for women entrepreneurs, however the Strategy for Promoting Women Entrepreneurship was postponed to the next programming period (2021-27).
- Some population groups do not have access to tailored support, notably seniors and people who experience disability. In addition to these gaps, there is also scope to strengthen outreach efforts of general and dedicated entrepreneurship support schemes to under-represented and disadvantaged groups.
- Inclusive entrepreneurship policies and programmes could be further strengthened by:
  - Adopting and implement the Strategy for Women’s Entrepreneurship;
  - Making entrepreneurship more attractive to young people through continued development of entrepreneurship education and greater use of role models;
  - Developing a strategy to support senior in entrepreneurship; and
  - Increasing entrepreneurship support for people who experience disability.

# 1 Inclusive entrepreneurship trends

## Conditions for entrepreneurship

Business entry and exit rates were slightly above the European Union (EU) median over the past decade (approximately 7%) (Figure 1.1). After a sharp downturn with the onset of the financial crisis in 2008, the entry and exit rates have both been fairly constant at about 8%. However, there was an increase in enterprise exit rates after 2015. Most business entrants are in retail and wholesale trade, which consistently accounts for about 40% of new entrants. In general, the structure of business births and death mirrors the structure of the economy and this has been relatively stable over the past decade.

Figure 1.1. Business entry and exit rates



Note: Enterprise birth rate is the share enterprise births in the reference period (t) divided by the number of enterprises active in t. Enterprise death rate is the share enterprise deaths in the reference period (t) divided by the number of enterprises active in t. The construction sector is excluded from these rates.

Source: Eurostat (2020), Business demography statistics, <https://ec.europa.eu/eurostat/web/structural-business-statistics/data/main-tables>.

The regulatory environment for entrepreneurship is typically considered to be challenging. The World Bank ranks the level of administrative burden on new start-ups to be among the heaviest in the EU (Figure 1.2). During the period 2015-19, the government's efforts to improve the business environment lagged behind those in comparable economies, and as a result Bulgaria fell in international rankings. According to the Doing Business 2019 survey, Bulgaria ranked 25<sup>th</sup> in the EU in terms of the overall "friendliness" of the business environment. This was down four positions compared with five years earlier. It scored highly in some respects such as a low tax burden and the protection of minority shareholders. However, investors continue to face obstacles in a number of areas such as electricity connection costs and time, insolvency costs and a low recovery rate for creditors after the procedure, slow and expensive liquidation and closure

procedures compared to their registration. One of the problems remains the efficiency public institutions. The WEF Global Competitiveness Report 2017-18 ranked Bulgaria at 107th in the world on this indicator (and last in the EU). The dynamics of the country's performance on the sub-indicators of this indicator shows insufficient progress (Progress Report on Partnership Agreement, 2019).

The Bulgarian SBA profile shows that a number of improvements in different areas are needed. Bulgaria is below the average level in a number of indicators, among which are “second chance”, “responsible administration”, “skills and innovation”, “environment and internationalisation of business”. Available indicators do not show much change since 2013. It takes about 3.3 years to close bankrupt companies, which is about 1.3 years longer than the EU average and almost three years longer than in Ireland. The degree of public support for giving a “second chance” to honest, unsuccessful entrepreneurs slightly exceed the average. After the adoption of the SBA in 2008, no specific policies and measures were introduced to support the “second chance” entrepreneurs. Bulgaria has not yet followed the SBA's recommendations in this area (Restart Entrepreneurship Alliance Toolkit).

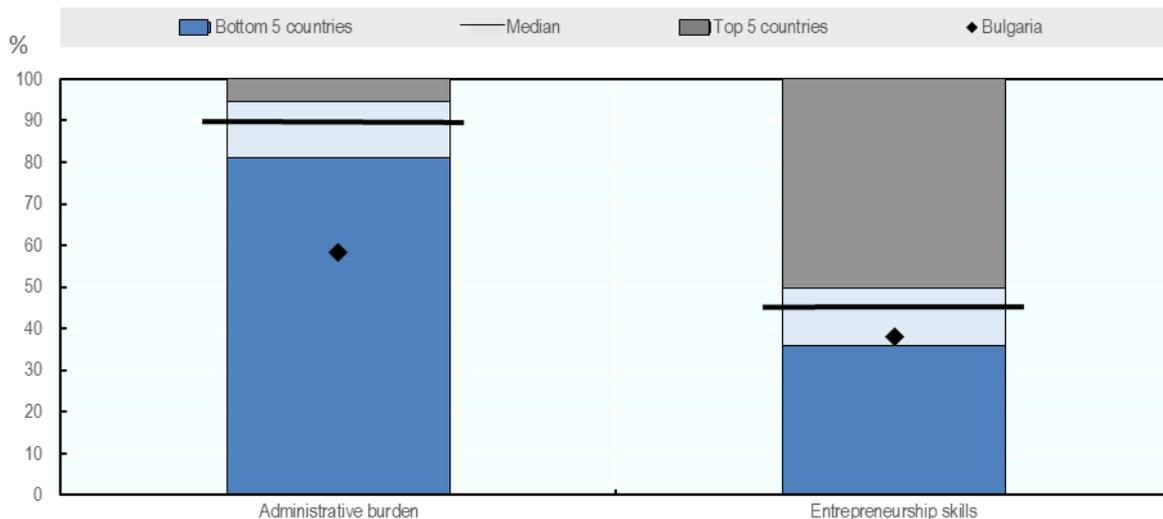
According to the Action Plan “Entrepreneurship 2020. Reviving entrepreneurship in Europe” regulatory burden should be softened, and entrepreneurs should be “normal users” of procedural requirements. However, almost three-quarters of Europeans find it too difficult to start their own business due to the complexity of administrative procedures. The main challenges for Bulgaria lie in upskilling its workforce, encouraging innovation, and fostering growth in entrepreneurship. Previous measures and initiatives taken so far have had only a limited effect, and there is a need for additional targeted and decisive policy measures to address these challenges. The efforts are needed to generate a more tangible improvement in business conditions for SMEs through more efficient administrative structures. These include modernising administrative services and reducing the administrative burden for SMEs (SBA fact sheets).

Moreover, a relatively small share of the population report having the skills needed to be an entrepreneur. Over the period 2015-19, just under 40% of adults self-reported that they had the skills to start and manage a new business. This was below the median for the EU (Figure 1.2) and would be expected to have a negative influence on business creation.

Access to finance for SMEs has improved significantly over the past decade. The European Central Bank study in 2017 shows that only 7% of SMEs in Bulgaria considered financing to be the most important problem they face, which is almost double the decrease in 2008. In 2019, this share dropped to 6% - slightly below the average level in the EU (7%) (EC, 2019b). The data from the 2018 SBA Fact Sheet reveals that the access of SMEs to a bank loan in the country is easier than the EU average (MF, 2019b).

## Figure 1.2. Conditions for business creation

Ranking relative to other European Union Member States, 2019



Note: The median score reported represents the median among EU Member States. Administrative burden is a score of 1 to 6 given to a country to reflect the relative scale of the administrative burden that new start-ups face. Entrepreneurship skills is the share of the population who report that they have the skills and knowledge to start a business. This indicator is an average of the period 2015-19.

Source: World Bank (2019), Ease of Doing Business Survey; GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

## Recent labour market trends

Economic growth in Bulgaria remained robust in the past three years (prior to the COVID crisis) and the labour market continued to perform well. Real Gross Domestic Product (GDP) (adjusted for inflation) grew by an estimated 3.2 % in 2018 and was expected to increase by 3.6% in 2019 and 2020, driven by domestic demand. Real wage growth continues to support consumer spending, while investment is increasingly spurred by EU funding.

Despite its relatively strong economic performance, Bulgaria has been slow to catch up with the rest of the EU. GDP per head, at 50% of the EU average in 2017, has grown only slightly faster than the EU average since 2011. The growth may be hampered by negative demographic trends and the increasing scarcity of skilled workers, as well as by increasing regional disparities. Investment in skills, social cohesion, infrastructure, research and innovation is needed to support competitiveness and the process of catching up with the rest of the EU (EC, 2019c).

The unemployment rate dropped from 13.0% in 2013 to 4.3% in 2019, less than the EU average (Figure 1.3). Unemployment among men decreased from 14.2% in 2013 to 4.6% in 2019, while the unemployment among women fell from 11.9% to 3.9% for the same periods. The unemployment among both youth and seniors for that periods also dropped significantly during these years – from 20.4% to 6.4% and from 11.7% to 3.5% respectively.

The inactivity rate also decreased over the past decade, falling from 33.3% in 2010 to 26.8% in 2019, approaching the EU average (26.6%) (Figure 1.3). This trend is common for all target groups, except for youth. While the inactivity rate dropped by more than 13 percentage points (p.p.) for seniors, it increased by about one p.p. for young people (Eurostat, 2020).

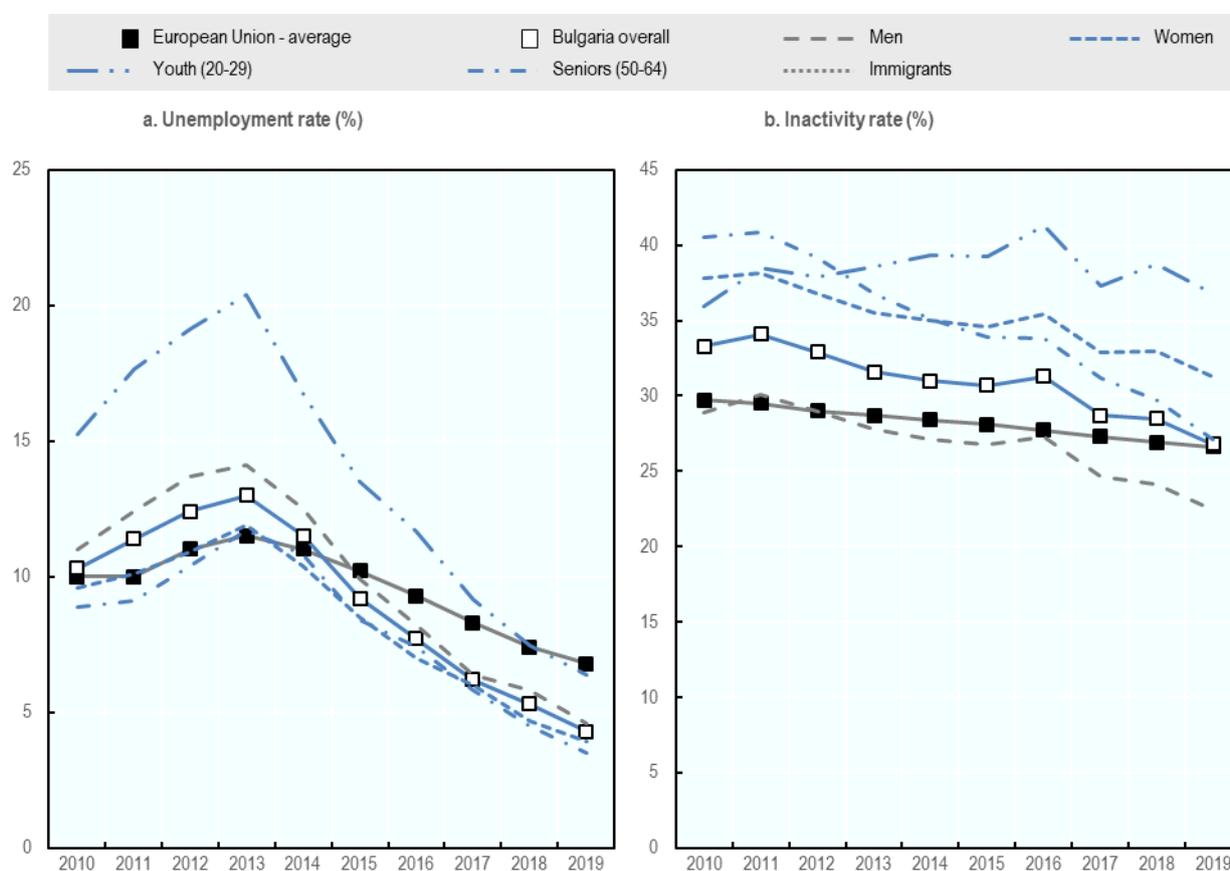
Although the labour market conditions improved, the employment rate for those 15-64 years old (70.1%, 74.1% for men and 66.0% for women) remains far from the national target (76%) for 2020. Despite the

positive dynamics of the indicator “youth unemployment” in period 2017-19, still a significant percentage of young people (7.5%) do not participate in any form of employment. Adverse demographic trends and some structural problems remain major obstacles to the normal functioning of the labour market. The population continues to decline (both due to negative natural growth and negative net migration) and is aging.

Poverty and social exclusion continue to be serious challenges. The relative share of people at risk of poverty is among the highest in the EU. In 2018 it reached 22.0%, which is an increase by 0.2 p.p. compared to 2014. The indicator “population at risk of poverty or social exclusion” decreased by 7.3 p.p. for the same periods, but the value of 32.8% in 2018 is the highest in the EU. The risk of significantly higher poverty is for unemployed and pensioners. Income inequality continues to increase, as in 2018 the Gini coefficient reached a value of 39.6, compared to 35.4 in 2014 (Progress Report on Partnership Agreement, 2019).

### Figure 1.3. Unemployment and inactivity

Proportion of the labour force that is unemployed and proportion of the working age population that is inactive



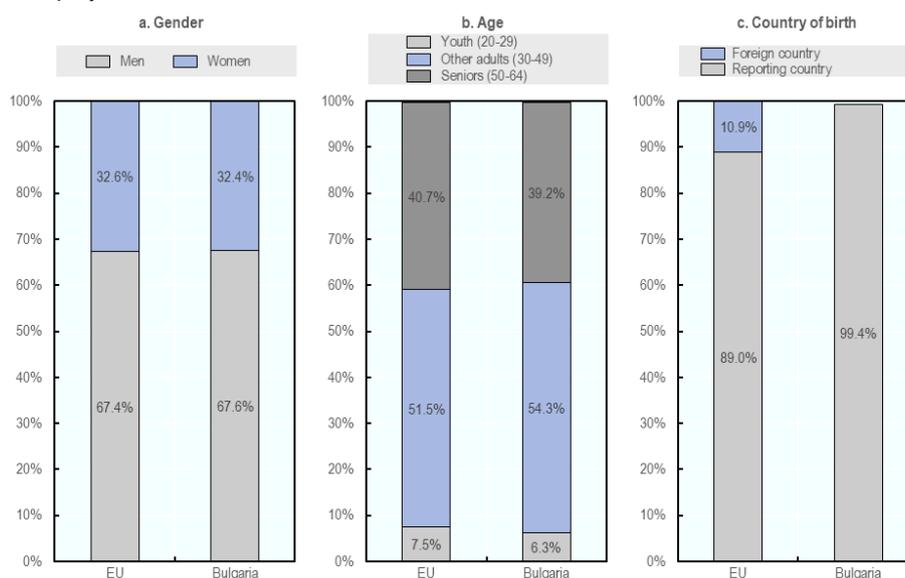
Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

## Self-employment activities

The shares of the self-employed men and women in Bulgaria are very similar to the EU average (67.6% for men and 32.4% for women respectively in 2019) (Figure 1.4). Compared to the EU average, the country has 1.2 p.p. smaller share of youth self-employed (6.3% vs 7.5%) and about 3 p.p. higher share of other adults (30-49). The great difference is in respect to the foreign self-employed, where they are almost 11% in the EU, and less than 1% in Bulgaria.

According to Yalamov (2020), at the beginning of 2020, about 11% of the population over the age of 18 in Bulgaria are entrepreneurs (business owners or self-employed). Moreover, the number of foreign-born entrepreneurs are increasing every year. Of total, 17% of the owners who founded a new company in Bulgaria in 2019 are foreigners, which suggests that the share of self-employed foreign persons could be higher. Based on many surveys, Krasteva (2019) also considers that most immigrants are self-employed, and have a small, medium or large business.

**Figure 1.4. Composition of the self-employed**  
Proportion of self-employed workers, 2019

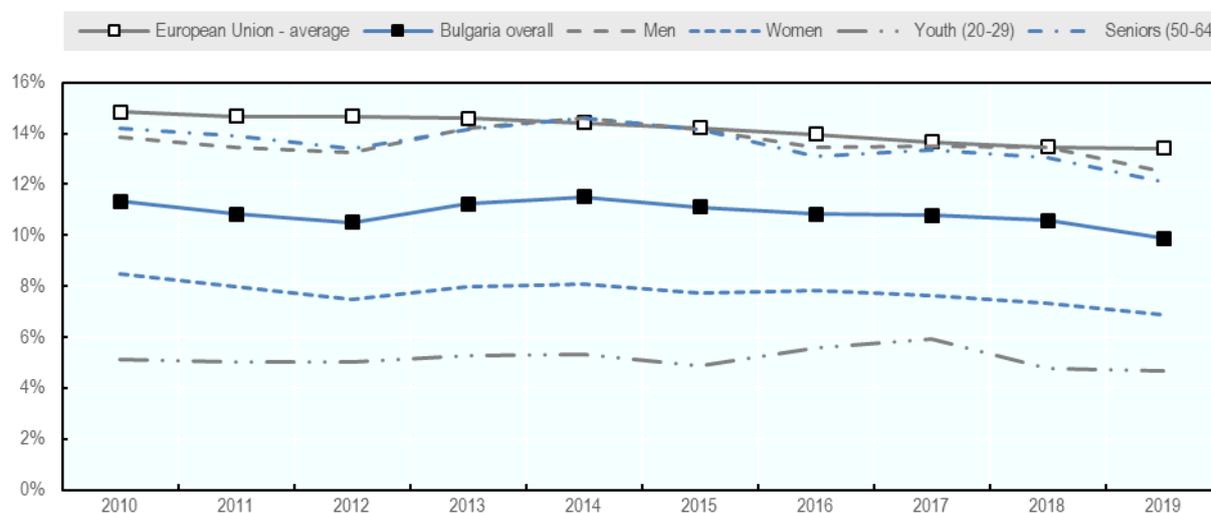


Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

The self-employment rate in Bulgaria continues to be lower than the EU average (9.5% vs 12.5%), and it even decreased with 0.5 p.p. in 2019 compared to 2018 (Figure 1.5). The decrease is for all population groups. In general, there are very small changes in the values of self-employment rate since 2010 as these remains almost the same. For example, the self-employment rate for men in 2010 was 12.3%, and it was 11.9% in 2019; for women – 7.7% and 6.6% respectively; for youth 5.1% and 4.6%; and for senior 13.0% and 11.7% respectively. The same is the trend for the EU as a whole – the self-employment rate decreased from 13.4% in 2010 to 12.5% in 2019.

**Figure 1.5. Self-employment rate**

Proportion of employment that is self-employed



Note: There is a break in time series in 2010 and 2011. Data for youth includes the estimate for the age group 20-24 years old, which is of low reliability.

Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

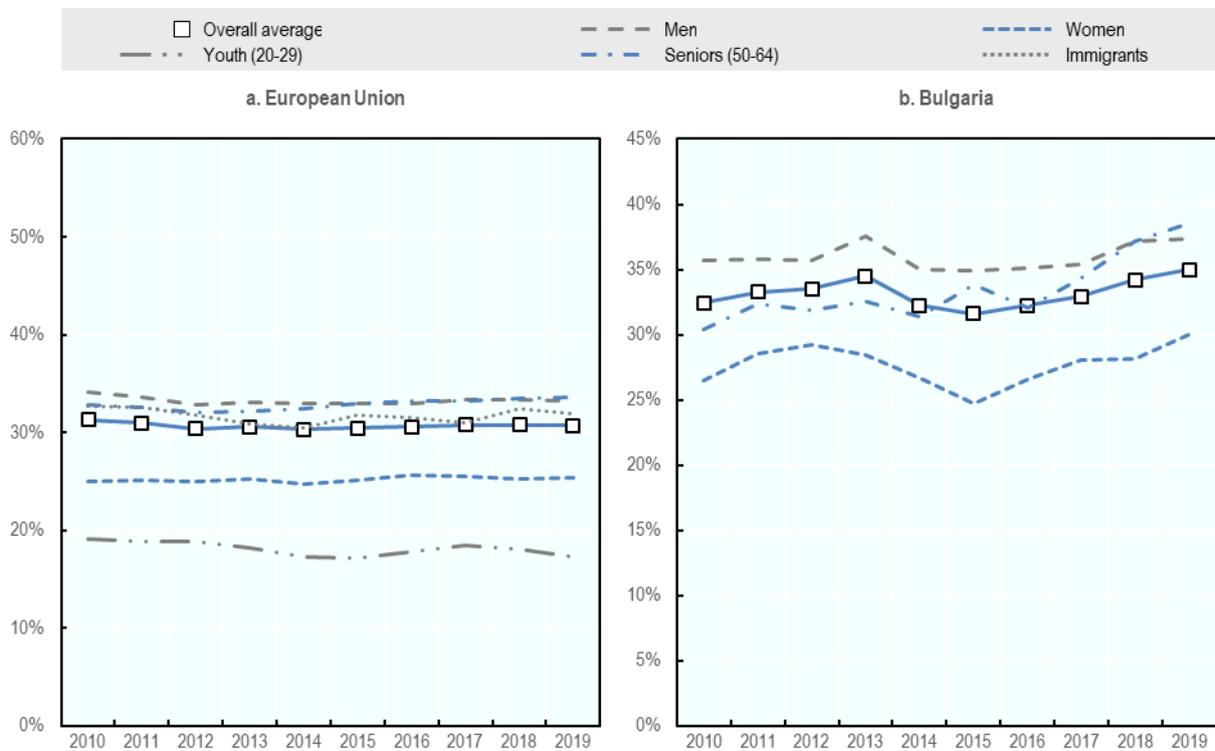
While the proportion of self-employed with employees in the EU remains almost the same in the last three years (30.8% in 2017 and 30.6% in 2019), there has been a decrease in the share of the youth self-employed with employees from 20.6% to 18.8% (Figure 1.6). The share of self-employed seniors self-employed with employees was fairly constant at about 31%.

Conversely, the proportion of self-employed with employees in Bulgaria increased from 32.9% in 2017 to 35% in 2019. This increase is characteristic for self-employed men with employees (from 35.4% to 37.3%), self-employed women with employees (from 28% to 30%), and particularly for self-employed seniors with employees with more than four percentage points (from 34.3% to 38.6%). In general, the trend was ascending, which was in line with the cycle of economic growth.

However, there are no disaggregated data about the share of both youth and immigrants self-employed with employees. For the foreign entrepreneurs, however, it could be due to what researchers have observed – namely that a small number of refugees and persons with humanitarian status have registered employment contracts. If about 60% of asylum seekers and refugees work without a contract mostly in the companies of foreign entrepreneurs (Iliev, 2017), the latter may prefer not to reveal that.

**Figure 1.6. Self-employed as employers**

Proportion of the self-employed who employ others



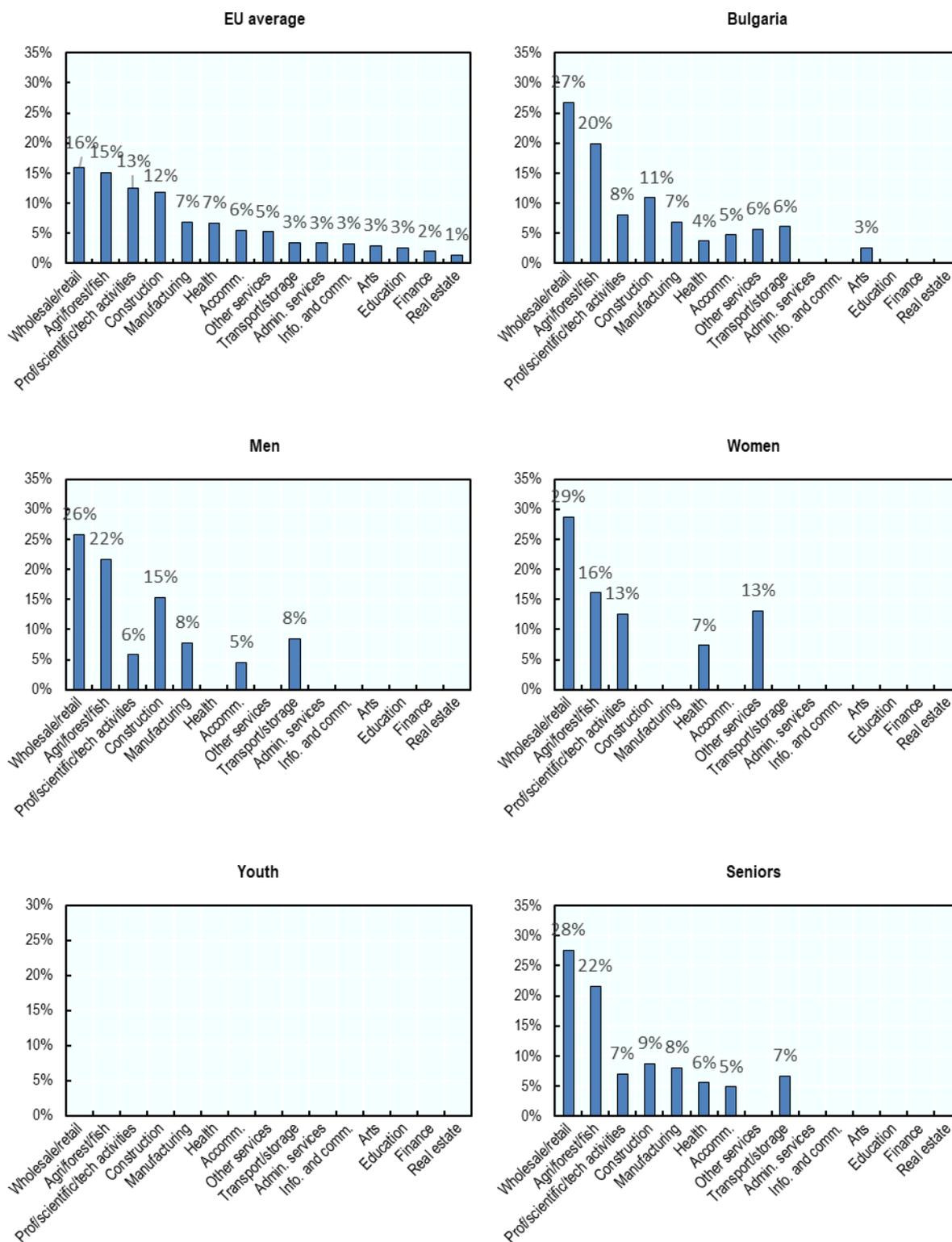
Note: There is a break in time series in 2011. Reliable data is not available for youth and immigrants.

Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

The majority of self-employed persons are working in the sector Wholesale and retail trade, repair of motor vehicles (26.7% compared to 16% on average in the EU) (Figure 1.7). There is a significantly higher share of self-employed working in Agriculture, forestry, and fishing relative to the EU average (19.9% compared with an EU average of 15.1%), particularly for men and seniors (21.6% for both categories). Contrary to that, the share of self-employed among professional, scientific, and technical activities is smaller (8.0% vs. 12.6% on average in the EU). Only the share of self-employed women in this sector is comparable to the EU average (12.5% and 12.6% respectively). In the other two sectors – construction and manufacturing – the proportions of self-employed in Bulgaria and the EU are compatible. Part of the self-employed men in Bulgaria are presented also in the transportation and storage sector (8.5%), and part of the self-employed women – in Human health and social work activities sector (7.4%). This distribution of self-employed among different economic sectors reflects the structure of the Bulgarian economy, which is characterised with less advanced and technology innovative sectors compared to the EU average.

**Figure 1.7. Self-employment by economic activity**

Distribution of the self-employed by sector, 2019



Note: Reliable data for youth are not available.

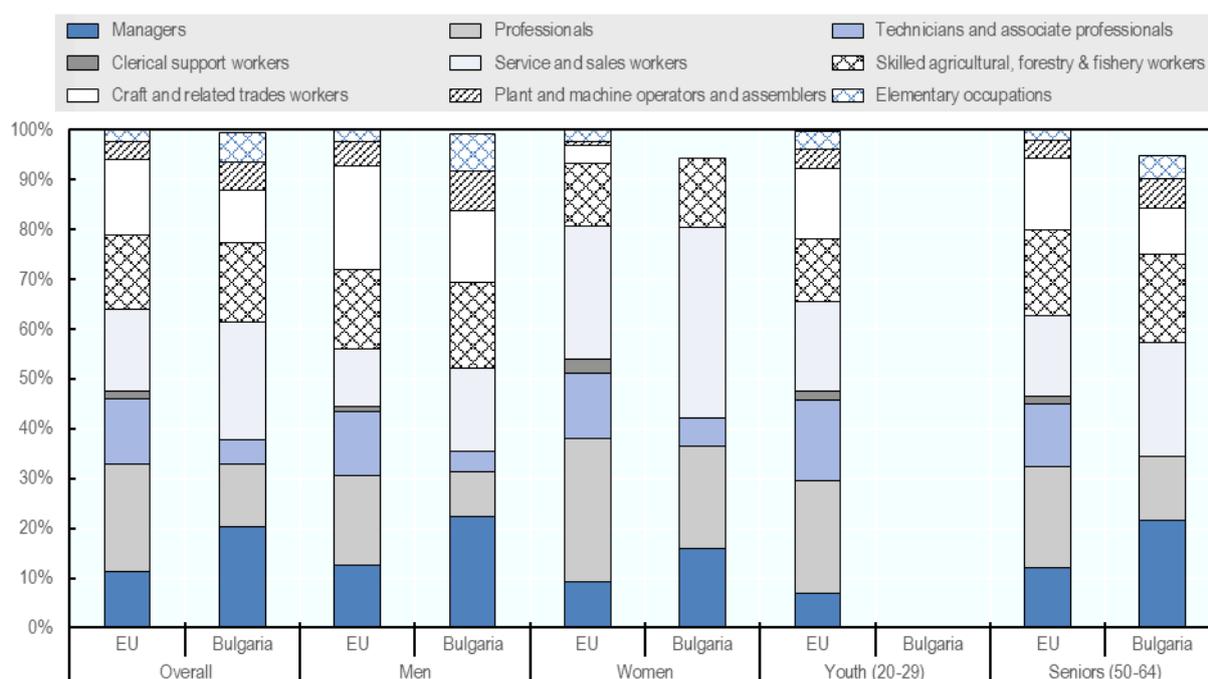
Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

Of the self-employed people in Bulgaria, 71 500 described themselves as managers, 44 900 as professionals, 17 800 as technicians, 77 000 as in sales and services, 56 000 as in skilled agriculture, 34 100 as plant and machine operators, and 17 800 as in elementary trades (Figure 1.8). In difference to the EU average, the share of managers among self-employed in Bulgaria is almost two time higher (20.3% vs 11.4%), and this is consistent for self-employed men, women, and seniors. There is a greater share of service and sales workers (23.6% vs 16.6%) in Bulgaria, particularly for self-employed women (38.3% vs 26.6%). The share of self-employed with elementary occupations is also higher in Bulgaria (5.8% vs 2.3% in the EU), particularly for men (7.5% vs 2.3%) and senior people (4.6% vs 1.9%).

At the same time the share of professional is more than one and half times smaller in Bulgaria than in the EU on average (12.6% vs 21.6%), particularly for men (8.9% vs 18%). The same is true for technicians and associate professionals (4.8% in Bulgaria compared to 12.9% in the EU). As it was said, this distribution may reflect the less advanced and technology intensive structure of the Bulgarian economy. Bulgaria has also a smaller share of self-employed craft and related trades workers (10.5% vs 15.1% in the EU).

**Figure 1.8. Self-employment by occupation**

Distribution of the self-employed by occupation



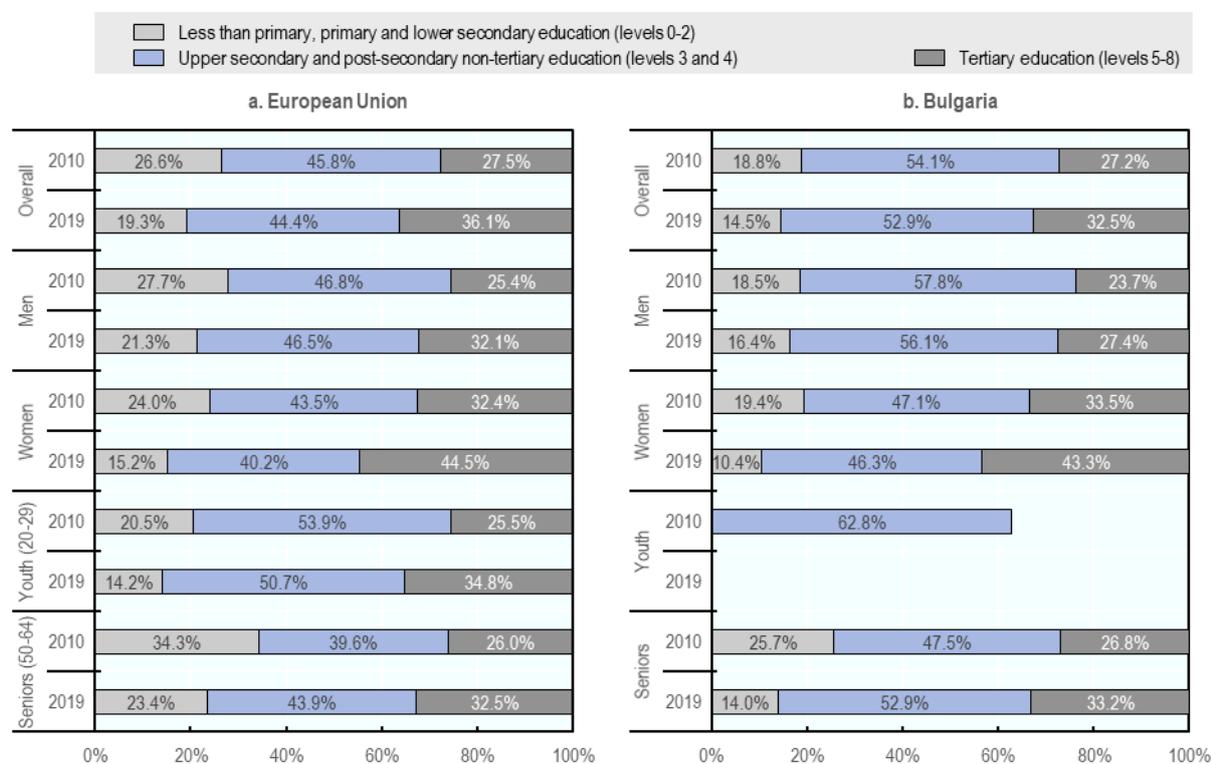
Note: Reliable data for youth is not available.

Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

The proportion of self-employed with less than primary, primary and lower secondary education decreased in both the EU and Bulgaria. Nevertheless, about 432 700 people or 13% of the workforce in Bulgaria in 2019 have only primary education or less (Figure 1.9). The greater share of self-employed in Bulgaria have upper secondary and post-secondary non-tertiary education level (52.9%), higher than the EU average (44.4%). This is valid for self-employed men, women, and senior, although there is a small decrease of these shares for men and women, and a significant increase of the share of senior self-employed between 2010 and 2019. If in 2010 the proportion of self-employed with tertiary education in Bulgaria and the EU was compatible, in 2019 it is already lower compared to the EU average (32.5% vs 36.1%), and this is valid for self-employed men and women, but not for seniors.

**Figure 1.9. Self-employment by education level**

Distribution of the self-employed by educational attainment



Note: Data is only available for youth for level 3-4 in 2010. Data for youth contains data that is unreliable for some employer status.

Source: Eurostat (2020), Labour Force Survey, <https://ec.europa.eu/eurostat/web/lfs>.

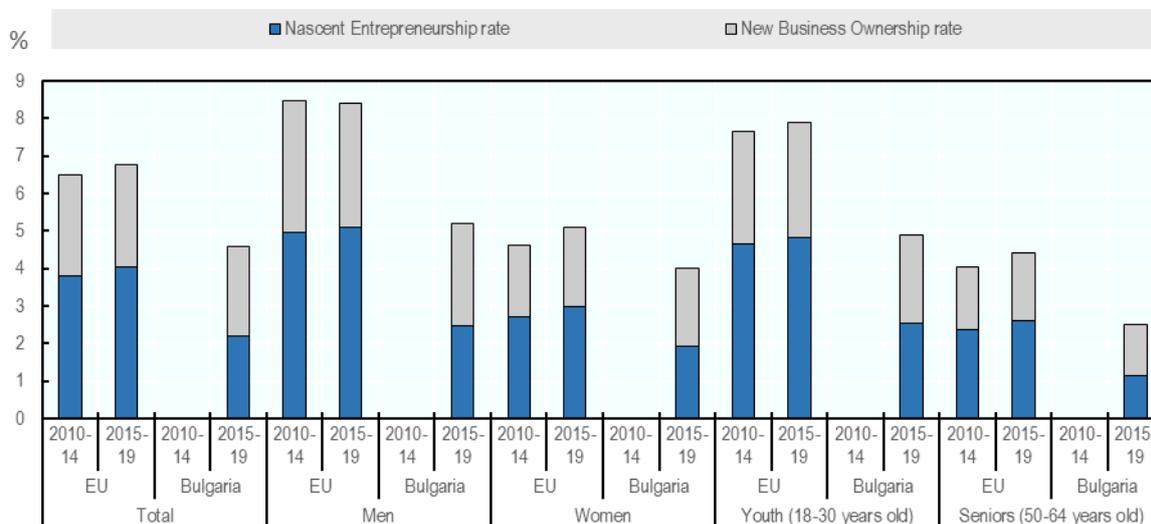
## Entrepreneurship activities

Both the nascent entrepreneurship rate and the new business ownership rate in Bulgaria were lower than the EU average for the 2015-19 period (2.2% vs. 4.0% for the nascent entrepreneurship rate, and 2.4% vs. 2.8% for the new business ownership rate) (Figure 1.10). Particularly, the nascent entrepreneurship rate for men in Bulgaria was more than 2 times lower (2.5% vs 5.2%), as well as for seniors (1.1% vs 2.6%). Only the new business ownership rate for women in Bulgaria and the EU is comparable in the same periods (2.1%), while it is lower for other target groups. Although the youth in Bulgaria continue to be the focus of the entrepreneurship policies, their nascent entrepreneurship and new business ownership rate remain far from the EU average (2.5% vs. 4.7% for the nascent entrepreneurship rate and 2.4% vs. 3.1% for the new business ownership rate).

The typical Bulgarian entrepreneur is about 40 years old, has a family and is well-educated – university degree. The sectors they choose are mainly related to services and trade. Mostly start micro or small businesses (Zlateva and Vulchinov, 2018). The “average” Bulgarian male entrepreneur, who founded a new company in 2019, was 41 years old, the female entrepreneur was 42 years old, while the average age of a small business owner is 50 years. One third of the entrepreneurs who founded a company in 2019 have participated in at least one company before.

**Figure 1.10. Nascent entrepreneurship and new business owners**

Proportion of the population (18-64 years old) that self-report being engaged in nascent entrepreneurship activities or new business owners



Note: The nascent entrepreneurship rate is defined as the proportion of the adult population (18-64 years old) that is actively involved in setting up a business they will own or co-own; this business has not paid salaries, wages or any other payments to the owners for more than three months. The new business ownership rate measures the proportion of the population (18-64 years old) that is currently the owner-manager of a new business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months. All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19) Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

A significantly greater share of self-employed in Bulgaria started their business out of “necessity” relative to the EU average (30.2% vs 19.2%) (Figure 1.11). Necessity entrepreneurship was particularly strong among self-employed women (32.5% vs 21.1%) and seniors (34.0% vs 23.7%). This is consistent with the growing skills gaps observed in the labour market and the need to boost productivity and innovation among micro and small firms (SBA Fact Sheet, Bulgaria, 2019).

### How many “missing” entrepreneurs are there?

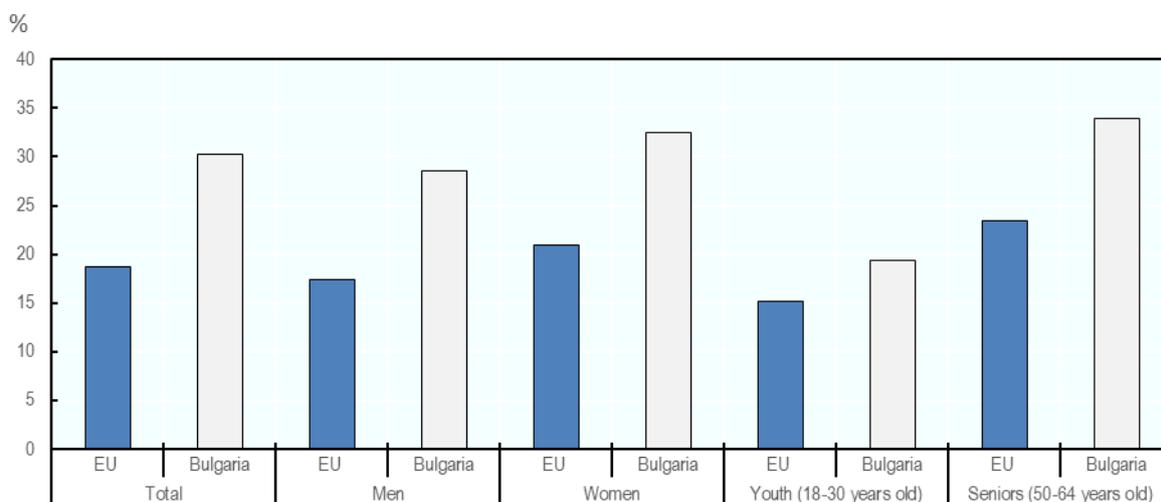
The gaps in early-stage entrepreneurship rates across population groups suggest that there are many “missing” entrepreneurs. There are currently about 206 000 early-stage entrepreneurs in Bulgaria (i.e. those starting or managing a business that is less than 42 months old) and this number would increase by about 106 000 if the early-stage entrepreneurship rate for core-age males (30-49 years old) was applied to the whole population.

A similar exercise can be done for each population group by applying the rate for core-age males to each group (i.e. women, youth, seniors, immigrants). This shows that about 60% of these “missing” entrepreneurs are female, nearly 60% are over 50 years old and another 15% are youth (20-29 years old).

Public policy should not seek to convert all of these “missing” entrepreneurs into actual entrepreneurs. Entrepreneurship is a labour market activity that involves risk and it is not suitable for everyone. Nonetheless, the exercise of estimating the number of “missing” entrepreneurs can illustrate the scale of entrepreneurship gaps and the potential benefits if some of the gaps in activity rates were reduced.

### Figure 1.11. Necessity entrepreneurship

Proportion of nascent entrepreneurs and new business owners (18-64 years old) that self-report that their entrepreneurship is necessity-driven, 2015-19



Note: Necessity entrepreneurship is defined as entrepreneurship activities that were launched because there were no other options in the labour market. All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19) Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

**Table 1.1. Self-employed persons by reasons to start an independent activity**

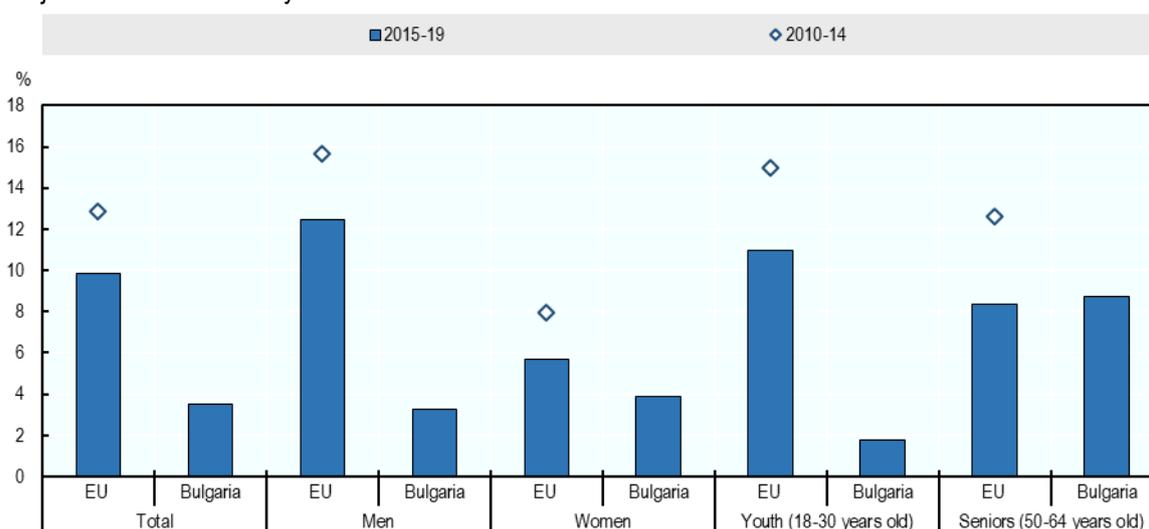
Reasons for starting an independent activity	Total	Employers	Self-employed
Did not find employment as employees	72 000	7 200	64 800
This is common practice in the field in which they work	66 700	14 100	52 600
An appropriate opportunity arises	148 400	67 600	80 800
Continuing a family business	15 000	7 200	7 800
Desire to work flexible working hours	17 300	6 200	11 100
Other	29 400	11 000	18 300
Not specified	(4 100)	(0 500)	(3 600)
Total	352 900	113 800	239 000

Source: NSI, 2018

It seems that there is a linear association between necessity driven entrepreneurship and a share of growth oriented self-employed – the greater the share of necessity entrepreneurship, the lower the share of growth-oriented entrepreneurship. While the share of growth oriented self-employed on average in the EU was 9.8% between 2015 and 2019, it was only 3.5% in Bulgaria (Figure 1.12). This low share is consistent with the low share of Bulgarian entrepreneurs that pursue innovative activities or international trade (OECD/EU, 2019). The share was particularly small for self-employed men (3.2% vs. 12.3%) and youth (1.8% vs. 11.1%), while it was compatible for seniors (8.8% and 8.9%). This data suggests also that the growing entrepreneurs in Bulgaria are among the older ones, and they are also aging, which raises the issues of business inheritance.

**Figure 1.12. Growth-oriented entrepreneurship**

Proportion of nascent entrepreneurs and new business owners (18-64 years old) that expect to create at least 19 new jobs over the next five years



Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19) Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

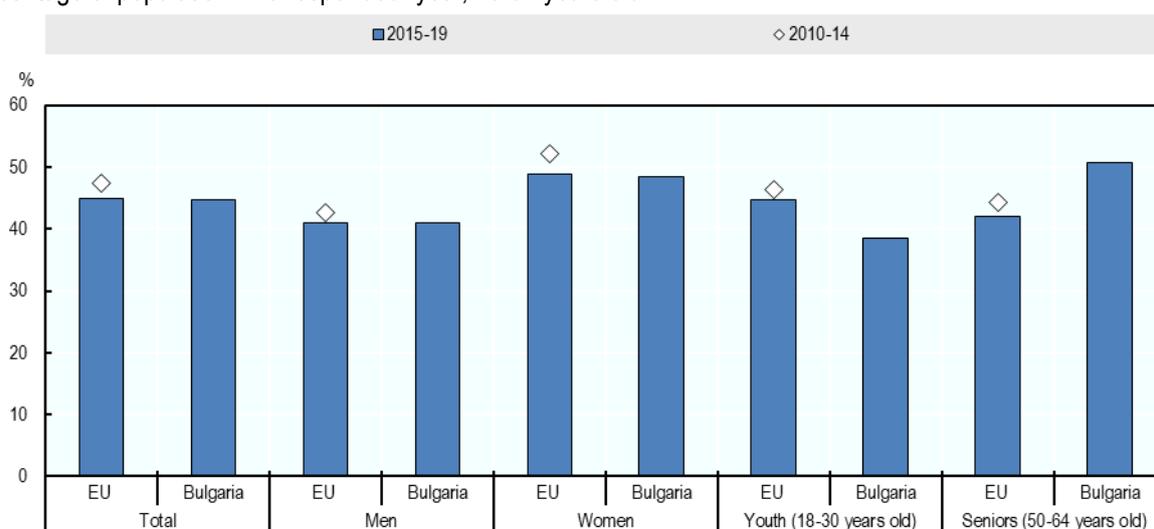
## Barriers to business creation

The proportions of persons who responded “yes” to the question “Does a fear of failure prevent you from starting a business?” are almost the same in both Bulgaria and the EU (around 45% for the period 2015-19) (Figure 1.13). These shares are quite comparable for men and women. Contrary to that, a lower share of Bulgarian youth report this fear (38.5% vs 44.5% for the EU). However, seniors were more likely to report this barrier (50.8% vs 41.8% for the EU). These differences could be due to the smaller experience of youth and the higher experience of self-employed senior.

The people in Bulgaria, who responded “yes” to the question “Do you have the knowledge and skills to start a business?” are about 4 p.p. less compared to the EU average for the period 2015-19 (Figure 1.14). This discrepancy increases to about 6 p.p. – 7 p.p. for men and seniors, while it is smaller for women (about 2 p.p.). Nevertheless, one of the most significant weaknesses of the SME sector in the country is associated with insufficient entrepreneurial skills due to low quality of entrepreneurship education in primary and secondary schools. The inclusion of entrepreneurship classes in the compulsory curricula of schools in the 2016-17 is a step in the right direction, but the lack of adequate training and experience in the field for most teachers does not allow the development of its potential (Andonova and Krusteff, 2017).

**Figure 1.13. Fear of failure**

“Does a fear of failure prevent you from starting a business?”  
Percentage of population who responded “yes”, 18-64 years old

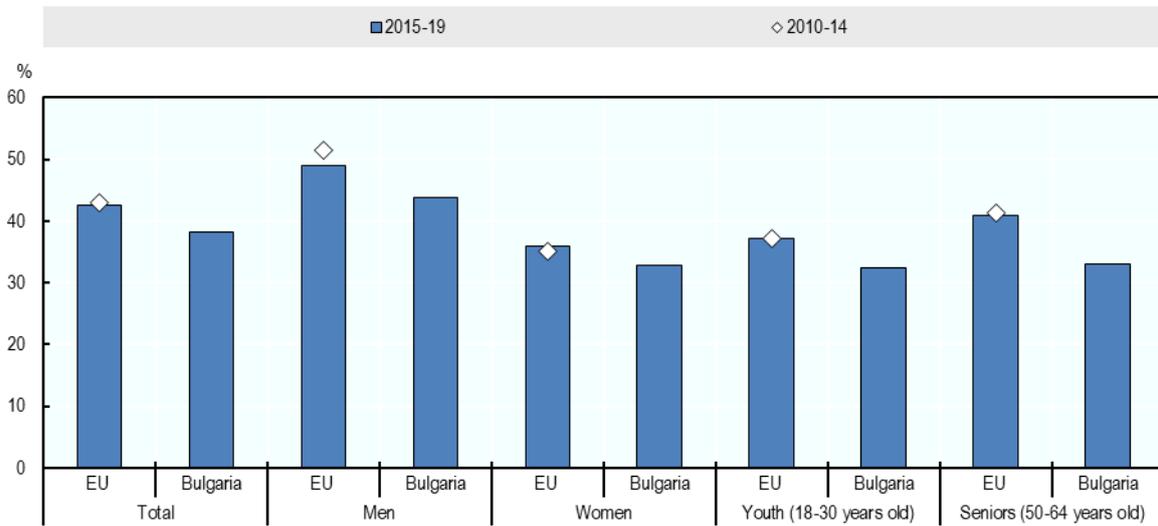


Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19) Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

**Figure 1.14. Entrepreneurship skills**

“Do you have the knowledge and skills to start a business?” Percentage of population who responded “yes”, 18-64 years old



Note: All EU countries participated in the GEM survey between 2015 and 2019 except the Czech Republic, Denmark, Lithuania and Malta. Several countries did not participate in the survey in every year (missing years noted): Austria (2015, 2017), Belgium (2016-19) Bulgaria (2014), Cyprus (2015), Denmark (2015-18), Estonia (2018-19), Finland (2017-19), France (2015, 2019), Hungary (2017-19), Latvia (2018), Lithuania (2015-18), Portugal (2017-18), Romania (2016-19).

Source: GEM (2020), Special tabulations of the Global Entrepreneurship Monitor Survey, prepared for the OECD.

Other studies confirm that the national culture in Bulgaria is still not supportive enough for women entrepreneurs. For those who are successful, the biggest support is found in their families and inner circle of friends. The main obstacle for young women entrepreneurs (YWE) is the access of finance, followed by lack of savings and high interest rates. As it comes to macroeconomic and policy barriers – the greatest one is the high level of corruption, followed by the red tape (Analysis of policies and legislative framework of young women entrepreneurship support in the Danube region..., p. 27).

Moreover, the NSI survey found that the two basic difficulties of self-employed persons are related to: (i) inability to influence the price of the products or services provided (15.4%), and (ii) a lack of customers (orders) over certain periods of time (16.1%). However, another 15.1% reported that they have no difficulties (NSI, 2018).

# 2 Inclusive entrepreneurship policy framework

## Overview and assessment

Table 2.1. Characterisation of the inclusive entrepreneurship policy context

		Women	Immigrants	Youth	Seniors	Unemployed
1. Entrepreneurship policies for each target group are under the responsibility of the following level(s) of government (multiple levels can be checked)	National	✓	✓	✓	✓	✓
	Regional	✓		✓		✓
	Local	✓		✓		✓
2. A group-specific entrepreneurship strategy has been developed (either stand-alone or embedded in another strategy)				✓		✓
3. Clear targets and objectives for entrepreneurship policy have been developed and reported for different target groups				✓		✓
4. Monitoring and evaluation practices for entrepreneurship support are strong and wide-spread						

Note: A check-mark indicates the level policy responsibility for tailored entrepreneurship policy (multiple selections are possible) and characteristics of the entrepreneurship policy framework.

### Policy responsibility

The responsibility for inclusive entrepreneurship policy is shared across several ministries. The entrepreneurship policies for almost *all target groups* are under the responsibility of Ministry of Labour and Social Policy (MLSP) and Employment Agency (EA), while some policies are implemented by the Ministry of Economy (MoE); Ministry of Education and Science (MES); Ministry of Youth and Sport (MYS); Ministry of Agriculture and Food (MAF); Agency for People with Disabilities (APD); State Agency of Refugees (SAR); Operational Programme HRD (OPHRD), Operational Programme “Innovation and Competitiveness” (OPIC), and Rural Development Programme (RDP).

Specifically, the measures for **women’s entrepreneurship** are under the responsibility of: **MLSP**; **MoE**; **MAF**; and **MYS**. The Strategy for Promotion of Women’s Entrepreneurship was postponed by the **MoE** for the next programming period 2021-27, and currently women’s entrepreneurship is supported by some measures of other strategies and action plans such as: National Strategy for Promotion of Equality between Women and Men 2016-20 (14.11.2016) and the National Action Plan for Promotion of Equality between Women and Men 2019-20 (10.05.2019). The **MoE** also supports the women’s entrepreneurship through the measures of the Entrepreneurship 2020 - Bulgaria Action Plan.

The measures for employment and self-employment of **immigrants** are managed by the **SAR** and **EA**. Although the Labour Migration and Labour Mobility Law allows for migrants the access to the labour market

if they carry out freelance activity,<sup>1</sup> most of the measures for their integration aim to increase their employability. Only the National Strategy for the Integration of Internationally Protected Persons in the Republic of Bulgaria (2014-20)<sup>2</sup> (04.07.2014) contains some measures to promote self-employment and business creation.

Several ministries are responsible for the entrepreneurship policy for **youth: MYS, MES, MoE, and MLSP**. Both, the National Youth Strategy 2010-20<sup>3</sup> (06.10.2010) and the National Youth Programme 2016-20<sup>4</sup> (11.02.2016) propose measures to promote entrepreneurship and self-employment among young people aged 25-29, including young people with disabilities. The National Plan for the European Youth Guarantee 2014-20<sup>5</sup> (30.01.2014) and the Youth Employment Initiative under the OPHRD 2014-20<sup>6</sup> (extended to 2023) supports business start-ups of young people. The Updated Employment Strategy of the Republic of Bulgaria 2013 - 20 (09.10.2013) aims to help highly qualified and educated young people to start an independent business, while the Technostart (02.07.2014) is the only project in Bulgaria to promote university entrepreneurship within the National Strategy for promotion of SMEs (23.01.2014).

Policy measures for **seniors** aim to support mainly employment, education, and social care. Although there are national strategies for active ageing, there is no specific strategy for supporting entrepreneurship among seniors. The National Strategy for Active Aging in Bulgaria (2019-30) (15.03.2019) and other programmes help senior people mainly to find or retain employment. Only for **older people with disabilities** are there measures to promote self-employment and entrepreneurship under the responsibilities of **EA** and **MLSP**. For example, the Plan for 2019-20 for the implementation of the National Strategy for Active Aging in Bulgaria (2019-30) (29.10.2019) envisages financing projects of seniors with disability to start and develop independent economic activity, or to already started such activities (MLSP, 2019c).

The MLSP and the EA are responsible for the entrepreneurship policy of both **unemployed** and some **minority groups such as Roma**. The entrepreneurship policy for unemployed people is developed mostly in the Employment Promotion Law<sup>7</sup> (EPL) (under the Art. 47, 48, 49, and 49b) (01.01.2002, last modified SG 21, 13.03. 2020). The target groups under an Art. 47, §1 are unemployed persons, registered in the "Labour Office" with the right to unemployment benefit, and with an approved business project (EA, Promotion of Entrepreneurship). The Updated Employment Strategy 2013-20 (09.10.2013) and the National Employment Action Plan 2020 (06.04.2020) also support entrepreneurship of unemployed persons. The National Strategy of the Republic of Bulgaria for Roma Integration (2012-20)<sup>8</sup> (22.03.2012) is designed to support the overall Roma integration, including through the development of self-employment and own business.

Regional policies for inclusive entrepreneurship are reflected in the Regional Development Plans for all six regions. At the local level, actions are presented in the respective districts' strategies and municipalities'

<sup>1</sup> <https://www.lex.bg/en/laws/ldoc/2136803084>

<sup>2</sup> <https://ec.europa.eu/migrant-integration/librarydoc/national-strategy-for-the-integration-of-beneficiaries-of-international-protection-in-bulgaria-2014-2020>

<sup>3</sup> <http://strategy.bg/StrategicDocuments/View.aspx?Lang=bg -BG&Id=641>

<sup>4</sup> <http://strategy.bg/Strategic Documents/View.aspx?lang=bg-BG&Id=986>

<sup>5</sup> <http://strategy.bg/Strategic Documents/View.aspx?lang=bg-BG&Id=883>

<sup>6</sup> <https://www.az.government.bg/pages/ophrd-2014-2020-procedura-mladezhka-zaetost/>

<sup>7</sup> <https://www.az.government.bg/web/files/PageFile/74/13555/zakon-za-nasyrchavane-na-zaetostta.docx>

<sup>8</sup> [https://ec.europa.eu/info/sites/info/files/roma\\_bulgaria\\_strategy\\_en.pdf](https://ec.europa.eu/info/sites/info/files/roma_bulgaria_strategy_en.pdf)

operational plans. These plans are in accordance with the methodological guidelines of the Ministry of Regional Development and Public Works (MRDPW, Methodological Guidelines).

### ***Policy co-ordination***

The realisation of measures in support to inclusive entrepreneurship under different strategies, programmes, and action plans requires the co-ordination of many institutions and departments. Most often, however, the co-ordinating mechanisms for target groups are assured by the **MLSP**. For example, the Coordination Council (managed by the MLSP) oversees the implementation of the National Plan for Youth Guarantee 2014-20. Other actors involved in the working group are the Ministries of Regional Development and Public Work (MRDPW), MES, MYS, MoE, as well as national representative organisations of employers, employees and young people. The National Association of Municipalities is also involved (EC, 2020a). Nevertheless, the lack of more detailed information about the target groups is a significant deficit in the design of measures (MLSP, 2019a).

The **NGO sector** play an important role in stimulating the entrepreneurship for women, youth, and unemployed. The women entrepreneurship is supported by NGOs such as: Generation Foundation; Bulgarian Women's Fund; Association of Women Entrepreneurs in Bulgaria (Selena); Bulgarian Association of Women Entrepreneurs, and others. The youth entrepreneurship benefits the support of National Youth Forum, Foundation for Civic Education "MOST Bulgaria"; and many local business incubators. Some of the NGOs in help to the unemployed persons are: Association DEMO for employment of unemployed people; Civic Association Ravnı BG, etc. There are also associations for seniors such as: Association of Pensioners and Adults in Bulgaria; Confederation of Pensioners and Adults Organisations in Bulgaria; National Network for Support of Older People; as well as many local NGOs. These organisations, however, are not active. They typically do not have web sites and do not provide any entrepreneurship support. There are some occasional projects that seek to boost social entrepreneurship among seniors, such as the Association "Generations" project.<sup>9</sup> Other NGOs such as Centre Rinker encourage the start-up in small settlements.<sup>10</sup>

The relationships between the administration at different levels (state, district, and municipality) and the NGO sector are guided by the Strategy for Development of State Administration (2014-20). The OP "Good Governance" contains the Priority Axis 2, which is devoted to the effective governance in partnership with civil society and business, and Specific Objective 3: Increasing civic participation in the process of formation and control implementation monitoring of policy implementation. There were many initiatives and projects aiming at strengthening the interaction between administration and NGO sector, some of which are related to the entrepreneurship development.

### ***Inclusive entrepreneurship strategies and objectives***

The entrepreneurship policy objectives to target groups could be summarised as informational, operational, and financial. The informational objectives aim to increasing the awareness of benefits to be self-employed and having own business. Informational initiatives are particularly important for young people, as the entrepreneurial culture of young people is still underdeveloped, and the access to information, advisory services and funding is still limited (National Youth Programme 2016-20). Operational objectives aim to provide training, consultancy, and practical experience how to conduct the micro and small enterprises. As noted earlier, however, the national programmes for active aging provide training for adults mainly seek to increase their employability, and do not intend to develop entrepreneurial capacity.

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<sup>9</sup> <https://www.generations-bg.eu/?Pageid=1412>

<sup>10</sup> <https://www.rinkercenter.org/bg/>

The main strategies and programmes that aim to support inclusive entrepreneurship have been created in the last years of the previous financial crisis, i.e. between 2011-14. At that time the basic concerns of policy makers were focused on decreasing the unemployment, particularly among youth and other vulnerable groups. For that reasons the measures were directed towards training and subsidised jobs, and less to self-employment and entrepreneurship. As a result, the promotion of entrepreneurship among other groups remain peripheral. For example, the Strategy for the Promotion of Women's Entrepreneurship was postponed to the next programming period. Moreover, there is little acknowledgement of the potential of senior entrepreneurship (EC, 2016a) and there are currently no actions to support the labour market integration of immigrants through entrepreneurship (EC, 2016b).

### ***Monitoring and evaluation practices***

All national programmes, strategies, and action plans have some observable indicators to be monitored and assessed. For example, data on measures of the Updated Employment Strategy 2013-20 are compiled according to methodologies comparable to data collected by Eurostat, ILO, and OECD. Policy impact data are provided by the National Statistical Institute (NSI) through regular statistical surveys and mainly by the Labour Force Survey quarterly (MLSP, 2013b). The same is valid for other programmes too. The [strategy.bg](http://strategy.bg) portal is attached to the Council of Ministers (CM) and makes public these documents, as well as the reactions by interested parties. The unified portal [www.eufunds.bg](http://www.eufunds.bg) is providing information for the candidates and beneficiaries. This information is updated regularly, and the publications by the end of 2018 are about 6 500 (news, documents, upcoming events and procedures under the programmes). The portal also provides access to the websites of OPHRD and Fund Manager of Financial Instruments in Bulgaria (FMFIB), as well as to information on the Territorial Co-operation Programmes.

The European Commission (EC) monitoring also plays an important role. The EC considered that Bulgaria has advanced in the implementation of the Youth Guarantee, although some challenges remain. For example, it is important for Bulgaria to quickly implement the planned initiatives to increase coverage and outreach to vulnerable groups. Implementing a solid monitoring system could help the improvement of the overall effectiveness of the Youth Guarantee scheme (EC, 2020a).

Although there is no specific strategy for women entrepreneurship, the statistics accounts a growing number of women entrepreneurs (Beijing + 25, 2019). It means that the government support is not among the most important factors for stimulating entrepreneurship, at least for women.

There are, however, no data on the number of entrepreneurs from target groups as a result of the respective strategies, programmes, and action plans. The data from the NSI and regular GEM reports do not allow to conclude what is the share of self-employed and entrepreneurs due to the government support.

### **Recent developments**

There are no substantial changes in policies for supporting more inclusive entrepreneurship during the last three years, although some of the results are encouraging. Most of the measures remain generic and not tailored to the target groups, except for youth and unemployed. For example, the new Action Plan for the Implementation of the National Programme for Development: Bulgaria 2020 continues to promote entrepreneurship with generic measures under the area of: "Supporting the development of women's, youth, and social entrepreneurship".

In response to 12 EC recommendations to the Action Plan "Entrepreneurship 2020 - Bulgaria", 20 measures have been adopted in 2019. Most measures in 2018 were implemented in the field of "Education and training in entrepreneurship in support of growth and creation of new enterprises". The gradual introduction of technology and entrepreneurship programmes in the general education began in

2016. In the system of higher education, currently there are 16 functioning entrepreneurship centres (MoE, 2019b).

### ***Policy measures in response to COVID-19 to support entrepreneurs and the self-employed<sup>11</sup>***

The study by Alpha Research among 500 businesses from almost all sectors was conducted in the period 13-22 April 2020 through telephone interviews. It found that of total, 79% of the companies in Bulgaria suffer direct or indirect losses due to the coronavirus crisis.

The EC approved the scheme proposed by Bulgaria for providing EUR 150 million in support of SMEs affected by the Covid-19 epidemic. In line with this approval, the OPIC 2014-20 announced a project selection procedure “Support to micro and small enterprises to overcome the economic consequences of the COVID-19 pandemic” with the total amount of BGN 173 million (approximately EUR 88.5 million).

Among the most popular measures was “60/40”, aimed at maintaining employment. This measure varies according to the needs of the business. The enterprises that have registered a decrease of at least 20% in their turnover for April 2020 compared to the average monthly turnover for 2019, would have the opportunity to receive amounts from BGN 3 000 to BGN 10 000 (EUR 1 530 to EUR 5 110). Due to the great interest, the government announced that the size of the programme would be increase at least with another BGN 20 million (EUR 10.2 million).

The state has announced also a new business grant scheme for larger companies (between BGN 30 000 and BGN 100 000, or EUR 15 300 and EUR 51 130), and the specific amount of 1% of the annual turnover for 2019. Eligible companies are those with revenues between BGN 3 million and BGN 50 million (EUR 1.5 million to EUR 25.6 million), which report a decrease of 20% in their turnover in the month after February 1 and until the month preceding the application for aid. The total budget of this measure is BGN 156 million (EUR 79.8 million) provided by the budget of the OPIC.

Another BGN 56.3 million (EUR 28.8 million) was directed by the Fund of Funds (FFF) for investments and liquidity support of small and medium-sized enterprises affected by the COVID-19 pandemic. This is the next anti-crisis measure of the FNF after the guarantee instrument for SMEs announced in June for nearly BGN 158 million (EUR 80.8 million). In order to reach the final recipients as quickly as possible, the new amount will be invested through FNF's existing investment instruments for SMEs, including the acceleration and start-up funds and venture capital funds.

The government decided also to support the freelance artists with a minimal salary for three months. The measure was applied to independent artists who received up to BGN 1 000 per month (EUR 510) in 2019. Additionally, it was decided to decrease the VAT for restaurants food, books, children's clothes and accessories from 20% to 9%.

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<sup>11</sup> Policy measures up to mid-July 2020 have been considered. However there might be changes in duration and amount of existing measures respectively new measures upcoming.

# 3 Assessment of current and planned inclusive entrepreneurship policies and programmes

## Developing entrepreneurship skills

### Overview and assessment of policies and programmes

Table 3.1. Characterisation of schemes for developing entrepreneurship skills

		<b>Tailored:</b> Are public programmes tailored for the target group (i.e. dedicated)?	<b>Consultation:</b> Are the targeted entrepreneurs consulted during the design of programmes?	<b>Outreach:</b> Are appropriate outreach methods used for different target groups?	<b>Delivery:</b> Are specialist organisations used to deliver programmes?	<b>Take-up:</b> Does the support have high take-up among target group?	<b>Scale:</b> Is the scale of available support sufficient?	<b>Impact:</b> Does evaluation evidence show a positive impact?	<b>Integrated:</b> Is the programme delivered linked other related supports?	<b>Links:</b> Do tailored programmes link to mainstream support programmes?
Women	1. Entrepreneurship training		✓	✓	✓	✓	✓	✓	✓	
	2. Entrepreneurship coaching and mentoring		✓	✓	✓	✓	✓	✓	✓	
	3. Business consultancy, including incubators/accelerators		✓	✓	✓	✓	✓	✓	✓	
Immi-grants	1. Entrepreneurship training									
	2. Entrepreneurship coaching and mentoring									
	3. Business consultancy, including incubators/accelerators									
Youth	1. Entrepreneurship training	✓	✓	✓	✓	✓	✓	✓	✓	✓
	2. Entrepreneurship coaching and mentoring	✓	✓	✓	✓	✓	✓	✓	✓	✓
	3. Business consultancy, including incubators/accelerators	✓	✓	✓	✓	✓	✓	✓	✓	✓
Seniors	1. Entrepreneurship training									
	2. Entrepreneurship coaching and mentoring									
	3. Business consultancy, including incubators/accelerators									
The unem-ployed	1. Entrepreneurship training	✓	✓	✓	✓	✓	✓	✓	✓	✓
	2. Entrepreneurship coaching and mentoring	✓	✓	✓	✓	✓	✓	✓	✓	✓
	3. Business consultancy, including incubators/accelerators	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

The government developed a number of strategies, plans and programs to support entrepreneurship about three years ago, but few target disadvantaged groups with low labour market participation. In general, policies aimed at inclusive entrepreneurship are still at an early stage of development. There are state initiatives for support, but the measures need to be specified and expanded (OECD/EU, 2018). For example, the generic measure “Providing support to applicants and beneficiaries for preparation and implementation of projects” under the OPIC 2014-20 started in 2016. The activities include the provision of consulting services and training to beneficiaries. As of 2018, about 1 200 beneficiaries and over 180 candidate beneficiaries have been trained (MF, 2019a).

### *Women*

Women are included in a number of measures for entrepreneurship training, coaching and consulting, although these measures are not tailored for them (Beijing + 25). For example, the updated National Strategy for the Promotion of Gender Equality 2009-15 in heading 11 Employment includes Action 1: Promoting women’s participation in programmes and measures for employment, training and entrepreneurship, including raising awareness of women in disadvantaged groups such as Roma women. The National Strategy for the Promotion of Equality between Women and Men 2016-20 also considers raising awareness and promoting entrepreneurship among women in general, without reference to specific groups. The National Action Plan for the Promotion of Equality between Women and Men 2019-20 aims at supporting the women entrepreneurs in the Horizon 2020 through providing training, consultancy, mentoring services, and supporting the development of projects by women. The procedure Promotion of Entrepreneurship of the OPIC 2014-20 gives priority to projects of women, young people up to 29 years old, and seniors between 50 and 64 years old (OPIC, 2018).

### *Immigrants*

The Labour Migration and Labour Mobility Law allows for migrants to work in the country provided that they carry out freelance activity, which is specific for Bulgarian legal system. Nevertheless, only the National Strategy for the Integration of Internationally Protected Persons in the Republic of Bulgaria (2014-20) includes measures to promote both employment and self-employment, without any tailored initiatives. For example, the Action Plan 2019-20 for the implementation of the National Strategy for Reducing Poverty and Promoting Social Inclusion refers mainly to the educational, health culture and language adaptation of migrants.

### *Youth*

According to the National Plan for the European Youth Guarantee 2014-20, young people can use a range of tailored services in help to start a business. This includes accessible and comprehensible information on specific schemes that encourage youth entrepreneurship; guidance and consulting to clarify the business idea; simplified approaches and assistance in developing a business plan and applying for funding; rapid approval of the plan and supporting monitoring of its implementation; involvement in training to acquire knowledge and skills for managing SMEs; consulting assistance in the initial stage of the newly established enterprise (MLSP, 2013a). In particular, the National Youth Programme 2016-20 contains an action that advises enterprising young people to develop their own businesses, and another supports the development of a network of business centres and business incubators to provide services for young entrepreneurs. Overall, these measures are considered to be working well.

The Updated Employment Strategy of the Republic of Bulgaria 2013-20 gives priority to training young people in entrepreneurial skills, as well as to build up business and entrepreneurship attitudes among young people, graduating from vocational secondary schools (MLSP, 2013b). The Employment Agency is responsible for providing training in entrepreneurship to young unemployed up to 24 and 29 years.

### *Seniors*

Although the National Concept for the Promotion of Active Aging (2012-30) contains measures aimed at developing “silver economy”; providing access to financial resources for starting a small business; and developing entrepreneurial skills (MLSP, 2013b). Seniors are supported mainly to increase their education and employability. For example, the OPHRD 2014-20 finances operations for adults “Training and Employment” and “Adult training, completed literacy courses”, which help to increase the employability of these groups. In 2018, a total of 16 119 persons were enrolled in training, of which over 5 000 were funded by OPHRD (Progress Report on the Accession Agreement, 2019).

### *The Unemployed*

Within the active labour market policy, tailored support is provided for the development of entrepreneurial capacity of unemployed people. The procedure Support for Entrepreneurship of the OPHRD 2014-20 assures grants for training individuals wishing to develop an independent business. The target groups are unemployed, inactive, working and young people up to 29 year old. The support includes: informing and motivating for independent economic activity and entrepreneurship; trainings; consulting services; assessment of the viability of business ideas; consultations in the preparation of business plans; and consultations for business registration. Applicants can receive a grant of between BGN 100 000 and BGN 391 166 (EUR 51 150 to EUR 200 000) (OPHRD, 2017).

The Updated Employment Strategy of the Republic of Bulgaria 2013-20 and the National Employment Action Plan 2020 also support entrepreneurship of unemployed persons by providing training, counselling and information on financial resources. Activities to support the already registered micro-enterprises by persons in the target groups under the operation Support for Sustainable Business of OPHRD 2014-20 include: mentoring for business development; marketing consultations; establishing business contacts; supporting access to networks promoting business development; consultations for and assistance in applying for financing; accounting services; legal and HRM services. The total budget amounts to BGN 21.4 million (EUR 10.9 million), while the indicative budget for 2020 is BGN 18 million (EUR 9.2 million) (National Employment Action Plan 2020).

### *The Roma*

Some entrepreneurship is available to the Roma population through actions co-ordinated through the National Strategy of the Republic of Bulgaria for Roma Integration (2012-20). While the strategy is composed of a range of activation measures, there are some initiatives to support self-employment (MLSP, 2013b). This is complemented by a range of other projects such as Horizons, which is managed by the syndicate Podkrepa and the Employment Agency. The projects aims to boost the employability of several target populations, including the Roma (EA, Project Work Activity). Other projects are managed by NGOs, including for example, Business Achievements for Social Entrepreneurship, which is funded by the organisation Trust for Social Alternatives (TSA, 2019).

### **Recent policy developments**

Some new measures have been introduced in the past three years to strengthen support for women’s and youth entrepreneurship. Within the framework of OPIC 2014-20, in June 2018 the procedure “Promotion of Entrepreneurship” with a total budget of BGN 67 million (EUR 34.2 million) was announced. In order to promote the women’s entrepreneurship, the procedure awards additional 3 points to projects that will be implemented by women. In addition, “Promoting entrepreneurship among young women in the Danube region” is the first pilot programme for entrepreneurship training, developed under the project “DTP2-048-1.2. Women in Business. It is implemented by the Regional Agency for Entrepreneurship and Innovation - Varna (RAPIV). Funding is assured by the EU Danube Transnational Cooperation Programme 2014-20

and project partners are from nine countries in the Danube region. It provides specialised entrepreneurship training, webinars, online mentoring and consultation meetings, access to the Women in Business training platform, and community membership. The period of implementation is three years (from 1 June 2018 to 31 May 2021).

To support youth entrepreneurs, the MYS announced the next calls under the National Youth Programme (2016-20) in 2019. The following activities were financed under the area of “Youth entrepreneurship”: trainings for acquiring key competencies for youth entrepreneurship; meetings of young people with successful young entrepreneurs; and encouraging entrepreneurial thinking among young people. The minimum amount of financing is BGN 10 000 (EUR 5 100), and the maximum amount is BGN 25 000 (EUR 12 780).<sup>12</sup> The funds for financing youth activities under this Programme for 2019 amount to BGN 2 million (EUR 1 million).

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<sup>12</sup> <http://mpes.government.bg/Pages/Programmes/Default.aspx?evntid=85nyD%2FTTjdU%3D>

## Financing entrepreneurship

### Overview and assessment of policies and programmes

Table 3.2. Characterisation of schemes for facilitating access to finance

		Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Women	1. Grants for business creation									
	2. Loan guarantees									
	3. Microfinance and loans	✓	✓	✓	✓	✓		✓	✓	✓
	4. Other instruments (e.g. crowdfunding, risk capital)									
Immigrants	1. Grants for business creation									
	2. Loan guarantees									
	3. Microfinance and loans									
	4. Other instruments (e.g. crowdfunding, risk capital)									
Youth	1. Grants for business creation	✓	✓	✓	✓	✓		✓	✓	✓
	2. Loan guarantees	✓	✓	✓	✓	✓		✓	✓	✓
	3. Microfinance and loans	✓	✓	✓	✓	✓		✓	✓	✓
	4. Other instruments (e.g. crowdfunding, risk capital)									
Seniors	1. Grants for business creation									
	2. Loan guarantees									
	3. Microfinance and loans	✓	✓	✓	✓	✓		✓	✓	✓
	4. Other instruments (e.g. crowdfunding, risk capital)									
The unem- ployed	1. Grants for business creation	✓	✓	✓	✓	✓		✓		✓
	2. Loan guarantees	✓	✓	✓	✓	✓		✓		✓
	3. Microfinance and loans	✓	✓	✓	✓	✓		✓		✓
	4. Other instruments (e.g. crowdfunding, risk capital)									

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

The main approaches to assure the access to finance for business creation and self-employment are open to all. It is relatively rare that tailored initiatives are available to specific target groups. The main financial measures for entrepreneurs include the procedure “Support for Entrepreneurship”, which includes grants from OPHRD for between BGN 100 000 and BGN 391 166 (EUR 51 150 to EUR 200 000) (OPHRD 2014-20, 2017a). In addition, under the procedure BG16RFOP002-2.024 “Promotion of Entrepreneurship” of the OPIC 2014-20, applicants can apply for grants between BGN 50 000 and BGN 200 000 (EUR 25 600 to EUR 102 300) (OPIC, 2018). Another important measure is the Initiative for SMEs in Bulgaria. As of

31 December 2018, financial intermediaries have concluded 3 971 credit and leasing agreements with 3 487 final recipients (SMEs), totalling of EUR 515.6 million. This accounts for almost 85% of the maximum volume of the instrument's portfolio (OPISME, 2019).

In April 2020, a new OPHRD procedure started – “Support for Sustainable Business.” The beneficiaries are companies established by participants in projects under “Support for Entrepreneurship” and self-employed persons who have started a business through participation in the same operation; micro-enterprises, and social enterprises that have received funding under the programme. The total budget of the procedure is BGN 5.86 million (EUR 3.0 million). The amount of the grant is up to BGN 5 000 (EUR 2 560) (OPHRD 2014-20, 2019).

The Financial Instrument (FI) “OPHRD Guarantees” aims to benefit entrepreneurs from vulnerable groups (people with disabilities, young people up to 29 years old, unemployed for more than six months), young entrepreneurs, start-ups and socially oriented companies. The portfolio guarantee covers up to 80% of the credit risk of the financial intermediary under each microloan, until the ceiling of losses at portfolio level is reached. The funds can be used for the acquisition of tangible and intangible assets; working capital; development and improvement of the skills of employees, or of the entrepreneur in case of self-employment. The budget amounts to BGN 20 million (EUR 10.2 million), the expected total amount of microloans is BGN 100 million (EUR 51.2 million), and the maximum amount of credit is BGN 97 791 (EUR 50 000). The work on this FI continues in 2020, as the two financial intermediaries have been provided with a total of BGN 725 000 (EUR 370 800) (FMFIB, 2018).

### *Women*

The Action Plan for the Implementation of the Concluding Recommendations to the Republic of Bulgaria submitted by the UN Committee on the Elimination of Discrimination against Women (CEDAW) includes temporary special measures. Among these measures the Activity 4 aims at facilitating access to credit for rural women through loan guarantees. The loan guarantees, although small in scale, appear to be having the expected impact.

### *Youth*

The most substantial financial support for youth entrepreneurs is provided through the Technostart project. It provides grants of up to EUR 10 000 to establish start-ups by BA, MA and PhD students. The total budget of the project is EUR 151 854. From 2014 to 2017 about 50 start-ups of young entrepreneurs have been financially supported under the Technostart 1, 2 and 3 projects (Action Plan for the implementation of NDP Bulgaria 2020 in the period 2019-20). Despite some small-scale successes under the Technostart and the project “Creating competitive start-ups - Project 100”, access to information, advisory services and funding for the launching and development of young people's entrepreneurial initiatives is still limited (The National Youth Programme 2016-20).

Additional support is offered through measures of the National Plan for the Implementation of the European Youth Guarantee 2014-20 (MLSP, 2013a) include provision of grants, loans, and investment funds. However, this support accounts for less than 2.5% of the actions under Youth Employment Initiative (Evaluation of measures under the YEI ..., 2018).

Support is also available through measure 6.1 of the RDP “Start-up aid for young farmers.” This measure offers EUR 25 000 to farmers up to 40 years old (Progress Report on Partnership Agreement, 2019). Increased interest is reported in the sub-programme “Start-up aid for young farmers” of the RDP 2014-20. The budget for 2018 amounts to BGN 43 million (EUR 22 million). Overall, 1 837 projects were received in 2018, and 855 contracts were concluded with a grant value of BGN 41.8 million (EUR 21.4 million) (SFA, 2019).

### *Seniors*

The Plan 2019-20 for the implementation of the National Strategy for Active Aging (2019-30) aims to finance projects for older people with disabilities to start and develop self-employed businesses, but the number of planned projects is only 13 (MLSP, 2019c).

### *The unemployed*

The Financial Instrument “Microcredit with a shared risk” is an instrument funded by the OPFRD 2014-20, co-financed by the European Structural and Investment Funds. The resource is provided in the form of microcredits to stimulate the creation and development of start-ups and social enterprises. The funds also support enterprises owned by persons from certain vulnerable groups (unemployed over six months, young people up to 29 years of age and people with disabilities). The loans range from BGN 5 000 to BGN 48 895 (EUR 2 560 to EUR 25 000), and the repayment period is up to 10 years with the possibility of a two-year grace period. Eligible financing activities cover the following activities: acquisition of tangible and intangible fixed and short-term assets of the enterprise / self-employed person or coverage of others; costs related to the main economic activity; working capital; specific and professional training of the employees / workers or the entrepreneur / self-employed person. The financing is with zero interest, and the co-financing of the intermediary is at market interest, so it is lower than the market interest, which is attractive for the recipients. Of total, 35% of the agreed resource of the instrument “Microcredit with shared risk” with financial intermediaries as of 30 September 2019 is invested in loans (FMFIB, Microcredit with shared risk).

During the period from 2013 to June 2018 the state budget funds incurred for: starting the independent economic activity as a micro-enterprise; education; refund of paid insurance contributions; and for the use of external consulting services, to a total of 843 unemployed persons who have started independent economic activity under the measures of the EPL (MF, 2019a).

### ***Recent policy developments***

In 2020, the amount of funds for starting a business under the Employment Promotion Law for SMEs will increase. Unemployed persons entitled to unemployment benefits and wishing to start a business alone or together with other persons will be provided with funds for the costs of hiring another unemployed person without the right to cash benefits (National Employment Action Plan 2020).

## Entrepreneurship culture and social capital

### Overview and assessment policies and programmes

**Table 3.3. Characterisation of public policy actions to promote entrepreneurship and develop networks**

		<b>Tailored:</b> Are public programmes tailored for the target group (i.e. dedicated)?	<b>Consultation:</b> Are the targeted entrepreneurs consulted during the design of programmes?	<b>Outreach:</b> Are appropriate outreach methods used for different target groups?	<b>Delivery:</b> Are specialist organisations used to deliver programmes?	<b>Take-up:</b> Does the support have high take-up among target group?	<b>Scale:</b> Is the scale of available support sufficient?	<b>Impact:</b> Does evaluation evidence show a positive impact?	<b>Integrated:</b> Is the programme delivered linked other related supports?	<b>Links:</b> Do tailored programmes link to mainstream support programmes?
Women	1. Entrepreneurship campaigns, including role model initiatives	✓	✓	✓	✓	✓		✓	✓	✓
	2. Networking initiatives									
Immigrants	1. Entrepreneurship campaigns, including role model initiatives									
	2. Networking initiatives									
Youth	1. Entrepreneurship campaigns, including role model initiatives	✓	✓	✓	✓	✓		✓	✓	✓
	2. Networking initiatives									
Seniors	1. Entrepreneurship campaigns, including role model initiatives									
	2. Networking initiatives									
The unem- ployed	1. Entrepreneurship campaigns, including role model initiatives	✓	✓	✓	✓	✓		✓	✓	✓
	2. Networking initiatives									

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

Bulgaria benefits from many EU-led programmes such as COSME (Specific Objective 4: Entrepreneurship and Entrepreneurial Culture), which supports the exchange of European teachers and trainers to develop best practices in entrepreneurship education in the EU. The programme targets young people, women or older entrepreneurs, and aims to enable them to benefit from mentoring or other specially designed schemes. The COSME also funds several other smaller projects, the most important of which are: entrepreneurship training; entrepreneurship for women; entrepreneurship for the senior; digital entrepreneurship; and entrepreneurship support to migrants (EC, 2019a). For the period 2009-19 of total 145 entrepreneurs from Bulgaria have been involved in relationships under this programme. Of them 140 were new entrepreneurs (going to another country), and 45 were host entrepreneurs (EC, 2020b, EYE BCA - RL 10 - by Country of Origin). These exchanges contributed undoubtedly to the development of more international contacts, strengthening the participants’ sectoral skills, and increase their

entrepreneurial culture. However, in general, it seems that besides the introduction of entrepreneurial courses in both the secondary schools and universities, there are no much initiatives to promote entrepreneurial culture among target groups. Particularly, such initiatives are lacking for immigrants, senior people, and other disadvantaged groups.

### *Women*

The policy in the area of entrepreneurship education, training, and fostering the entrepreneurial spirit of women in Bulgaria is outlined in the HRD Strategy and the National Extended Vocational Training Strategy for the period 2010-20. This includes actions to encourage young women in entrepreneurship and innovation activities, notably around risk management.

### *Youth*

The National Youth Programme 2016-20 reveals that despite efforts to promote entrepreneurship education, the entrepreneurial culture among young people is still under-developed. In this respect the Junior Achievement-Bulgaria has successfully introduced a curriculum that covers skills in technology and entrepreneurship in the secondary school system. So far, it has supported over 300 000 young people on their journey to mastering this competence. It also created the university-level programmes, which give students the opportunity to establish their own start-ups. The mini companies in high schools and start-ups in the universities are an outstanding model to see the world of business and entrepreneurship. Since 1997, about 26 000 students were involved in the Company Programme.

In order to promote entrepreneurship among young people, the Ministry of Economy (MoE) participates annually in organising the European Day of the Entrepreneur. On October 25, 2017, the 15th edition of the European Day of the Entrepreneur was organised at the Delegation of the European Commission in Sofia. The forum was attended by about 100 people. During the Bulgarian Presidency of the Council of the EU, the MoE with the assistance of the EC organised an entrepreneurship conference “Follow Your Ideas - Become an Entrepreneur” on March 6, 2018 (Action Plan for the implementation of the NPD in the period 2019-20, pp. 69-70).

Under the priority axis “Innovative and socially responsible Danube region”, and particularly the specific objective 1.1. “Improve framework conditions for innovation” the Danube Transnational Programme 2014-20 (DTP) seeks to improve policies and practical solutions for entrepreneurship learning. The goal is to build up a stronger culture of entrepreneurship, to improve skills and competences for innovative entrepreneurship, including gender aspects, addressing also high-quality primary and secondary schooling, motivating youth to engage in science and innovation, and promoting youth entrepreneurship (MRDPW, 2014a).

### *The unemployed*

The promotion of entrepreneurship among the unemployed includes the provision of training, counselling and information on the possibilities for starting a business. The Transnational Co-operation Programme “Balkan-Mediterranean 2014-2020” under the Priority axis “Entrepreneurship & Innovation”, and the Investment priority 10a includes the types of actions, devoted to vocational training schemes fostering entrepreneurial mind-set and increasing/updating skills and capacities of entrepreneurs, social entrepreneurs and potential entrepreneurs, including the unemployed and other disadvantaged groups (MPPB, 2014b).

## **Recent policy developments**

In accordance with the Action Plan “Entrepreneurship 2020-Reviving entrepreneurship in Europe” (COM / 2012/0795 final), the Action Plan for “Entrepreneurship 2020-Bulgaria” include 15 measures in help to the

“Entrepreneurship education and training to support growth and start-ups”. The measures are related to the introduction of programmes for the development of entrepreneurial skills in schools, updating programmes for entrepreneurship in the field of vocational education, universities, high schools, promoting entrepreneurship among young people, and training of entrepreneurs in agriculture and forestry. Another six measures aim at “Strengthening the entrepreneurial culture in Europe for the growth of a new generation of entrepreneurs”. These measures seek to promote the entrepreneurship in Bulgaria, particularly, women’s entrepreneurship by creating a network of women entrepreneurs, setting up a mechanism for exchanging experience and skills of older entrepreneurs to new entrepreneurs, and promoting entrepreneurship for unemployed young people under 29 years of age.

These actions are complemented by the activities of non-government actors. For example, Junior Achievement launched the NEETs in Entrepreneurship programme in 2020,<sup>13</sup> which addresses the isolation, and even alienation, of young people from employment and workforce opportunities.

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<sup>13</sup> <https://www.jabulgaria.org/en/>

## Regulatory measures

### Overview and assessment of regulatory environment

Table 3.4. Characterisation of regulatory measures used to support entrepreneurship

			Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?
Women	1. Support with understanding and complying with administrative procedures										
	2. Measures to address group-specific regulatory challenges	Maternity leave and benefits for the self-employed Access to childcare	✓	✓	✓	✓	✓	✓	✓	✓	✓
Immigrants	1. Support with understanding and complying with administrative procedures										
	2. Measures to address group-specific regulatory challenges	Entrepreneurship visa Administrative and tax obligations can be met in several languages									
Youth	1. Support with understanding and complying with administrative procedures										
	2. Measures to address group-specific regulatory challenges	Student business legal form Reduced tax and/or social security contributions for new graduates									
Seniors	1. Support with understanding and complying with administrative procedures										
	2. Measures to address group-specific regulatory challenges	Medical leave schemes for the self-employed	✓	✓	✓	✓	✓	✓	✓	✓	✓
The unemployed	1. Support with understanding and complying with administrative procedures										
	2. Measures to address group-specific regulatory challenges	Welfare bridge to support those moving into self-employment Mechanisms for regaining access to unemployment benefits if business is not successful	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

In general, the regulations concerning the entrepreneurship requirements and conditions apply to all entrepreneurs, and do not consider specifically the people from the target groups. According to the Bulgarian legislation, the self-employed (self-insured) can be defined as person registered as exercising free profession and/or craft activity; exercising labour activity as sole traders, owner or partner in commercial companies; and natural person - member of impersonal companies; registered farmers and tobacco growers; person who work without employment and receive a monthly salary equal to or above one minimum wage, after its reduction with the costs of the activity, if they are not insured on other grounds during the respective month. The self-employed are compulsorily insured for disability due to general illness, for old age and for death. Only self-insured persons who have chosen to be insured for general illness and maternity are entitled to benefits during pregnancy and childbirth, for raising a child up to two years of age and for the adoption of a child up to five years of age (Code for Social Security).

### *Women*

In line with the latest trends in the EU's social policy encouraging member states to take actions and ensure equal opportunities for women and men, and to create a better environment for work-family conciliation, Bulgaria has made changes related to the options to take a leave and receive social security benefits available to parents (adopters) and foster parents under the procedure of Article 26 of the Child Protection Act (relatives or foster families). Between 1 January 2014 and 31 December 2018, the legislation was amended to expand the rights of mothers and adopters of small children. The amendments granted them certain personal rights, while others were related to the cases where other members of the family took over the raising of the children to allow women mothers (adopters) to return to work (Beijing + 25, p. 7).

### *Immigrants*

Currently, if an entrepreneur wants to come to Bulgaria or if a Bulgarian start-up wants to attract people from outside the EU, a long process is required. This is a disadvantage relative to most other countries that provide a much faster and more flexible procedure. The new proposal in the Law on Labour Migration and Labour Mobility is for Startup Visa for both entrepreneurs and business owners, as well as employees in start-up companies. However, the visa has not yet been adopted. However, there is a "Blue Card" for IT specialists coming from "third world" countries, which facilitates their ability to work.<sup>14</sup>

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<sup>14</sup> <https://besco.bg/startup-visa/>

# 4 Supporting people who experience disability in entrepreneurship

## Self-employment and entrepreneurship activities

People who experience disability include those with physical, mental, intellectual and sensory challenges and limitations, which in interaction with their environment could hinder their full and effective participation in public life, and to whom the medical examination has established the type and degree of disability 50% and above 50%. The start-up and development of independent economic activity by persons with permanent disabilities, however, is not a ground for revocation of rights acquired due to their health condition.

The total number of certified and re-certified with recognised permanently reduced working capacity/type and degree of disability in 2018 was 165 828 persons (NCPHA, 2019). The majority were 86 101 men. The age distribution shows the largest share of people with varying degrees of disability in old age - between 50-59 years (about 36%), 60-64 years (about 20%), as well as those over 65 years (about 16%) (Griva, Dikova, Yaneva, 2019).

People with disabilities are at serious risk of poverty and social exclusion. In September 2019, nearly 650 000 people received monthly financial support under the Law on People with Disabilities. Compared to the EU average, poverty among employees with disabilities is relatively high (18.4% for Bulgaria and 11.5% for the EU in 2016), increasing by more than 15% compared to 2007. Nearly half (45.9% in 2017) of people of working age with disabilities live in material deprivation, which is more than 6 times higher than the EU average (7.6%) (MF, 2019b).

Among the obstacles to the employment, self-employment, and developing an own business of people with disabilities are: low qualification and insufficient education, combined with health problems (MLSP, 2020a). Similar barriers are also common to many other start-ups: inadequate education, difficult access to credit and markets, problems with business transfer, difficult procedures for its termination, and more (Simeonova-Ganeva et al., 2013, p. 124).

## Policy framework

**Table 4.1. Characterisation of the entrepreneurship policy context for people who experience disability**

		People who experience disability
1. Entrepreneurship policies for each target group are under the responsibility of the following level(s) of government (multiple levels can be checked)	National	✓
	Regional	
	Local	✓
2. A dedicated entrepreneurship strategy has been developed (either stand-alone or embedded in another strategy)		
3. Clear targets and objectives for entrepreneurship policy have been developed and reported		✓

Note: A check-mark indicates the level of policy responsibility for tailored entrepreneurship policy (multiple selections are possible) and characteristics of the entrepreneurship policy framework.

The state policy for people with disabilities is determined by the **Council of Ministries (CM)**, and the **MLSP** has a key role in its implementation. The **Agency for People with Disabilities (APD)** is a part of the MLSP, and it has the function to develop programs and finance measures to stimulate business initiative in the interest of people with disabilities (APD, 2018). The APD approves projects and programmes for starting and developing independent economic activity of people with disabilities and a methodology for their financing, which contains: conditions for application; required documents and specific requirements for application; procedure and criteria for evaluation and ranking of project proposals; purpose and amount of financial resources; order and conditions for realisation of the activities that will be performed; mechanism and term for financing; monitoring and control of funded activities (Implementing rules for APD, 2019).

At the national level, the **National Council for People with Disabilities** has been established for the management, monitoring and co-operation of policies aimed at those people. This body gives opinions on draft regulations, strategies, programs, plans and other acts that affect the rights of people with disabilities. The council includes representatives of the state, appointed by the CM, the nationally representative organisations of and for people with disabilities, as well as those of employees, employers, and the National Association of Municipalities in Bulgaria.<sup>15</sup>

There is no strategy for the development of entrepreneurship for people with disabilities, but in some strategic documents there are planned measures for the development of independent economic activity. For example, the **National Strategy for Persons with Disabilities 2016-20** contains a point (4.2.3) on "Independent business activity of people with disabilities." This indicates that self-employed activities are to be encouraged, developed and secured by both the state and local authorities. The local government has most levers to promote the micro-enterprises of people with disabilities by facilitating permits and through specific projects.

<sup>15</sup> [https://saveti.government.bg/web/cc\\_11/1](https://saveti.government.bg/web/cc_11/1)

## Overview and assessment of policies and programmes

**Table 4.2. Characterisation of entrepreneurship schemes for people who experience disability**

		Tailored: Are public programmes tailored for the target group (i.e. dedicated)?	Consultation: Are the targeted entrepreneurs consulted during the design of programmes?	Outreach: Are appropriate outreach methods used for different target groups?	Delivery: Are specialist organisations used to deliver programmes?	Take-up: Does the support have high take-up among target group?	Scale: Is the scale of available support sufficient?	Impact: Does evaluation evidence show a positive impact?	Integrated: Is the programme delivered linked other related supports?	Links: Do tailored programmes link to mainstream support programmes?	
Skills	1. Entrepreneurship training										
	2. Entrepreneurship coaching and mentoring										
	3. Business consultancy, including incubators/accelerators										
Finance	1. Grants for business creation	✓	✓	✓	✓	✓		✓	✓	✓	
	2. Loan guarantees		✓	✓	✓	✓		✓	✓		
	3. Microfinance and loans		✓	✓	✓	✓		✓	✓		
	4. Other instruments (e.g. crowdfunding, risk capital)	✓	✓	✓	✓	✓		✓	✓	✓	
Culture	1. Entrepreneurship campaigns, including role models										
	2. Networking initiatives										
Regulations	1. Support with understanding and complying with administrative procedures	✓	✓	✓	✓	✓		✓	✓	✓	
	2. Measures to address group-specific regulatory challenges	Mechanisms to move back into disability benefit system if business is not successful	✓	✓	✓	✓	✓	✓	✓	✓	✓
		Mechanisms to move regain access to other social security supports (e.g. housing benefits) if business is not successful									
		Medical leave schemes for the self-employed									

Note: This table presents the characteristics of entrepreneurship schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. It considers the “typical” entrepreneur in each of the different target groups, in the “typical” region in the country. A check-mark indicates when the characteristic is typically fulfilled.

**The National Program for Employment and Training of Persons with Permanent Disabilities** is aimed at the unemployed with permanent disabilities of working age, registered with the Labour Office Directorate. Priority is given to persons with and over 71% reduced working capacity; military invalids (with and over 50% reduced working capacity); people with sensory, as well as those with mental disabilities. The programme is implemented in two components: training and employment. It provides training for the acquisition and improvement of key competencies, including entrepreneurship training. The financing of the programme is provided from the state budget and is realised across the country. In 2019, as in previous years, the interest in this programme was high. Employment was provided to 1 819 people, of which 679 were newcomers. The funds spent by the state budget amount to BGN 9.3 million (EUR 4.8 million). For comparison, in 2018 the programme provided employment to 2 367 people, of which 581 newcomers (EA, 2019, 24). The programme has been extended until the end of 2020 (MLSP, 2020a).

Since 2006 the APD has been implementing a programme for financing of persons with permanent disabilities for starting and developing independent business activity. There has been a continuous and growing interest on the part of people with permanent disabilities in starting and developing their own businesses. The programme is revised for each consecutive year, and under this programme can apply individuals with permanent disabilities (MLSP, 2019d). The amount of the requested financing may not exceed the amount of BGN 20 000 (EUR 10 200). The one-time eligible groups of expenses are for: the establishment of the sole proprietorship; creating healthy and safe working conditions; acquisition of equipment; initial working capital; payment of a short-term qualification course (APD, 2019). According to the annual activity reports of APD during the period of the programme's existence, there were more than 1 500 submitted project proposals, of which more than 400 were funded in 2019. Most funded activities were in the services sector. APD annual reports note that most beneficiaries have sustainable activities (APD, 2020).

The financial instrument under the OP HRD 2014-20 "Microcredit with shared risk" also aims at supporting the creation and development of start-ups and social enterprises, as well as enterprises owned by persons from certain vulnerable groups, including people with disabilities. This instrument supports individuals who, other things being equal, would not have access to funding. The loans range from BGN 5 000 to BGN 48 895 (EUR 2 550 to EUR 25 000).<sup>16</sup> As of the third quarter of last year, 35% of the agreed resource with financial intermediaries was invested in loans. In 2019, five operational agreements were signed for the implementation of a financial instrument for the residual resource with a total value of BGN 20.5 million (EUR 10.5 million) (FMFI, 2018).

In addition, the instrument "Guarantees for microcredit" is funded by OPHRD 2014-20, co-financed by the ESF, guarantees up to 80% of the credit risk of the financial intermediary for each microloan. Microloans are targeted at start-ups, including vulnerable groups including people with disability and more, as well as social enterprises. The budget of this financial instrument is BGN 20 million (EUR 10.2 million) and the expected total amount of microloans for final recipients is BGN 100 million (EUR 50.1 million). The maximum amount of the loan for the final recipient is BGN 97 791 (EUR 49 900) (FMFI, Microcredit Guarantees).

Social entrepreneurship has just started in Bulgaria and is expected to have a role in supporting people who experience and needs support. The Law on Enterprises of the Social and Solidarity Economy entered into force on 2 May 2019. The law provides for various measures to promote social enterprises, including for example, the right to build on municipal property or the right to use municipal property and belongings without a tender or competition with appropriate permission. Financial support for raising the qualification of employees from vulnerable social groups within municipalities where the unemployment rate is higher or equal to the national average.

### ***Recent policy developments***

Over the last three years, there have been changes in some regulations that directly or indirectly affect support for entrepreneurship for people with disabilities. A new methodology for financing programmes and projects for starting and developing independent economic activity of people with disabilities has been approved by the APD. The document is essential for the development of entrepreneurship among people with disabilities, as it regulates the conditions for receiving support under the programme, which is purposefully funded by this social group.

The new Law on People with Disabilities (LPD) and regulations for its implementation came into force in 2019. The normative act, as well as the previous one, regulates the status of the APD, which develops programmes and finance measures for stimulating the economic initiative in the interest of people with

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<sup>16</sup> <https://www.fmfib.bg/bg/fi/20-finansirane-sas-spodelyane-na-riska/7-mikrokreditirane-sas-spodelen-risk>

disabilities. In Art. 46 it is regulated that the executive director of APD approves programmes and projects for starting and developing independent economic activity of people with disabilities under conditions and by order, determined by the regulations of the law (LPD, 2018).

Finally, a new call was announced in 2020 for financing projects for starting and developing independent economic activity of people with disabilities. Participants can be individuals with 50 and over 50 percent permanently reduced working capacity/type and degree of disability. The maximum amount of the subsidy is BGN 20 000 (EUR 10 500).<sup>17</sup>

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<sup>17</sup> <https://ahu.mlsp.government.bg/portal/page/6>

# 5 Policy recommendations

While inclusive entrepreneurship supports are becoming stronger, there are a number of areas where support could be further strengthened:

1. ***The Strategy for women entrepreneurship should be adopted and implemented.*** Having in mind the relatively high share of women entrepreneurs, the strategy should target other barriers the self-employed women are facing such as: access to funding, especially for start-ups; lack of information about how to start business; insufficient entrepreneurial skills; and the ensuring a better balance between work and personal life.
2. ***Make entrepreneurship more attractive to young people.*** Despite the tailored policies and measures in support to youth entrepreneurs, there is a significant discrepancy between the policy intentions and achieved results. Therefore, more needs to be done to promote role models to demonstrate the range of entrepreneurship activities and different types of success.
3. ***Develop a strategy to support senior in entrepreneurship.*** The accelerating trend of population aging, as well as the aging of entrepreneurs in Bulgaria, call for a plan to help harness this potential to ensure that older people can continue to contribute to the economy. Such strategy should pay attention to both the issues of business transfer, and the opportunity of senior entrepreneurs to work as mentors, and to transfer their experience to younger ones. Higher educational institutions could prepare special programmes in the area of entrepreneurship for older people as is done in other countries.
4. ***There is a need for more evidence-based policies for entrepreneurship promotion among people with disabilities.*** The statistics accounts the number of employees with disabilities, but not the number of entrepreneurs among them. More data are needed to know the specific barriers entrepreneurs with disabilities are facing. Only based on such data the adequate policies in support to self-employment and entrepreneurship of people with disabilities could be implemented. Particularly, the funding for moving into self-employment and entrepreneurship seems not enough, except for some loans under more favourable conditions.

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## Annex A. Methodology

Each country report was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with policy officers, entrepreneurship support organisations and other stakeholders. The information was then verified by government ministries, programme managers and other inclusive entrepreneurship stakeholders, including through the circulation of draft reports for comment and online seminars that were organised between June and September 2020.

The reports are based on a common assessment framework that was developed by the OECD Secretariat. The framework contains five pillars:

1. Policy framework
2. Entrepreneurship skills
3. Financing entrepreneurship
4. Entrepreneurial culture and social capital
5. Government regulations

The reports provide an overview of the current inclusive entrepreneurship policies and programmes. They also notes assess programmes against the following international good practice criteria, considering the “typical” entrepreneur in each of the different target groups (i.e. women, immigrants, seniors, youth, the unemployed, people who experience disability), in the “typical” region in the country. It covers schemes that are directly offered by national, regional and local governments, as well as those that are financed by the public sector but delivered by other actors. The international good practice criteria used in the assessment are:

- **Tailored:** Are public programmes tailored for the target group (i.e. dedicated)?
- **Consultation:** Are the targeted entrepreneurs consulted during the design of programmes?
- **Outreach:** Are appropriate outreach methods used for different target groups?
- **Delivery:** Are specialist organisations used to deliver programmes?
- **Take-up:** Does the support have high take-up among target group?
- **Scale:** Is the scale of available support sufficient?
- **Impact:** Does evaluation evidence show a positive impact?
- **Integrated:** Is the programme delivered linked other related supports?
- **Links:** Do tailored programmes link to mainstream support programmes?

A focus is placed on the most commonly targeted population groups, namely women, immigrants, youth, seniors and the unemployed. Other groups such as the Roma are covered by the report when relevant. A special thematic section was added on entrepreneurship support for people who experience disability (Section 4) to highlight their potential as entrepreneurs and to showcase the variety of tailored entrepreneurship schemes that are in place around the European Union.