

SOCIAL ENTREPRENEURSHIP – BUSINESS WITH PUBLIC CAUSE



Report with proposals and recommendations for policies promoting

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ENTREPRENUERSHIP – BUSINESS

Report with proposals and recommendations for policies promoting social entrepreneurship



Haskovo municipality



HALO Foundation 2019

2020

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SOCIAL ENTREPRENEURSHIP – BUSINESS WITH PUBLIC CAUSE

REPORT WITH PROPOSALS AND RECOMMENDATIONS FOR POLICIES PROMOTING SOCIAL ENTREPRENEURSHIP

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Table of contents

Introduction	4
Social entrepreneurship in Europe	6
Consortia and collaboration in Italy	8
Social investment in the UK	9
Guide to public procurement in Belgium.....	10
Law on Social Cooperatives in Poland.....	11
Cooperation agreements in Portugal.....	12
Assignment of Income Tax in Slovakia	13
Subsidized jobs in France	13
Regional incubation centers in Belgium.....	14
Master's Degree Program in Social Management in Austria	15
Workshop on civil employment in Hungary.....	15
Social entrepreneurship in Bulgaria.....	16
Models of social enterprises in Bulgaria	16
Traditional services and activities of social enterprises in Bulgaria.....	17
Forms of social enterprises	18
Analysis of the legal framework concerning social entrepreneurship in Bulgaria	19
Taxation of the activity of social enterprises	23
Tax breaks for social enterprises.....	24
Analysis of financial instruments in support of social entrepreneurship	25
Positive prerequisites for the development of social entrepreneurship.....	36
Limitations of social enterprises	37
Social Entrepreneurship in Haskovo District.....	38
Demographic and economic profile of the region	38
Economics and entrepreneurship	40
Social policy	41
Civil Sector Development	42

Social enterprises	42
Suggestions and recommendations for policies promoting social entrepreneurship	46
Appendix 1	52
Appendix 2 – Social services in Haskovo District	60

Introduction

Social entrepreneurship is one of the topics that has been on the agenda of Bulgarian society in the past few years. More often the state, municipalities and the non-governmental sector recognize the opportunities that social enterprises offer to deal with the social problems of a different nature and finding lasting solutions to overcome the social exclusion of vulnerable groups in our society.

In Bulgaria as well as in Europe there is no single definition of what actually constitutes social entrepreneurship. The Law on Enterprises of Social and Solidarity Economy, which entered into force on 02.05.2019, provides the following definition: Social and solidarity economy is a form of entrepreneurship aimed at one or more social activities and / or social goals pursued by enterprises, including through the production of various goods or the provision of services, in cooperation with state or local authorities or independently.

But in order to better understand social entrepreneurship, we must pay attention to the fact that it is a different way of economic activity (doing business, economic activity), that mixes the ingenuity of a business with a social mission, skillful blending and balance of social and economic goals. Social entrepreneurship is an activity aimed at solving important social problems, and these activities also generate income for the entrepreneur. It is a balance between non-profit organizations and ordinary business ventures, because it can sustain itself and make a profit while helping to overcome social difficulties.

Social enterprises have all the hallmarks of traditional enterprises: they produce goods and services; use production factors that have a clear cost; they are autonomous; take significant level of economic risk.

Their activity also has a social aspect: they pursue a clear social purpose; serve the community or a particular group of disadvantaged people; they do not seek profit maximization in order to distribute it among the participants in the capital of the enterprise.

The most important feature of social entrepreneurship is an expression of social impact, which is expressed in the investment of the generated income to support the target groups; participation of part of the target groups in the business activity (creation of employment); provision of unattractive to businesses services to disadvantaged people; creating opportunities for professional and social integration; creating social added value and saving social costs.



The social economy is both part of the real economy and part of civil society, in which individuals and legal entities carry on business for the public benefit and reinvest profits to achieve social goals. The social economy includes all economic activities carried out by enterprises, mainly cooperatives, associations and mutual aid societies, whose ethics follows the following principles: putting public service before profit; autonomous management; democratic decision-making; advantage of people and work over capital when allocating resources.

The social economy model has a number of social benefits: integration and employment of disadvantaged people; contributing to the social inclusion process of disadvantaged people; contributing to a more balanced use of local resources; new jobs for disadvantaged people - minority groups, single women, people with disabilities and others who remain excluded from income generation. The model of social economy has an economic effect that results in saving public money for social assistance and saved additional funds to offset the social cost of long-term unemployment.

In Bulgaria, social entrepreneurship exists in the form of several models:

1. Model for job creation and workforce development - economic logic of the business venture is based on the ability to create jobs for disadvantaged people. The model is associated with the so-called “Protected employment” where the social enterprise is the employer of disabled people.

2. An entrepreneurial model where social enterprise is a mediator between disadvantaged people and the market. In this model, in the form of occupational therapy, people with disabilities participate in the production of goods for which social enterprise seeks market and is committed to marketing and distribution.

3. Model of direct service – this model is most directly related to social service providers. In this case, the social enterprise provides social services against payment to external clients and is at the same time a social service provider for its members, with payment being contracted with the municipality or the state. It is important to note that in this model, social enterprise develops the same services, but aimed at different users and customers.

Social enterprises in Bulgaria can be commercial companies, cooperatives and non-profit legal entities. They all have socially significant outcomes for vulnerable groups. And the

vulnerable groups are listed in Article 7, Paragraph 4 of the Law on Enterprises of Social and Solidarity Economy¹:

- a) persons with permanent disabilities;
- b) long-term unemployed persons who are entitled to monthly social assistance under the Social Assistance Law and its Implementing Regulations;
- c) persons up to the age of 29 who have no previous professional experience;
- d) persons placed outside the family in accordance with Art. 26 of the Child Protection Law, including after termination of their placement;
- e) unemployed persons over 55 years who are registered in the "Labor Office";
- f) persons who raise children with permanent disabilities and receive benefits under Art. 8e of the Law on Family Benefits for Children;
- g) persons who have been imprisoned for a term not less than 5 years if the sentence has expired within the last three years of employment;
- h) persons addicted to alcohol or drugs, who have successfully undergone a treatment or psychosocial rehabilitation program in the last two years prior to entering employment, which is certified by a document issued by the persons that have provided treatment or psychosocial rehabilitation;
- i) homeless persons within the meaning of § 1, p. 1 of the Supplementary Provisions;
- j) foreigners who have received asylum in the Republic of Bulgaria in accordance with the Law on Asylum and Refugees during the last three years since their employment;
- k) persons who have been granted special protection under the Law on Combating Human Trafficking;
- l) victims of domestic violence within the meaning of the Law on Protection against Domestic Violence.

Social entrepreneurship in Europe

Social entrepreneurship in Europe exists in many and different forms. In some countries, there are laws that regulate it, while in others it is an established practice over the years, which is governed by various laws and regulations. Social enterprises at the level of EU policies have been identified as a key tool for innovation and overcoming the problems of poverty and social exclusion. As part of the policy to promote the social economy and social innovation, social enterprise has been identified as a tool for achieving the strategic goals set out in Europe 2020. The role of social enterprises is recognized as a bridge through which to promote active integration and vulnerable groups to reach (and stabilize their position) in the areas from which they have dropped out (education, health services, the labor market). In the last 15 years there are no strategic European documents in social sphere (and not only) that do not prioritize social enterprises as a tool for social policy.

¹ Law on Enterprises of Social and Solidarity Economy

For the purposes of different programs or policy areas, the EU places emphasis on different elements of the definition of social enterprise. For example, in Regulation (EU) 1296/2013 of the European Parliament and of the Council on the European Union Program for Employment and Social Innovation and amending Decision 283/2010 / EU establishing a European Microfinance Facility for Employment and Social Inclusion " Progress ", focuses on the social goal, reinvesting profits to achieve it, managing the enterprise in an entrepreneurial, accountable and transparent manner. In connection with the implementation of the Employment and Social Innovation Program, a definition of a social enterprise has been given, which simultaneously has the following characteristics:

- on the basis of its constituent documents, its primary purpose is to achieve "measurable, positive social impact" and not to generate profit for its owners, members and shareholders;
- provides services or goods that generate 'social return' or uses a method of producing goods or services that reflects its social purpose;
- make the most of its profits to achieve the main social objective, by introducing internal rules to ensure this;
- is managed in an entrepreneurial, accountable and transparent manner, and in particular by involving employed vulnerable groups, clients and other stakeholders in its management.

Common features of successful models in other European countries

Comparatively, social enterprises can most often be recognized as cooperatives (in which representatives of vulnerable groups are involved as individuals) or organizations that, in doing business, set social goals and have a mechanism to ensure that the whole or part of the profit is reinvested in the enterprise itself. In some of the countries with developed social economy, a commonly used form is non-governmental organization (NGO). In many cases, NGOs provide social services to a specific target group, and the social enterprise "upgrades" support by creating conditions for employment and for business activity in which they participate or the benefits of which are to further support vulnerable groups.

After examining various successful models of social enterprises in other European countries, it is concluded that in order to be recognized as a successful social enterprise, the following starting points need to be considered:

1. Business is leading - social enterprises develop purely economic activities, sell goods and services (more often) on a market basis.

2. Support network - in many cases, social entrepreneurship builds on social services. It is implemented as part of a general program for social services (classical - day care centers, rehabilitation centers, etc.) and plays the role of a bridge to active social inclusion - employment, education, training, services.

3. Slow results - although they operate on a market basis, social enterprises are developing at a slower pace than other enterprises. This is mainly due to the difficulty of working with a particular vulnerable target group. It takes time and extra effort for the social enterprise to catch up with other manufacturers or service providers.

4. Target group - the activities of the social enterprise are aimed at children from poor families, children of divorced parents, mothers and families at risk, defendants, ex-prisoners and their families, homeless youth, Roma community, highly isolated groups - drug addicts, prostitutes and immigrants, uneducated young people, people with intellectual disabilities and mental illness, youth struggling with unemployment.



5. Partnership with public authorities, non-profit and corporate sector. Achieving social goals has many different aspects and requires the joint work of all stakeholders and society at large. A social enterprise can hardly achieve its social goals without such support.

Despite all these marks and starting points, achieving sustainability of social enterprises at European level is a major challenge. It is mainly due to the fact that the set social goals and tasks make the business part in social enterprises much more difficult. However, different countries in Europe have found different solutions to specific problems affecting social entrepreneurship. The next part of the exhibition presents some good practices from different countries, and information is drawn from the Collection of Good European Practices in Social Entrepreneurship².



Consortia and collaboration in Italy

Italy has a highly developed social enterprise sector, which provides 6.4% of GDP and 3.4% of employment. However, the main problem standing in front of social enterprises is that they are small and medium in size and it is difficult to deal with competition for them. Their opportunities for growth and competitiveness in open markets are very limited, they have difficulty accessing financing, large orders and tenders.

The solution to this problem is to create a more conducive environment for the creation and development of consortia and network organizations, through targeted policy and legislative rules. The Italian government provides greater support for the development of social cooperatives through a set of laws, formalizing and legitimizing social cooperatives, enabling

² Collection of Good European Practices in the Field of Social Entrepreneurship, prepared within the framework of the project "Creating a Network of Social Enterprises for Implementation of Innovative Marketing Strategies", implemented by the Association of South Western Municipalities in partnership with Social Enterprise UK, funded by the OP “Human resources development”

them to play a greater role in the Italian economy. A framework law (n.328) was signed in 2000 to provide the basis for much of the modern social enterprise sector. Another law (n.155) was adopted in 2006 providing for accredited “qualification” for organizations within the social enterprise sector, of which they have access to government funding and other benefits.

In Italy, the so called consortia of social enterprises become more popular. They are a type of cooperative structure (sometimes known as a "second tier" social cooperative) in which a number of social cooperatives join to undertake an economic activity, such as:

- 1) Productive Integration (eg sharing back-end functions such as information systems);
- 2) Joint purchase of goods and services on behalf of members;
- 3) Participation and access to larger or more complex tendering procedures and contracts.

Consortia are the main tool used by Italian cooperatives to create economies of scale and sustain their growth. As a natural collaboration and networking organization, it is natural that social cooperatives will work together to form consortia. There are many benefits to this, some of which are to achieve economies of scale, to achieve new knowledge for common purposes, to access new markets, overcoming legislative barriers, greater flexibility, public sector (as well as private sector) visibility, policy influencing (especially at local and regional level), increasing competences.

The Italian government has created concrete benefits for social cooperative consortia. Some of these are: access to national funding; tax breaks and other subsidies, as a contribution to the salaries of employees in some disadvantaged groups. In addition, there are other, more unexpected, advantages. One example is the enhanced ability of consortia to access European funding, especially from the European Social Fund, through shared administrative responsibilities and expertise to complement each other in managing the complex project funding process.

Consortia also have the idea of joint support. They create their own fund, in which each member pays 3% of their annual profit to reinvest in innovative social projects and marketing activities.

Social investment in the UK



The most common problem facing social enterprises in the UK is access to finance. The main barrier to their efforts to break through, achieve sustainability and develop new markets stems from the inability to access capital easily, compared to ordinary businesses. Investing in social enterprises is less attractive to investors who simply want to maximize their profits and who choose investments based solely on risk and return.

What the UK is doing to support social entrepreneurship is to develop a strong alternative to traditional investment markets by supporting social / impact investments by creating a central fund, tax breaks and other incentives.

Big Public Capital (BSC) was opened in April 2012 with a capital of £ 600 million. This commercial institution is the first of its kind in the world and is designed to develop and shape a sustainable social investment market in the United Kingdom. BSC's role as a commercial financier is to attract more millions in the social sector - more than it can finance on its own. BSC invests in a number of financial intermediaries of social investments (SIFI). These are organizations that offer appropriate and affordable funding and support for social sector organizations that tackle some of the most significant social problems. Any fund, whether from the core financial services sector or the social sector, if it fits into these criteria and conditions, can receive funding from BSC as SIFI.

Tax incentives have been created for social investors, which are accessible to people making qualified investments in certain specific types of social enterprises:

- Companies with public interest. These are limited liability companies that were created by people who want to do business or other activity for the benefit of society, not just for personal gain.
- Communities with public benefits. These are a specific type of industrial and mutual aid community that works for the benefit of the public and is controlled by the national financial authority.
- Charities.

In 2012, the Investment and Contractual Readiness Fund (ICRF) (a three-year £ 10 million fund) was also set up. It was created by the Civil Society Office, which aims to ensure that social enterprises have the capacity to provide new forms of investment and compete for public procurement and services. It provides grants to social enterprises that have high growth potential and have a positive social impact. The Fund supports the attraction of new investments and / or the implementation of specific contracts.

Guide to public procurement in Belgium



In Belgium, social enterprises offer innovative and creative products and radical alternatives to scrapped business models, but there is still a shortage of market demand to support the long-term growth of the sector. As the idea of a social enterprise has not yet reached the mass consciousness, consumers are not aware of the social aspect of their consumption and are not so constant in spending enough money in the social sector. That is why a Working Group of key representatives of the social sector and political organizations has been set up. The Working Group meets regularly to exchange experiences and ideas, to analyze the development of the sector, to formulate recommendations to the Secretary of State responsible for social

integration and poverty reduction, and to generate common interregional project ideas with a focus on strengthening the social economy.

As a result of its work, the Group has developed a Guide to Social Procurement in Belgium. The guide focuses on existing legal instruments that allow public authorities and public enterprises to use social employment, social integration and inclusion as public procurement criteria, based on European legislation. The guide aims to inform and encourage public authorities to use social clauses in public procurement, thus deliberately encourage public expenditure in the social sector and supporting long-term growth of the sector. Most of the guide focuses on employment, but also on the social inclusion of disadvantaged people in a structured way, as a means of creating employment within the social economy.

Law on Social Cooperatives in Poland



The Law on Social Co-operatives in Poland was adopted on 27 April 2006. It sets the legal framework for social employment initiatives, focusing on the activation and inclusion of marginalized social groups. The law defines the principles that affect the establishment and management of a social cooperative. The target groups of the law are people at risk of social exclusion. Social cooperatives operate as NGOs and receive funding from the Labor Fund and local government. Members of the cooperatives may be between 5 and 50 unemployed and other persons at risk of social exclusion. The law exempts the income of the members of the cooperatives from the general income tax, which is provided for the social and professional reintegration of the members.

Other benefits of social cooperatives under the law are:

- Opportunity for preferential participation in open procurement procedures;
- Ability to use workforce by volunteers and persons deprived of their liberty;
- Profit can be realized in fulfilling the legal requirements for the social and professional reintegration of its members and for the provision of services at the local level;
- People who set up a social cooperative can receive a reimbursement of social security contributions for a period of 12 months.

An important element of this law is the ability of social cooperatives to carry out activities and services assigned by the public administration.

Poland's Support to the Development of Social Cooperatives Program is one of the first initiatives to offer direct support. It initiates activities aimed at promoting the concept of social cooperatives. The program envisages the following activities:

- Establishment of regional centers for the support of social cooperatives;
- Promoting the program among the unemployed;

- Creating a Catalog of the profiles of social cooperatives;
- Monitoring the performance of social cooperatives.



Cooperation agreements in Portugal

The cooperation agreements between the public social security system and IPSS (private social solidarity institutions) aim to provide basic social support for certain population groups (children and young people, the elderly, people with disabilities, socially disadvantaged families and communities).

These agreements recognize the important role of the private sector for social solidarity in providing support services, which are in fact the primary responsibility of the state. The Ministry of Labor and Social Security enters into agreements with the private sector in order to provide grants, as well as technical and other material support, so that private enterprises can expand their field of intervention and improve their services in a way that maximally satisfies the social needs of the population.

The government agency responsible for the measure is the IGFSS, the Institute for Financial Management of Social Security, which operates in coordination with about 20 regional centers of the social security system. These regional centers are responsible for assessing the quality of services provided by private institutions, providing technical support and cooperation in the preparation of regulations governing the implementation of cooperation agreements and the receipt of grants. They are also responsible for the periodic inspections and audits of the beneficiary institutions.

Grants are applicable to the following types of services offered by private institutions:

- childcare centers and kindergartens;
- daily activity centers;
- sheltered homes for children and young people;
- specialized schools;
- sheltered homes and day care centers for the elderly;
- work centers and supportive homes for the elderly with disabilities;
- summer camps;
- therapeutic communities and day care centers for addicts and homes for inclusion;
- social canteens;
- clubs for social and educational interventions.

Grants are provided in accordance with specific provisions and are intended to cover current expenditure incurred by private institutions of solidarity, which can not be covered by disadvantaged consumers.



Assignment of Income Tax in Slovakia

Assignment of Income Tax Act is a measure to support non-profit organizations based on individual decisions of taxpayers, including individuals and legal entities. Based on Tax Act, in the tax declaration a person or company can announce the transfer of 2% of their taxes for selected NGOs that appear in the official register. Any NGO that meets the legal requirements can be registered and included in the Beneficiary Register. This central register is administered by the Chamber of Notaries. Support may be provided to legal entities having the legal form of:

- Civic Association;
- Foundation;
- Non-investment fund;
- Public benefit organization;
- Charitable organisations;
- International non-governmental organizations;
- The Slovak Red Cross.

and is engaged in one of the following activities:

- Developing and protecting intellectual values;
- Protection of human rights;
- Environmental protection;
- Protecting and supporting health and education;
- Supporting sports activities for children and persons with disabilities;
- Provision of social assistance;
- Protecting nature and cultural values.

A risk in income tax fraud is the tendency of some corporate donors to transfer their taxes to non-governmental organizations created by them. This approach does not meet the main objective of the measure and quite often these resources are not used in a transparent manner.

Subsidized jobs in France



Employment subsidy (CAE) policy has been in place since 2005. The measure is part of a National Social Cohesion Program. It aims to facilitate the integration into the labor market of people who encounter specific social and professional difficulties by offering them a job, as well as actions that allow them to define and execute their professional project.

Employers must belong to the non-profit sector, ie be associations, enterprises, local authorities, private and public-private organizations responsible for providing a public service. The work must meet unmet social needs. The measure has three objectives:

- Support for the professional realization of certain categories of unemployed;
- Support for job creation in the non-profit sector;
- Support for the development of new services.

For social enterprises, CAE is a tool to support them in fulfilling their social role for professional and social integration, as well as providing new services that meet unmet common needs.

CAE is a fixed-term employment contract with a minimum duration of 6 months and a maximum duration of 24 months. The work is full-time (35 hours a week) or part-time with a minimum of 20 working hours per week. The salary is at least equal to the minimum wage (SMIC). Overall, the financial support of the state is equal to 79% of the total cost of the employment contract.

Just over 40% of employers can be considered as social enterprises.

In terms of employees, 67% are women, 33.8% are less than 26 years old and 16.7% are more than 50 years old; 10.7% are people with disabilities and 24.7% have very low primary education (without a diploma at all).

Regional incubation centers in Belgium



In 2000, the Flemish Government launched an initiative to establish, identify and subsidize Start Centers or Regional Incubation Centers. The purpose of these Start Centers is to stimulate business initiatives within the social economy. This means helping future social entrepreneurs to form and implement business ideas, encourage them to hire disadvantaged people and guide them in applying the principles of sustainable entrepreneurship. The target group of Start Centers are entrepreneurs and future entrepreneurs in the social economy in Flanders.

The activities of the Start Centers cover a wide range of services for social enterprises. Start centers:

- Assist candidate social entrepreneurs in developing their ideas and in developing a business plan;
- Support social entrepreneurs in the certification process of a "social inclusion enterprise" (ie a company that employs disadvantaged people);
- Help social enterprises to find the employees they are looking for;
- Assist social enterprises in seeking subsidies and financial support;

- Assist the social entrepreneur in the implementation of the principles of sustainable development in the social enterprise;
- Offers office space and equipment.

By subsidizing Start Centers, Flemish public authorities provide an important measure that helps the sector to develop within its own framework, as opposed to support for individual businesses. This guarantees the independence of the sector.



Master's Degree Program in Social Management in Austria

The Master's Degree Programs in Social Management is an academic qualification measure for social workers that reflects on the knowledge and skills needed to perform management activities in social organizations.

These masters programs seek to meet the requirements of active social workers for academic certification, as well as to meet the evolving needs of skilled staff in social organizations in quantitative and qualitative terms.

Graduates must be able to cope with the growing need for entrepreneurship in social organizations without losing sight of the importance of social activity. They should be able to perform management functions in all areas of social work and other related sectors such as health, education, culture and the public sector.

Master's programs in social management have a positive effect on social organizations, because with these educational measures, social workers are able to improve their economic and managerial knowledge and put them into practice. Thanks to these courses, they are able to improve the management of their social enterprises and benefit from more economic principles in social work. The course also supports the exchange of experience and the establishment of networks of social enterprises, as participants are employed in different social organizations.



Workshop on civil employment in Hungary

The Civilian Employment Workshop began operations in July 2003. It is a successful model of cooperation aimed at establishing a framework for civil dialogue in the sector and expanding and enriching the level of communication. Its activities are managed by a chairman, elected by the member organizations.

It is open to any association that meets the following criteria: a non-profit organization aimed at increasing employment, according to its founding documents; has vocational training activities or alternative services in the labor market; is registered with the National Civic Fund; its subject of activity is approved as national.

The Civilian Employment Workshops have delegated experts for all monitoring committees and boards for formulating public strategies. They initiate innovative employment programs and successfully lobby for the right to participate in the provision of public services.

Social entrepreneurship in Bulgaria



In the period before 1989 in Bulgaria there is an organization that employs people with disabilities. After the changes in 1989, there was a vacuum in this area. It is very difficult for people with disabilities to find job and decent pay, many of them are socially poor, relying on benefits and disability pensions that are minimal. Employers who provide a chance for decent work for people with disabilities are rare. The state and local authorities (with few sporadic exceptions) do not specifically support social entrepreneurs. The role of social entrepreneurship as an opportunity to create an integrated environment for creating sustainable jobs for disabled people and other vulnerable groups is not recognized. It is the social enterprises that contribute to the process of social inclusion, solidarity and respect for each individual's skills, focusing on his or her opportunities to participate in social and work responsibilities.

Over the years, despite the lack of sustained targeted support from the state and local government, social enterprises have begun to emerge. Initially, social enterprises were created in implementation of Operational program “Human resources development” projects and external donor programs. Unfortunately, no support is provided for these enterprises after the completion of the projects and it dooms many to fail. The first good example comes from programs to promote entrepreneurship at the Agency for Integration of Persons with Disabilities (AIPD), which even keeps a register of specialized enterprises and cooperatives for and of people with disabilities. Unfortunately, the work of this agency is focused on only one vulnerable group – people with disabilities. Thus, the potential of social entrepreneurship remains untapped and all other vulnerable groups are not covered by this support opportunity.

Models of social enterprises in Bulgaria

Currently, there are different models of social enterprises in Bulgaria, most commonly recognized:

1. specialized enterprises (trade companies) and cooperatives of people with disabilities. In this case, social entrepreneurship is mainly about providing employment directly to vulnerable groups. The problem, given the goals of this analysis, is that the normative activity of these social enterprises is limited to only one vulnerable group - people with disabilities.
2. NGOs - a social enterprise means the pursuit of a mission-related (social / non-profit) business - directly or through its own business company. As a part of their business, this group of social enterprises may:
 - (a) provide employment for representatives of a vulnerable group;

- (b) provide market-based services directly designed to meet the needs of vulnerable groups;
- (c) generate revenue from their business, which is reinvested in extending support to the vulnerable group;
- (d) combine the three approaches - which is the most commonly used approach.

Traditional services and activities of social enterprises in Bulgaria

According to the current Bulgarian legislation and the established practice, the activity of social enterprises is often expressed in the provision of the following types of support / services:

1. Providing employment of persons from vulnerable groups and employment mediation services

Most often, employment is provided within the social enterprise itself, ie it itself is the employer of persons from vulnerable groups. Such activities, for example, are carried out by the specialized enterprises and cooperatives of persons with disabilities a priori, since one of the requirements of the AIPD is a certain number of persons from the staff to be persons with disabilities. Along with them in practice there are a number of social enterprises - NGOs that also employ people from vulnerable groups (eg laundries, which employ women victims of violence).

Mediation services in employment are expressed generally in providing specific services to support job search and employment. The conditions under which information and employment mediation can be conducted are regulated in the Law on Employment Promotion.

In order the labor mediation enterprise to be accepted as a provider of social service, the enterprise itself must involve the target group in the provision of those services, or its services should be entirely for the vulnerable groups, which may receive them in preferential terms compared to all other users. It should be noted that the Law on Employment Promotion provides for additional registration in the Employment Agency.

2. Provision of social services

In the Bulgarian context, it can be assumed that the provision of paid social services is a form of social entrepreneurship. According to the Social Assistance Act, services are "activities that support and empower individuals to lead an independent lifestyle and are carried out in specialized institutions and in the community." According to the current legal regime, social service providers can be NGOs, traders, including individuals, registered under the Commercial Law, the state and municipalities. The law provides registration procedure for persons other than the state and municipalities wishing to be providers of social services. Social service providers should register as such with the Social Assistance Agency. If child welfare services are to be provided, the registration procedure at a social assistance agency shall be preceded by a license to provide such services by the State Agency for the Protection of the Child. The provision of health services that are exclusively for vulnerable groups who are generally excluded from access to health support may also be considered as social entrepreneurship if it meets all other criteria.

3. Provision of training and education services

The activity of social enterprises in this field is specifically expressed in the organization of training for persons from vulnerable groups with a view to obtaining a degree of education or acquiring, respectively enhancing their professional qualification. The activity of a legal person would be considered as a social enterprise only if it fulfills all the above criteria for a social enterprise. The Vocational Education and Training Act provides for additional registration with the National Agency for Vocational Education and Training if the social enterprise is to operate, for example, as a vocational training center or a center for information and career guidance for persons from vulnerable groups.

Forms of social enterprises

1. Social enterprises as NGOs

The Law on Non-profit Organizations provides special requirements for NGOs and their economic activities, which most closely approximates them to the understanding of a social enterprise:

- Their main goals are non-profit (social) and should be related to the subject of the main activity of the NGO,
- business income should be used to achieve the non -profit objectives defined in in the statute of the NGO,
- There is no right to distribute the profits made by the business activity between the founders, members, members of bodies or other related or unrelated persons in the organization, like all other traders.

This is one of the most successful forms of social enterprise as it makes it easy to combine social goals with economic ones. Non-profit organizations have advantages over economic entities regarding the demand for social impact and they are:

- Their main purpose is not to pursue profit (as it is for economic entities) but to achieve ideal goals related to the development of important areas of common interest, forms of support, etc .;
- According to their specifics, they are close to the people and their problems, they know their needs and this makes it possible to easily find out what will be best for the people and to choose the most appropriate interventions;
- They can generate additional resources and upgrade by combining public resources with donations.

2. Social enterprise as a trading company

The social enterprise may also be registered as a trading company. According to the Bulgarian legislation, the following types of trading companies exist: general partnership, limited partnership, partnership limited by shares, limited liability company, joint stock company. In general, legal entities (including NGOs) and individuals may be founders and partners in any of

these types of companies. There are cases where NPOs separate their business activity into a separate trading company. Even in this hypothesis, the other criteria remain guaranteed, insofar as the profits made by the company can only be distributed to the benefit of the NGO itself and thus will be reinvested in the achievement of its social goals.

3. Specialized enterprises and cooperatives for and of people with disabilities

This type of enterprise is by definition a social enterprise. Their status is explicitly regulated in the Law on Integration of people with disabilities. According to the law, specialized enterprises and cooperatives of people with disabilities are those that meet the following criteria:

- are registered as commercial companies under the Commercial Code or as cooperatives under the Cooperatives Act;
- produce goods or provide services;
- have a share of persons with disabilities as follows: for the specialized enterprises and cooperatives for blind and partially sighted persons - not less than 20 percent of the employee number; for specialized enterprises and cooperatives of hearing impaired persons - not less than 30 percent of the census staff; specialized enterprises and cooperatives of persons with other disabilities - not less than 30 percent of the employee number;
- they are entered in the register of specialized enterprises and cooperatives maintained by the Agency for people with disabilities.

Analysis of the legal framework concerning social entrepreneurship in Bulgaria

In Bulgaria, the first strategic document dedicated specifically to social entrepreneurship - the National Concept for the Social Economy - was adopted in 2011. Despite the clear vision that this sector should be supported, the Implementation Plan lacks clarity on how to develop sectoral policies so that social entrepreneurs develop their potential and achieve upgrading results that are durable and timelasting.

Since 2012, statistical information on active social enterprises in Bulgaria has been collected. In 2013, the National Statistical Institute included a definition of social enterprise and targeting criteria for respondents with a view to self-determination as a social enterprise or not. This initiative was implemented within the project “Creation of a national database for social enterprises for Ministry of Labor and Social Policy in Bulgaria”, implemented by the Ministry of Labor and Social Policy in partnership with the National Statistical Institute, the Central Cooperative Union and the Agency for Social Assistance. The project includes technology for entering and processing information about social enterprises through structured forms.



The statistical survey of social enterprises in Bulgaria has an annual frequency. All non-financial and non-profit enterprises in the country that were active during the respective accounting year are the subject of research. The main source of information is the annual reports of the non-financial corporations, compiling and non-compiling the balance sheet and the annual report of the non-profit enterprises.

The main purpose of the statistical survey of social enterprises in Bulgaria is to identify enterprises in the field of social economy and to provide information on certain indicators for social enterprises in the country.

According to the NSI's 2013 aggregate data, 3,612 enterprises identified themselves as 'social'. 2046 of them are registered as trading companies and cooperatives. 1381 of them are profitable. 1566 of the self-identified social enterprises are registered as NGOs, with only 197 of them making profit from business activities (amounting to a total of BGN 22 million). These same NGOs have generated income from non-profit activities totaling BGN 179 million.

As of August 2015, there are 281 registered specialized enterprises and cooperatives of persons with disabilities in the register of specialized enterprises and cooperatives of persons with disabilities at Agency for people with disabilities. They provide employment for 3 364 people with disabilities (i.e. people who have been provided with official document from Territorial expert medical committees for reduced working capacity).

In 2019 about 4,800 are self-identified as social enterprises in the country. Of these, 234 are specialized enterprises and cooperatives of people with disabilities, which provide employment for 2,615 people with disabilities.



At the end of 2019, a Register of Social Enterprises was established. As of 01.01.2020 only 3 companies have filed documents for entry in the register, and are still in the process of verification before entry.

Adopted at the end of 2018. Law on the Enterprises of the Social and Solidarity Economy the Bulgarian state reinforces its will to regulate the so-called third sector - social entrepreneurship. The law aims at regulating public relations related to the social and solidarity economy, the types of subjects and measures for their promotion, as well as the conditions and

procedure for the activity of social enterprises. According to the law, subjects of the social and solidarity economy are cooperatives, non-profit legal entities registered in public benefit and social enterprises, and the principles of the social and solidarity economy are:

1. the advantage of social over economic goals;
2. association for public and / or collective benefit;
3. publicity and transparency;
4. independence from the bodies of state power;
5. participation of members or employees in decision making.

The Social and Solidarity Economy Enterprises Act categorizes social enterprises into two groups: Class A and Class A +.

Art. 7. A Class A social enterprise is any social enterprise, irrespective of its legal form, which fulfills the conditions of items 1, 2 and 3 or items 1, 2 and 4:

1. implements social activity that produces social added value, determined in accordance with a methodology issued by the Minister of Labor and Social Policy;
2. it is managed transparently with the participation of the members, workers or employees when deciding on an established in the memorandum, articles of association or other regulatory document procedure;
3. the positive accounting financial result of the enterprise after taxation for the last reporting period is spent more than 50 percent and not less than BGN 7500 for carrying out a social activity or purpose;
4. not less than 30 percent and not less than three persons employed by the enterprise at the date of occurrence of employment are representatives of exhaustively listed vulnerable groups.

Art. 8. A + class social enterprise is any enterprise, irrespective of its legal form, which fulfills all the conditions of art. 7 or the conditions for a Class A social enterprise and one of the following additional conditions:

1. the social added value is carried out entirely within the administrative boundaries of municipalities, which for the previous year have an unemployment rate equal to or higher than the national average in relation to the available statistics at the date of submission of the application;
2. the positive accounting financial result of the enterprise after taxation is spent more than 50 per cent and not less than 75,000 BGN for carrying out social activity;
3. at least 30 of the employees are persons under Art. 7, item 4 and have worked continuously in the enterprise for the last 6 months.

Chapter four of the Law on Enterprises of the Social and Solidarity Economy regulates the measures for promoting the social and solidarity economy:

- The creation and free distribution of the Social Enterprise Product Distinctive Mark which aims to give social enterprises a chance to enter the market and be visible to consumers

- The Ministry of Labor and Social Policy creates and maintains a register of social enterprises, which is already a fact.

- the Ministry of Labor and Social Policy is creating an electronic platform for social enterprises, which will also contain a database of people from vulnerable groups who can be hired, will allow enterprises to publish their advertisements, link them to investors, with the National Revenue Agency, the Commercial Register and other institutions, will enable social enterprises to exchange experience, offer their goods and be supported.

- registered in the National Register of social enterprises will be given priority when applying for projects under Operational Program "Human Resources Development" fund "Social protection" and programs of the Agency for Persons with Disabilities.

In Art. 13 of the Law are also presented the opportunities for support of social enterprises by the municipalities: "(1) Local self-government bodies may assist the social and solidarity economy entities in their activities by:

1. encourage the development of human resources in the field of social and solidarity economy by providing access to the electronic platform under Art. 12;

2. develop mechanisms and programs for supporting social entrepreneurship aimed at developing the regional aspects of the social and solidarity economy by incorporating measures into the normative acts related to the development of the municipality;

3. participate in the activities of the social and solidarity economy through various forms of cooperation.

(2) The ways in which the bodies of local self-government can assist the subjects of the social and solidarity economy shall be determined by a decision of the municipal council. "

Encouraging measures are also laid down in Art. 15 (1) Class A + social enterprises can be promoted through:

1. establishment in their favor for the development of their social goals for the right to build real estate - private municipal property, without a tender or competition following a decision of the municipal council, adopted by a majority of more than half of the total number of councilors not less than 6 months after receipt of the application of the social enterprise, in accordance with the procedure specified in the ordinance under Art. 8 of the Municipal Property Act; in this case, the social enterprise undertakes to continue to exist and act as such for a period not less than 10 years from the establishment of the right of construction, and in case of non-fulfillment of this obligation owes the municipality a monetary compensation of 40 percent of the cost of incorporation in the first 5 years and 20 percent of the cost of incorporation during the sixth to tenth year;

2. establishment in their favor for the achievement of their social goals of the right to use property and property - private municipal property, without auction or competition after a

decision of the municipal council, adopted not less than 6 months after the application of the social enterprise, in accordance with the procedure specified in the ordinance under Art. 8, para. 2 of the Municipal Property Act; the right of use shall be extinguished by the deletion of the social enterprise from the register of social enterprises or by the expiry of the fixed term, which may not exceed 10 years;

3. financial support for training for upgrading the professional qualification of the persons under Art. 7, item 4, employed by class A + social enterprises, on the proposal of the Minister of Labor and Social Policy within the limits set by the state budget law for the respective year for the implementation of active employment policy when the economic activity is carried out in full within the administrative boundaries of municipalities which, for the previous year, have an unemployment rate equal to or higher than the national average.

(2) In case, before 6 months from the receipt of the application of the social enterprise class A + for establishment of the right of construction or the right of use on real estate and property - private municipal property, without tender or competition according to para. 1, items 1 and 2 have run out, an application is received from another social enterprise class A + with a request for the same real estate or property, then the right to build or use it on the real estate or property is established in accordance with Art. 37, para. 1 or respectively in accordance with Art. 39, para. 1 of the Municipal Property Act. In the case of a subsequent application from one or more social enterprises for the starting date of the scheduled 6-month period, the date of submission of the first application in the order shall be considered.

On May 7, 2019 The Minister of Labor and Social Policy also approved a Methodology for assessing the social added value produced by the activities of social enterprises ([Appendix 1](#)). The purpose of this methodology³ is to provide objective, systematic, specialized information, including the added value produced by social enterprises, which is part of the provision of information for the social and solidarity economy.

Taxation of the activity of social enterprises

1. Corporate tax: Corporate tax is due on the profit realized in the course of doing business, as well as on the renting of own movable and / or real estate, regardless of whether the business is carried out in Bulgaria or abroad. The tax rate is 10% on the profit for the respective tax year. Корпоративен данък: корпоративен данък се дължи за печалбата, реализирана при осъществяване на стопанска дейност, както и от отдаване под наем на собствено движимо и/или недвижимо имущество, независимо от това дали стопанската дейност се извършва в България или в чужбина. Данъчната ставка е 10% върху печалбата за съответната данъчна година.

2. Cost tax: it is of two types: a tax on social costs (for example, on social costs incurred by a social enterprise as an employer in respect of its employees) and a tax on

³ Report under art. 7, items 1 and §7 on a comprehensive ex ante impact assessment of a draft Methodology for assessing the social added value produced by an enterprise in accordance with Art. 7, items 1 and §7 of the Final Provisions of the Law on the Enterprises of the Social and Solidarity Economy

representative expenses. The tax rate is 10% on the amount of social, respectively representative expenses.

3. Tax at source: Tax at source is the final tax relating to the realized income from the implementation of the so-called indirect business activity, ie when the social enterprise is separated into a separate company and the NGO receives dividends or liquidation shares for participation in it.

4. Value added tax: The obligation to charge VAT applies to persons engaged in an independent economic activity. Such in the sense of the law is any activity that is carried out on a regular basis or by one person for a remuneration. Such activity would therefore be considered as the activity of social enterprises, regardless of their legal and organizational form.

Tax breaks for social enterprises

General tax breaks for social enterprises:

1. 1. When a social enterprise donates goods and / or services for the benefit of people with disabilities (including technical means for them), socially deprived persons, children with disabilities or without parents, drug addicts for their treatment, Law on Corporate Income Tax allows for tax purposes to recognize the accounting cost of such donations in the amount of 10% of the profit.

2. Law on Corporate Income Tax provides for specific tax relief for employers who have been hiring long-term unemployed persons for more than 12 consecutive months.

3. 3. Exemption from VAT on certain transactions, regardless of whether their provider (NGOs - social enterprise) is registered under VAT - the so-called "exempt supplies". They are exhaustively listed in the VAT Act and are foreseen not to be subject to VAT if the conditions specified in the law are met on a case-by-case basis. In the case of social enterprises, the following categories of exempted deliveries would be most important: deliveries related to social care and social security, such as the provision of social services and benefits; non-profit deliveries, e.g. when a non-profit social enterprise organizes fundraising events to achieve its nonprofit goals.

4. Law on Integration of People with Disabilities и Law on Employment Promotion provide specific preferences for employers of disabled people, generally expressed in the possibility of receiving funds from the state budget to cover a percentage of social and health insurance for disabled employees. The specific conditions are specified in Art. 26 of 4. Law on Integration of People with Disabilities and Section II of Chapter 6 of the Law on Employment Promotion.

Tax relief only applicable to NGOs - social enterprise

Exemption from the payment of a local tax donation for the contributions received from NGOs - social enterprise or provided by it to other persons. This relief is foreseen in the Local Taxes and Fees Act and can only be used if a non-profit social enterprise is registered for public benefit.

Tax relief applicable only to specialized enterprises and cooperatives of persons with disabilities

Law on Corporate Income Tax allows the corporation tax due from specialized cooperatives of people with disabilities to be remitted to them. Transferring is admissible when remitted tax is spent entirely on the integration of persons with disabilities or for maintaining and revealing work places for people with disabilities in the next two years following the year in which the transfer is made.

Tax relief for donors to social enterprises

If the social enterprise is part of a non-profit organization registered in the public interest or registered as a medical institution, or is a specialized enterprise or cooperative of persons with disabilities, entered in the register at the Agency for people with disabilities, its donors may benefit as follows:

- For corporate donors: recognition for tax purposes of accounting expenses for donations of 10 percent of accounting profit.
- For individual donors: recognition for tax purposes up to 5% of the donation value.

Advantage of public procurement

At present, the Public Procurement Law and the Rules for its implementation do not provide special rules for the announcement and award of public procurements, which generally concern social enterprises.

Only with regard to specialized enterprises and cooperatives of persons with disabilities who are members of nationally representative organizations of and for persons with disabilities, there is a specific procedure whereby they are privileged towards all other potential applicants. This hypothesis applies to cases where object of the procurement is one of the ones listed on a special list of the Council of Ministers, or it is implemented under employment protection programs for persons with disabilities. In this case, the contracting authority is obliged to reserve the right to apply for the contract for these enterprises / cooperatives, if they are able to fulfill at least 80 per cent of the subject of the contract with their own production and resources or with subcontractors, which are also specialized enterprises or cooperatives of people with disabilities.

Analysis of financial instruments in support of social entrepreneurship

Within the framework of the project "Increasing the Social-Entrepreneurial Spirit by Creating Innovative Support Structures for the Cross-border Region" ("SOCIAL FORCES"), financed under contract for grant No. B2. 9c. 04 under the Cross-border Cooperation Program Interreg V-A Greece - Bulgaria 2014 - 2020. Mapping and data collection of existing financial instruments for social entrepreneurship in Bulgaria was done.

In the definition given for financial tools by the Financial Instrument Manager in Bulgaria, they represent specialized financing schemes co-financed by the European Structural and Investment Funds and national funding from the Operational Programs, as well as with additional attracted funds from the private and public sectors. GOIs aim to make more effective use of public resources than grant aid and provide financial support to target groups of end-recipients

to deliver economically viable projects, thus helping to overcome identified market imperfections as and to achieve EU strategic goals and policies.

The funds provided to Bulgaria by the European Structural and Investment Funds are managed by the Managing Authority (MA) under the respective Operational Program. Applying the policies of the program, it concludes a Financing Agreement with the Financial Instrument Manager in Bulgaria for the management of the funds, intended for a financial instrument under the relevant Operational Program.

The Financial Instrument Manager in Bulgaria manages the financial resource for financial instruments in the form of a Fund of Funds, providing the funds to the so-called financial intermediaries (including credit and financial institutions, fund managers, etc.) selected by itself. Financial intermediaries, in turn, supplement the relevant instrument with private resources and provide the funds to eligible final recipients in the form of loans, equity and quasi-equity financing.

Strategies for implementation and management of financial instruments are based on the Preliminary Assessment prepared by a unified EU methodology, which evaluates the difference between demand and supply of financial products and determine the amount and type of financial instruments, taking into account the development objectives set out in the operational program.

The use of funds from financial instruments and the achievement of the objectives set under the Operational Programs are monitored and controlled at all levels, ie. at the Program, Fund, Instrument, Financial Intermediary and Final Beneficiary levels and it is subject to audit by the bodies authorized by law to carry out this activity at national and European level.

Financial instruments have several major advantages:

- possibility to use the so-called leverage on public funds (ie mobilizing additional public and private funds to supplement initial public funding);
- the revolving nature of the capital provided (ie multiple uses of the same funds), which allows any funding through such instruments to be used more than once.
- Overcoming market imperfections, etc.

In the current programming period (2014 - 2020), the operational programs providing financial instruments for social entrepreneurship are:

Human Resources Development Operational Programme 2014-2020 (HRD OP)



The Human Resources Development Operational Programme 2014-2020 (HRD OP) is aimed at achieving higher and quality employment, reducing poverty and promoting social inclusion, as well as modernizing public policies. The Strategy mobilizes European Social Fund (ESF) funds to encourage labor demand and support the creation of new jobs in all sectors of the economy, offering job seekers and employers an appropriate incentive package, incl. information, mediation services, vacancy-oriented training and incentives to reduce labor costs.

OPHRD 2014-2020 supports the achievement of the national goals in the area of employment, fighting poverty and social exclusion in the context of the Europe 2020 Strategy.

The OPHRD strategy envisages the involvement of the social partners at all levels in the different strands to ensure higher and better quality employment. The actions of the social partners, acting jointly with each other as well as with other institutions and stakeholders in the labor market, will make a significant contribution with high added value. It is expected that their participation to facilitate easier adaptation of the Bulgarian labor market to the common to the Member - States of the European Union guidelines for the employment policies, implementing the strategy "Europe 2020".

Operational Programme Human Resources Development 2014-2020 (OPHRD), which has a total budget of BGN 2 136 251 557, includes financing from the European Social Fund (ESF), the Youth Employment Initiative (YEI) and national co-financing. The goals of the Programme are addressed along five priority axes with defined investment priorities, three of which fall within the topic we are considering. These are:

Priority Axis 1 "Improving access to employment and job quality" includes two thematic objectives. One is for "Promoting sustainable and quality employment and support for labor mobility", and the other - "Investing in education, training, learning to acquire skills and lifelong learning“.

Priority Axis 2 "Reducing poverty and promoting social inclusion" covers only the less developed regions and the targeted communities are migrants, Roma and other marginalized groups.

Priority Axis 4 "Transnational cooperation" grants are available to promote transnational cooperation in the field of the labor market, social inclusion, health, equal opportunities, non-discrimination and institutional capacity building.

On May 17, 2016, a Financing Agreement was signed between the Ministry of Labor and Social Policy of the Republic of Bulgaria as the Managing Authority of the Program and the Fund Manager of Financial Instruments in Bulgaria EAD (FMFIB EAD). The agreement mandates FMFIB EAD to manage BGN 70 024 516 from OPHRD 2014-2020 intended to provide support through financial instruments.

Funds for OPHRD 2014-2020 financial instruments are provided as micro-credits and guarantees to compensate for the under-supply of financial products in support of the Operational Program target groups.

The 'Risk Shared Microcredit' financial instrument aims precisely at improving access to financing for eligible final beneficiaries, as well as to attract additional private equity aimed at achieving public employment policies. In addition, a financial instrument is provided for guarantees covering losses on a portfolio of micro-loans with a loss ceiling.

Of the five priority axes covering the objectives of the Program, financial instruments are intended to be implemented under priority axis 1 "Improving access to employment and quality of jobs" and priority axis 2 "Reducing poverty and promoting social inclusion". A grant will be implemented under priority axis 4 "Transnational cooperation".

Priority Axis 1 "Improving access to employment and quality of jobs" provides grants and financial instruments to support the start-up of self-employment and the development of entrepreneurship. In its implementation, this priority area is in line with the EU's Entrepreneurship 2020 Action Plan.

Beneficiaries under Priority Axis 1 are: NGOs; entrepreneurs and innovators; institutions and administration; other beneficiaries. The program contributes to the implementation of measures from each of the three pillars of the EU Action Plan:

- Entrepreneurship training for acquiring business skills, core competencies and entrepreneurial mindsets;
- Creating an appropriate environment for entrepreneurship by providing access to a financial resource for starting and developing their own business in the first moments of the company's existence;
- Reaching specific groups that are more difficult and less likely to start entrepreneurship, such as women, young people, older people, people with disabilities, the long-term unemployed. Employees who have accumulated sufficient knowledge and experience and wish to take a new step in their professional development by starting their own businesses will also be supported.

To implement these strategic guidelines in the labor market, the program envisages modernization of policies and provision of public services in this field. Therefore the strategy of OPHRD focuses on measures aimed at improving the functioning of institutions in order to better anticipate the needs and development of the labor market - in cooperation with all stakeholders. Priority is given to building networks and partnerships at local, regional and central level to better and effectively manage active labor market policy.

Investment Priority 5 aimed at: Self-employment, entrepreneurship and business creation, including innovative micro, small and medium-sized enterprises, is one of the appropriate programs for the development of social entrepreneurship, although not specifically targeted at it.

Priority Axis 2 "Poverty Reduction and Promotion of Social Inclusion" - The second pillar relates to the need to make significant, tangible and sustainable progress towards reducing the

high risk of poverty and social exclusion to which Bulgarian citizens are exposed. Under this priority axis are provided financial instruments and grants intended for the development of social entrepreneurship. Since for the period 2007-2013, the OPHRD has supported the establishment and development of social enterprises engaged in the provision of services and provided real employment for persons from vulnerable social groups, as well as their re-socialization through the provision of sheltered employment, in 2014- 2020 the undisputed priority of the OPHRD under the second pillar is again to support active inclusion policies combining a set of integrated measures to facilitate access to employment for people distant from the labor market.

Beneficiaries of this axis are: social enterprises, employers, specialized enterprises of persons with disabilities, cooperatives of persons with disabilities, municipalities and districts of municipalities, providers of social services and non-governmental organizations. Priority axis 2 is most specifically directed axis towards the construction and expansion of social enterprises. In Investment Priority 4: "Promoting social entrepreneurship and professional integration in social enterprises and promoting the social and solidarity economy with a view to facilitating access to employment", its specific objectives are:

- Increasing the number of employees in social enterprises after receiving support;
- Number of supported cooperative and social economy enterprises that continued their activity 6 months after the operation was completed;
- Inactive and unemployed participants in employment after the end of the operation.

National and local government, but also the social economy and social entrepreneurship play an important role in the implementation of this type of social policy. EU funding is justified in two of the essential features of social entrepreneurship. First, they operate locally in a multi-stakeholder network and, knowing well about local issues, can offer solutions that work locally, reaching out to those at-risk-of-poverty or social exclusion groups that active social policies reach far less often than purely passive support. Secondly, social economy organizations have the potential to mobilize and activate people at risk of poverty and social exclusion themselves, thus enabling them to participate on their own in improving their living situation.

Priority Axis 4 - Transnational cooperation Grants are awarded to promote transnational cooperation in the fields of the labor market, social inclusion, health, equal opportunities, non-discrimination and strengthening institutional capacity. Priorities aimed at social entrepreneurship and people at risk of social exclusion in this priority axis are pursued by:

Investment Priority 4: "Self-employment, entrepreneurship and business creation, including innovative micro, small and medium-sized enterprises";

Investment Priority 5: Adapting workers, businesses and entrepreneurs to change;

Investment priority 10: 'Promoting social entrepreneurship and professional integration in social enterprises, social and solidarity economy in order to facilitate access to employment '.

Operational Programme „Innovations and Competitiveness” 2014-2020



guarantees and equity investments.

The program stimulates economic growth and productivity gains, especially for SMEs. It relies on the cooperation between business and research networks and the increase of entrepreneurial activity in Bulgaria. It envisages financial instruments such as bank loans,

The main expected results of the OPIC implementation are to support more than 9000 enterprises through grants and financial instruments, mobilize more than EUR 1 billion private investment, increase the share of innovative enterprises, increase the productivity of SMEs and to contribute to reducing the energy intensity of the economy.

Priority Axis 2: Entrepreneurship and Capacity for growth of SMEs, the program focuses on access to finance to support entrepreneurship:

- Utilizing new ideas and stimulating the creation of new businesses;
- Improving the survival rate of SMEs;
- promoting entrepreneurship;
- Improving the sustainability of newly created SMEs;
- Investments to increase entrepreneurial activity for economic growth;
- Supporting competitiveness.

This priority axis would also be appropriate for the development of social entrepreneurship, the beneficiaries of which are small and medium-sized enterprises through the Fund of Funds, credit and financial institutions and other intermediaries.

Promyanata



Promyanata⁴ is the biggest social responsibility initiative of Nova Broadcasting Group, implemented in partnership with the Reach for Change Bulgaria foundation. It aims to improve the lives of children in Bulgaria by finding motivated social entrepreneurs and helping them put their ideas into practice.

So far, the initiative has been run five times and has given twenty-two projects a chance to deliver real results. Nova Broadcasting Group includes its employees in volunteer readings, interviews with candidates and the final jury to select the grand

⁴ Website of the program – www.nova.bg/promyanata

winner. The campaign provides media support for all incubator participants, and its employees engage as mentors to share business experience and strategic advice.

Requirements for candidates who wish to participate in the campaign with their own idea of realizing social enterprise and social entrepreneurship are:

- Dedicated to a real social topic;
- Innovative, but also with potential for realization;
- Idea at an early stage of development;
- Significant social impact;
- Potential for effect on a significant part of the target group;
- Potential for financial sustainability.

The Reach for Change Foundation supports social entrepreneurs who create a better world for children in 17 countries across 3 continents - Europe, Asia and Africa. Founded in 2010 in Sweden by the Kinnevik Group and Sarah Dumber, the foundation has been active in Bulgaria since 2014. Candidates apply through an online form. The competition is open to both non-profit legal entities and individuals. No additional documents are required.

Rinker center



Rinker center⁵ for entrepreneurship and training was established by the BCause Foundation (previously "Charity Aid in Bulgaria") in 2014 with the financial support of the CAF America Foundation. The cause of the Rinker Center is to promote education, lifelong learning and support entrepreneurship and business development in Bulgaria.

The programs are aimed at creating opportunities for sustainable employment, enhancing competitiveness, adding value and innovation in order to improve the quality of life in Bulgaria with a focus on rural areas. The Rinker Center supports upgrading training and qualification of Bulgarian teachers, stimulating the use of the latest technologies, interactive methods of teaching and understanding students with special needs - disabilities, learning difficulties, ethnic minorities. The Center also supports the development of active young people and children.

Rinker center Programs:

BACB Challenge is a competitive program for social entrepreneurs funded by the Bulgarian-American Credit Bank, with a focus on green and sustainable initiatives. It provides

⁵ Website of the program - www.rinkercenter.org

start-up entrepreneurs with the opportunity to undergo structured training, self-employment, coaching sessions, as well as personal activities with leading professionals and entrepreneurs in all areas of business.

The financial support provided is up to BGN 20,000 and is aimed at people with good ideas for business in the topic of competition, micro, small and medium-sized enterprises with less than three completed financial years. Applicants that are not admitted to the program: non-profit organizations and community centers; municipal social enterprises; enterprises with majority participation of the state and / or municipalities; trade unions; enterprises for the production of special purpose products (military industry); security organizations; gambling organizations; new branches of existing companies etc.

Rinker's Challenge is a program that has been running for four consecutive years and is focused on ideas for both social enterprise and traditional businesses.

The competition aims to support the launch and development of business initiatives that have a clear positive impact on the lives of people and communities in different public spheres.

1. Health - Projects bring benefits related to healthy lifestyles, nutrition, movement; improving the health status of people from different communities or with specific needs for health care or the whole community; provide or facilitate access to quality healthcare or innovative medical and healthcare products.

2. Culture and values - Projects have the benefits of communicating with products of art and culture and touching universal values; improving and facilitating access to cultural products; the development of arts and crafts and the acquisition of knowledge, taste and a sustained interest in cultural achievement.

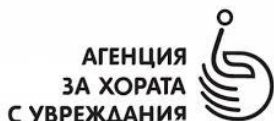
3. Education and Skills - The projects bring benefits related to improving the education, qualification and social skills of people from different groups and communities; improve the quality and facilitate access to educational products and services, both in formal and non-formal education, in all areas of human knowledge.

4. Nature and resources - Projects lead to a nature-friendly way of life for people and conservation of natural resources; provide for environmentally friendly production processes; reduce resources and energy used and waste; establish the principles of sustainability in different industries.

5. Social inclusion and human rights - Projects lead to empowerment of people and communities so that they can lead an independent and dignified life according to their capabilities and specific needs; introduce innovative social services or improve access and quality of services; support the employment of people with difficulty accessing the labor market; increase respect for different communities and their rights.

6. Innovation - In each of the 5 areas a specific innovative projects that have an impact on people's lives can be presented. Choosing this 6th area is because of the exceptional level of innovation that the project envisions and which makes this innovation the most important element of the idea.

“Independent business“



"Independent business" - part of programs and projects for starting and developing independent business activities of people with disabilities financed by the funds of the Agency for People with Disabilities.

Independent Business is a project funded by the Agency for People with Disabilities using the methodology of Art. 19, para. 1 of the Regulation for the Implementation of the Law on Integration of Persons with Disabilities (PFIAH) in connection with Art. 8. item 5 and art. 31 of the Disability Integration Act (ZIHU) for financing projects under programs that stimulate employment and self-employment by persons with disabilities.

Aimed at developing an independent business for people with disabilities, individuals with permanent disabilities can apply for this investment project. The priority of the project is the sole proprietor to secure its income from the operation of its own enterprise in the performance of its obligations by performing independently the principal activity (s) recorded in the Commercial Register at the establishment of the enterprise. In this sense, for the needs of the business activity the sole owner may hire other persons for carrying out only auxiliary, non-management, non-determining the activity profile of the enterprise types of works.

The funds are only granted to sole-proprietors of persons with permanent disabilities and amount up to BGN 20 000. The successful applicant must start an enterprise, the initial costs of establishing the enterprise shall be borne by him, after which the funds spent shall be reimbursed at conclusion of the financing contract with Agency for People with Disabilities.

In order to apply for the establishment of an enterprise under this project, the applicant must have the appropriate skills, qualifications and management experience to complete the undertaking, which are described in a self-signed CV that is attached to the competition documents. If the applicant needs to acquire new skills or to upgrade his / her qualifications in connection with the activities envisaged in the competition proposal, he / she may plan to participate in a training course.

The activities carried out under the call for proposals are divided into two groups. The first group includes investment activities, the implementation of which prepares the start and development of independent business activity. This preparation may not exceed 4 months. The second group of activities refers to the activities to be carried out after the completion of the investment activities. They must bear the profit of the enterprise, which is a prerequisite for its efficiency and effectiveness. The duration of the activities in the second group can not be less than 36 (thirty-six) months.

In 2016, two projects from the Haskovo region were approved and funded under this program. One of these two projects is Ivo Petrov Mavrov's (a man from Dimitrovgrad). He creates

the company DERVOYAD EOOD for furniture manufacture, production and trade of goods and services in the original or processed form, as well as any non-legal activity.

Ivan Vasilev Toshev from Haskovo creates the company BULBIOHERBA EOOD for production and sale of goods; purchase, processing and trade of all types of agricultural produce, as well as all activities not prohibited by law.

Rural Development Programme 2014-2020



Measure 6.2 'Starting aid for non-agricultural activities' provides an opportunity for and supports the launching of new non-agricultural activities in rural areas. The activities under this measure must be new to the enterprise or person receiving the assistance.

This measure enables entrepreneurship to be developed in rural areas. It may benefit farmers or micro-enterprises, as well as natural persons registered under the Crafts Act, who have their headquarters / branch or respectively permanent address for natural persons in the territory of a rural area. Non-agricultural activities may include:

- Tourism development activities (construction and renovation of tourist sites and development of tourist services);
- Production or sale of products not included in Annex 1 of the Treaty on the Functioning of the European Union (irrespective of the products and materials attached);
- Development of services in all sectors (eg: childcare, elderly and disabled services, health services, accounting and auditing services, veterinary activities and IT-based services, etc.);
- Energy production from renewable energy sources for own consumption;
- Development of crafts (including the provision of services related to the participation of visitors in craft activities) and other non-agricultural activities.

Measure 6.2 'Starting aid for non-agricultural activities' of the 2014-2020 Rural Development Program grants a flat-rate grant of no more than EUR 25 000, with two payments being made, representing a first payment of € 15,000 - up to 3 months from the conclusion of a contract and a second payment for the correct implementation of the business plan, but no later than the fifth year, of € 10,000. The second payment is made if the applicant correctly fulfilled the business plan and at least one job (including self-employment) was created.

Tulip Foundation – Small grants program



фондация **Лале**
В добри ръце

The program⁶ funds small projects to encourage the participation of people from the local community in initiatives and activities that solve a specific local problem, improve living conditions, facilitate access to information, aim at activating young people and the elderly to solve their problems; introduction of contemporary models and practices for social services in the community.

Overall program focus / objectives: The program aims primarily to encourage the participation of people from the local community in initiatives and activities that: solve a specific local problem, improve living conditions, facilitate access to information, aim at activating young people and the elderly solving their problems - specific youth problems or social exclusion of adults, introduction of modern models and practices for social services in the community and others.

VIVACOMFund



VIVACOMFund focuses on the corporate social responsibility of the Vivacom telecommunication company, which focuses on education, sports, professional realization, charity and culture. In 2015, the Regional Grant Program was launched for the first time. VIVACOM launches a Regional Grant Program with the support of The Bulgarian Center for Not-for-Profit Law (BCNL). The program provides grants to civic organizations, community centers and schools across the country for local projects. The program has no limit on the areas in which ideas will develop, it is important that the initiatives target change that is beneficial to the community.

Funding for each project can be up to BGN 5,000, with no restrictions on the number of projects an organization submits, or whether it was among the winners in the previous year. The total value of VIVACOM Regional Grant in 2018 is BGN 60,000. The program supports initiatives lasting up to 1 year.

The program has no limit on the fields in which ideas develop. The following key factors are taken into account when evaluating initiatives:

- Effect on local people;
- Benefit to the community from the initiative;
- Community involvement;
- Innovation or a new way to solve a problem.

Only community centers, schools and non-profit legal entities may apply for funding.

The following are not eligible for the project:

- Religions;

⁶ Information source: <http://www.tulipfoundation.net/id-85/Small-Grants-Programme.html>

- Political parties and related organizations;
- Business associations;
- Trade unions;
- Municipalities and associations of local authorities.

„You and Lidl for a better life“



„You and Lidl for a better life“ is a socially responsible initiative of the Lidl Bulgaria food chain. "You and Lidl for a Better Life" aims to support projects of NGOs (associations, foundations, community centers, school boards and other non-profit organizations) by helping them realize their ideas for a more fulfilling and quality life of local communities. The initiative motivates citizens through their civic organizations to improve the living conditions in their communities by implementing projects in the fields of educational initiatives, environmental protection, culture and historical heritage, as well as healthy lifestyles. Projects approved for funding may receive a grant of up to BGN 10,000. The funds are used for the realization of the projects.

Positive prerequisites for the development of social entrepreneurship

We cannot say that social entrepreneurship is not developing in Bulgaria. There are a number of prerequisites that do not limit the activity of social enterprises and the effect of their activities. What is favorable, does not impede and we can qualify it as a good environment is:

1. The concept (understanding of social enterprise) is broad, allowing flexibility and opportunity for this activity to take many forms;
2. The adoption of the Law on Enterprises of the Social and Solidarity Economy clearly attests to the attention that the state pays to social entrepreneurship;
3. The Register of Social Enterprises provided for in the Law will make access to information about SE easier;
4. The creation and the free distribution of the social enterprise product mark will give social enterprises a chance to enter the market and be visible to consumers;
5. The corporate tax amounted to 10% percent is a major relief for the economic turnover;
6. NGOs, which by definition have social goals and are often a leading factor engaged in the support of vulnerable groups, can carry on business under relatively light conditions.

Limitations of social enterprises

Despite the efforts of the state in the last few years to create good conditions for the development of social entrepreneurship, there are specific facts and circumstances - of direct or indirect importance that lead to limitation of the development and sustainability of social enterprises in Bulgaria. Among these limitations are:

1. The existence of a special registration regime restricts those enterprises which do not meet the criteria for entry in the register of social enterprises;

2. The Law on Enterprises of the Social and Solidarity Economy defines these enterprises in a way that can exclude many smaller NGOs, which are inherently social enterprises, since it requires a social enterprise to invest at least € 3 750 of its profit back into its social activities or hire at least three people from vulnerable groups.

3. In recent years, there has been a volatile business climate as a result of the global economic crisis, as well as an unstable political environment. According to the 2018 Sustainability Index of Civic Organizations, their development environment remains volatile. There is a lack of support for the sustainability of NGO activities, especially small organizations that remain fully dependent on external donor programs, which are short-term and often with completely different;

4. Serious and long-term programs promoting supported and protected employment are lacking. If any, they are targeted primarily at people with disabilities but not at other vulnerable groups;

5. Funding mechanisms for starting up and maintaining an activity are severely limited:

- Bank loans - extremely difficult, without much relief for some categories of social enterprises, such as NGOs;

- Risk financing (through equity participation) - almost not developed. In addition, all investors seek, first and foremost, a return on investment, which is more difficult or at least more time-consuming for social enterprises;

- Limited or almost missing national grant funding, as at present, such funding is available only within the Agency for people with disabilities and sporadically under the OP "Human Resources Development";

- Lack or insufficient funding of programs at local (municipal) level.

6. Problems related to financing under EU Operational Programs:

- They mainly finance employment, but not entrepreneurship as such;

- Increase dependency on grant funding;

- The project financing model suffers from a chronic lack of sustainability;

- Slow, cumbersome procedures for project administration;



- They focus on short-term results, mainly quantitative ones, and make it difficult to aim (and therefore be able to evaluate) a more comprehensive impact;
- Project financing raises doubts about the existence of corruption interests that have nothing to do with the declared social cause;
- Almost never provide funds for organizational and institutional development of organizations, building sector and networks;
- Often a contribution is required.

7. Lack of management and marketing experience - this is a problem for the NGO sector, which generally attracts people with a different profile from the one needed for the realization of managerial or marketing positions. As far as the civil sector is the most active in the creation of social enterprises help in this area is becoming a necessity.

8. Social enterprises are very difficult to find and train suitable staff;

9. Project financing and the lack of regular payments make it difficult to retain permanently qualified staff.

Social Entrepreneurship in Haskovo District

Demographic and economic profile of the region

Haskovo District is located in the southeast of South Central Region. It includes 261 settlements organized in 11 municipalities: Haskovo, Dimitrovgrad, Harmanli, Simeonovgrad, Svilengrad, Madjarovo, Ivaylovgrad, Lyubimets, Mineralni bani, Stambolovo and Topolovgrad with a total area of 5543 km².



In Haskovo district live 228 141 people as of 31.12.2018, which represents 3.26% of the country's population. The ten cities of the district are inhabited by 165 460 people, or 72.53% of the population of the district. The town of Haskovo is home to 70 406 people, which is approximately 1/3 of the population of the district.

According to the Institute for Market Economy's 2018 Regional Development Index⁷, the economic development of the district is poor and social development is unsatisfactory.

The gross domestic product per capita in the Haskovo district continues to grow in 2016, but the growth is relatively low and by this indicator the district lags significantly behind the national average - BGN 7,276 per person versus BGN 13,206 per person in the country. Along with the gross domestic product, wages and incomes in the district are also increasing, but their growth is lower than the national average. The average annual gross salary of the employed in the Haskovo region reached 7 964 BGN in 2016, which leaves Haskovo among the five districts in the country with a salary of less than 8 thousand BGN. The relatively low share of the local

⁷ <https://www.regionalprofiles.bg/bg/regions/haskovo/>



population lives with material deprivation, but the share of the population living below the poverty line in 2017 remains higher than the average in the country.

After several years of stagnation, economic activity in the district declines to 68% and remains below the country's growing activity in 2017. The decrease was accompanied by a significant reduction in unemployment (up to less than 5% at over 6% in the country) and keeping the employment rate below the national average (64% at 67% in the country). The development of the labor market is limited by the deteriorated educational structure of the population. The share of university graduates among the 25-64 year olds is

17% (compared to 28% in the country), and of those with primary and lower education - 20% (compared to 17% in the country).

Business and investment activity in the Haskovo District remain relatively low. Expenditure on acquisition of fixed tangible assets per capita decreases in line with the decline observed in the country, but in 2016 only in the Haskovo and Kardzhali districts they shrunk to below BGN 1,000 per capita (at BGN 2 488 per person for the country). In 2016, for the second consecutive year, there has been an increase in foreign direct investment in the district, but their volume in the district remains among the lowest in the country - EUR 516 per person compared to EUR 3 310 per person in the country. There is also an increase in the utilization of European funds. As of June 30, 2018, the amounts paid under the operational programs in the district amount to BGN 1,032 per person (compared to BGN 1,543 per person in the country). Within the district, the municipality of Svilengrad is performing best in the utilization of European funds.

The aging of the population in the Haskovo district follows the general trends in the country, although the demographic picture in the district is worsening at a faster pace. Natural growth rate declines to -8.3 ‰ from -6.5 ‰ in the country in 2017.

The net enrollment rate of the population in V-VIII class in the district remains lower than the national average in 2017 as well. However, there is a symbolic reduction in shares repeaters and dropped out of primary and secondary education, but both remain worse than average. The matriculation performance of matriculation students in Bulgarian language and literature in 2018 is relatively low. The average achievement of the students in the district is 3.87 (against 4.24 in the country), and the share of low grades is above 10% (compared with less than 6% in the country). Schools in the district managed to attract new teachers in 2017, but their relative numbers remain significantly lower than the national average. Students in the two branches of universities in the district are increasing in 2017, despite the opposite trend in the country, but their relative numbers to the population remain relatively low.

In 2017, there is an even greater shortage of doctors in the district - both general practitioners and specialists. Beds in hospitals also remain among the more restricted in the country. The number of beds in local multidisciplinary hospitals is 3.4 per thousand people, compared to 4.9 per thousand people in the country. These factors may be the explanation for

the relatively low number of patients treated - 201 per thousand people, compared to 242 per thousand people in the country.

Economics and entrepreneurship

Industry⁸ in Haskovo region is characterized by a well-developed branch structure and established market traditions. Large manufacturing companies are a major driver of the local economy, while small and medium-sized enterprises contribute to improving the business environment, accelerating economic growth and optimizing the production structure of the regional economy. The small and medium-sized enterprises sector in the Haskovo district has the most reserves for the creation of alternative employment and new jobs, and in the future, its importance will continue to increase for the overall economic stability of the region. Dominant importance for the regional economy are the branches: chemical industry, wine production, food production, beverages and tobacco, sewing and textile industry, construction and mechanical engineering for the food industry. Agriculture is one of the leading industries in the Haskovo region, which creates employment for a large part of the population in the region.

The number⁹ of non-financial corporations per 1,000 population has increased slightly - reaching 50 with an average of 57 per thousand people in the country. Micro-enterprises make up 93.5% of all enterprises in the district.

When it comes to social enterprises, there is no statistics on their number available. The only reliable data are for the specialized enterprises and cooperatives of and for persons with disabilities, which in the Haskovo region are 7 in number. Of these, 3 are located in Haskovo, 3 in Dimitrovgrad and 1 in Harmanli. The total number of employees in them is 44.

1. "Silent Labor" Ltd., Haskovo (Renting of property, Building cleaning services) - 2 employees;
2. "SVEKATEKS" Ltd., Dimitrovgrad (Production of workwear and bed linen) - 5 employees;
3. Cooperative "TPK SILENT LABOR 2005", Dimitrovgrad (Tailoring) - 6 employees;
4. "B & D" Ltd., Dimitrovgrad (Woodworking, Manufacture of nonwovens, Manufacture of packaging and stirrer for honey, Manufacture of household articles of straw and bamboo) - 6 persons employed;
5. "NIA - MILVA" EOOD, Haskovo (Delivery of hotel supplies, Production and delivery of cosmetic, cleaning, sanitary, laundry, washing and hygiene products, Production of hotel supplies) - 8 employees;
6. TPP "Success", Harmanli (Provision of services, Dressmaking activity) - 11 employees;
7. TPP "Todorka Paunova", Haskovo (Production of metal products, Gluing and production of electric heating plates, Production of technical rubber products, Shading services and powder painting) - 6 employees.

⁸ <http://www.hs.government.bg/page/248-biznes-profil-na-oblast-haskovo>

⁹ <https://www.nsi.bg/bg/content/11429/област-хасково>

Social policy

The district has a rich range of [social services](#), but most of them are concentrated in larger cities. This leads to a severe restriction of the access of persons from small settlements to these services and in practice they cannot use them.



In Dimitrovgrad municipality there are 12 social services available, 9 of which are managed by the municipality. Seven of these services are financed by state public funds, the other two (the social enterprise and home social patronage) - by municipal ones. Three of the services in the municipality are provided by NGOs:

1. Private boarding house “Kalina” for the elderly, run by the Mother Teresa Foundation, which supports itself with self-financing - revenue from user fees.
2. Crisis Center for Women Victims of Domestic Violence, run by the Bulgarian Gender Research Foundarion - Haskovo Branch, and funded as state-delegated activity. This is the first such service in the district of Haskovo to be delegated to NGO management.
3. Counseling Center for Victims of Domestic Violence, managed by the H&D Gender Perspectives Foundation, which is funded entirely on a project basis.

There are 3 social services provided in the municipality of Ivaylovgrad. Two of them are financed through state funds, and home social patronage - with municipal funding.

In the municipalities of Lyubimets and Madzharovo there is only a home social patronage service, which is funded and implemented by the municipalities.

There are 7 social services available in the municipality of Svilengrad, which are provided by the municipality. All of them are funded by the state budget, with the exception of home-based social patronage, which is municipal funded.

There are 3 social services in the municipalities of Topolovgrad and Simeonovgrad. They are provided by the municipality and, following the model of other municipalities in the district, are funded as state delegated activities, with the exception of home-based social patronage, which is financed by municipal funds.

In Stambolovo municipality 2 social services are available. The Center for Public Support for Children and Families is maintained as a state-delegated activity and is implemented by the municipality, while home-based social patronage is provided by NGOs - Arda-2030 Association and is financed by fees.

There are 4 social services in Harmanli Municipality. They are provided by the municipality and, following the model of other municipalities in the district, are funded as state delegated activities, with the exception of home-based social patronage, which is financed by municipal funds.

In Haskovo municipality 13 social services are provided. 10 of them are provided by the municipality (8 as state delegated activities, 1 with project funding and 1 with municipal funding). The other 3 social services are provided by NGOs, mainly with project funding.

Haskovo District has developed a Strategy for the development of social services for the period up to 2020, which is updated periodically. It is noteworthy that, when the strategy was updated, some of the planned social services were dropped or left for the next period due to lack of funding. The strategy makes no mention of social entrepreneurship and its development, which indicates its lack of knowledge and / or underestimation of its potential for social impact.

Civil Sector Development



There are 329 organizations registered in the NGO Information Portal in Bulgaria, of which 312 are in the public interest and only 8 have updated their information in the portal in the last one year. Most work on culture and art (87), education (34) and social services (19).

Overall, it can be argued that the civic sector is underdeveloped throughout the area, in smaller cities and settlements there is no working NGOs (with few exceptions). There, one of the few opportunities for civic participation is through community centers, in case they are active. In fact, community centers are a serious resource that should not be underestimated, but on the contrary, opportunities for its development should be sought.

Social enterprises

Dimitrovgrad municipality is the only municipality in the district that manages a **Social Enterprise**. It started in 2009 in the implementation of the project "Increasing the life and social status of persons from vulnerable groups through the establishment of a social enterprise at SPSC Dimitrovgrad". The project is implemented with the financial support of the European Union under the Operational Program "Human Resources Development" - "Social Entrepreneurship - Promotion and support of social enterprises" Pilot phase. After completion of the project, the enterprise continued to function as a municipal activity.

The social enterprise carries out its activity in two directions - "Tailoring" and "Repair of household appliances". In the "Sewing" department, textile products are made for the various municipal structures, on a specific request. The materials or the means of their purchase are provided by the applicant and in the social enterprise the articles are cut, sewn and packaged.





In the area of "Repair of household appliances" repairs of various equipment are carried out in the workshop and on the spot in the municipal sites, repair and maintenance of electrical installations, finishing after repair activities.

In both areas work persons from the risk groups - people with disabilities, persons of minority ethnic origin and single parents - work in this area. The social enterprise provides them with training, sheltered employment, selection and monitoring of the activities performed, social services and employment mediation (if they wish and opportunity to enter the private sector).

The social enterprise successfully interacts with all social services in the municipality, the employees and their users have information about the opportunities of the employees in the SE and regularly use their services. The social enterprise works well with the kindergartens in the municipality, part of the municipal enterprises, museums, community centers, part of the clubs of the elderly and others.



NIA-MILVA LTD, Haskovo manufactures hotel, herbal toilet soaps and hair and body cosmetics in more than 30 varieties. The 20-year history of NIA-MILVA Ltd. and the reputation they enjoy are only part of their benefits. The high quality of their products is the result

of both a good knowledge and application of best manufacturing practices in the cosmetic and perfumery industry. The company employs people with disabilities, such as the manager. The creator of the company is Ms. Siyana Kissova - a chemical engineer with many years of experience in the chemical and textile industries. "Chemistry has always been a passion of mine, and when you put in so much passion and love, good results are not delayed," she says. "The company's products are the result of numerous studies, analyzes and trials. And although at the heart of the process is a simple chemical reaction of the substances, for a quality product they produce is



underpinned by the necessary knowledge and a high dose of creativity. "



The range of products being manufactured varies: cosmetics and hotel supplies, including bio cosmetics. An interesting fact is that the products of this company almost always present in the gifts that the municipality of Haskovo makes for its guests and friends, products of the company were exhibited for another year at our booth in the French city of Château, with which Haskovo is twinned. People from

all over Europe are fascinated by the quality of the products of the company where people with

disabilities work. This is sufficient certification of the quality of work that disadvantaged people can do.

"B & D" Ltd, Dobrich, Municipality of Dimitrovgrad – изнася български мед за Малайзия, Сингапур, Испания, Обединените арабски емирства, а отскоро и за Китай. The innovative thing is that the bee product comes in a spoon that has already become an emblem of the company, founded by 50-year-old Yordan Angelov. The entrepreneur manufactures



several types of products and offers packaging services, and his main workers are disabled people. Currently, the company employs 12 people, 70% of whom have a high percentage of TELK. "They perform functions that are appropriate to their health. As a social enterprise, we strive not to produce complicated things. They work according to their obligations, but we combine things to be most productive and mutually beneficial. People with disabilities are no different from

the rest of the company. No one of my workers left the company, but I do not live with the thought that I helped them super much." said Angelov.

He started the company in 2006 and two years later decided to turn it into a social enterprise. Since then, he has worked with the Agency for people with disabilities and has received support from various projects almost every year. Most are related to the purchase of equipment against the company's commitment to providing permanent employment for the disabled. The projects are long-term in the order of 3-4 years. The production is not in large volumes, but for 10 years the company has been able to be on the market and to impose their products abroad. "We have the ability to take on larger orders, but we need more time to execute. With us it is a little difficult to plan the work - people often go to hospitals and during work they need a rest for a few hours," explains the entrepreneur.

His company meets all requirements and even covers those in other countries. It has the necessary certificates, which allowed it to sell boutique honey spoons even in Abu Dhabi. The company uses only Bulgarian raw materials.

CHANCE-5-PANKA VANGELOVA, Mezek village, Svilengrad municipality. The company is engaged in trade and other activities. Since 2005 he has been engaged in the packing of nuts and dried fruits. There are almond gardens rented where organic products are grown. The company strives to develop organic farming. It hires disabled people.



Social entrepreneurship in the Haskovo region, although with a small number of social enterprises, was examined within the SOCIAL FORCES project. The survey results highlight some of the major problems social enterprises in the region face:

1. 90% of social enterprises do not measure their social impact;
2. Only 40% of social enterprises participate in regional, national or European networks;
3. Lack of information on policies and measures to promote social entrepreneurship;
4. Negative perception of the role of public policies, which is largely due to the lack of information about them;
5. Fragmentation of the social economy in the district and lack of established communication channels between individual stakeholders;
6. Insufficient knowledge of the potential of public-private partnerships;
7. Lack of appropriate education and training for social managers;
8. Lack of resources to hire qualified staff (social workers, psychologists, etc.) to take care of the microclimate in the social enterprise;
9. Lack of motivation in the representatives of vulnerable groups due to lack of working habits; lack of desire to work due to discomfort because of their health status and / or due to low salaries, lack of motivation for development;
10. Lack of motivation to work among vulnerable groups, as well as lack of commitment to the development of the social enterprise;
11. Conflict situations arising from social exclusion of vulnerable groups, long absence from social life and loss of communication and social networking skills
12. Insufficient experience in the application and execution of public procurement;
13. Delay in the reimbursement of social security benefits when hiring persons under projects, which blocks social enterprise funds;
14. Lack of relief for credit facilities;
15. Lack of tax relief, waste tax relief;
16. Lack of relief for participation in exhibitions;
17. Lack of knowledge in the field of entrepreneurship, such as developing business plans, their implementation and specialized knowledge in marketing, communications, etc. ;
18. Insufficient provision of infrastructure (production, access to markets) and financing,
19. Insufficient understanding of the importance and capabilities of social enterprises;
20. Insufficient confidence and collaboration with local authorities.

Suggestions and recommendations for policies promoting social entrepreneurship

Undoubtedly, social entrepreneurship is one of the proven successful approaches to overcoming social inequalities. Combining a business approach with the achievement of social goals has many advantages over providing social assistance for vulnerable groups. Employment of disadvantaged people not only contributes to the financial independence of these persons, but also helps them to integrate into society by acquiring new knowledge and skills related to the profession they practice, by acquiring communication skills and working in a team, by creating a sense of usefulness (satisfaction with the job done), which in turn leads to greater motivation for development and improvement.

But unlike ordinary enterprises, social enterprises need the support of the state, local authorities and society in order to start business and achieve sustainability. This support is necessary to cover the costs of social enterprises for training and support to vulnerable groups according to their specificity. Many social enterprises cannot function successfully without the appointment of qualified social workers and psychologists to help create the right microclimate for work, to work individually and in groups with representatives of vulnerable groups, to create confidence, peace of mind, motivate them to develop and to emerge from a situation of social exclusion. Such costs are inherent in other businesses on the market and put social enterprises at a disadvantage. Therefore, providing support for them is fully justified given the social goals they achieve.

And support for social enterprises can take many and different forms.



Support from municipality



Municipalities are a key partner for the development of social entrepreneurship because they have a variety of resources - besides the financial resource (which is very limited in smaller settlements), they have buildings, but they also have the opportunity to support social enterprises by buying their production, use of their services, etc.

The first step in supporting social entrepreneurship is to integrate it into municipal development strategies. This measure, on the one hand, will testify to the municipality's desire to support this type of social initiatives and, on the other, will allow the allocation of public resources in support of social enterprises.

Another measure of support is the appointment of a responsible person at the local level for the development of social entrepreneurship. Once a policy has been adopted to support social entrepreneurship, it is also necessary to designate a responsible person to monitor its implementation. It is appropriate that such a person has a strong interest but also a high enough position to encourage other structures to fulfill their commitments.

One successful form of support is **renting a municipal premises**. This is a measure that does not require serious investment and would support social entrepreneurship. In this sense, municipalities that have a problem with their financial resources can take steps to support by renting out, at a low cost or free of charge, municipal or state-owned property to support the activity of the social enterprise (to be used as an office or production space). Another possibility of support is to provide municipal retail outlets (the houses in the center of Haskovo, for example) for a fixed term for free or for a minimum fee. An interesting possibility is the renting of cultural facilities, sports facilities, premises and buildings for culture events under light conditions. This measure will achieve several results - effective municipal property management combined with support for an organization that pursues social goals. For example, if a municipality provides the management of sports fields to a social enterprise, it may hire representatives of a vulnerable group to take care of the maintenance of the courts and provide preferential conditions for use to representatives of vulnerable groups (fee discount or a day when representatives of vulnerable groups use the sports facilities for free).

Another measure to support social entrepreneurship is **to organize bazaars** for local producers with a focus on social enterprise products. **Or advertising the products and services of social enterprises** in international bazaars, exhibitions, fairs; their presentation to foreign delegations. A large part of social enterprises are barely coping with the cost of purchasing materials and providing staff remuneration. Very few can afford to spend money on advertising and participation in exhibitions and fairs. Practice shows that a small number of social enterprises have a website or are visible in the online space, which makes them not particularly competitive in the ever-increasing share of online commerce.

Another opportunity to support social enterprises is the **advantageous use of their services and products by the municipality**, its structures and municipal enterprises. Such a

measure would provide guaranteed contracts for social enterprises, which would contribute to their financial sustainability.

Another support measure is to invest a resource in enhancing the capacity of local NGOs and municipalities to maximize **social contracting** opportunities. This is a good approach to bring together the efforts of the most local stakeholders to overcome the problems of vulnerable groups on the ground. There are several positive aspects to providing the management of social services delegated by the state to NGOs through social contracting. First, addressing social problems and providing support to vulnerable groups is usually enshrined in their statutes and goals. The very existence of NGOs is conditioned by the needs of the people in a community, created by them themselves and accordingly people recognize them as an opportunity to overcome a particular social problem. NGOs work on the ground and are well aware of the specific needs of vulnerable groups. The relationship with the community helps to identify social needs and select appropriate interventions for their satisfaction. In addition, they are much more flexible and result-oriented when assisting vulnerable people, as opposed to an administration that is oriented towards adhering to rules and procedures. Non-governmental organizations have more opportunities to provide resources including voluntary work, can generate additional resources and upgrade by combining public resources with donations. Entrusting the management of government-delegated activities will give NGOs assistance in creating better conditions for further development of socially entrepreneurial activities.

Municipalities can apply with **partnership projects focused on social entrepreneurship** and innovation. It is important to note that the best practice in other countries is for local authorities to promote social entrepreneurship and support social enterprises, but not by creating their own. This impedes private initiative and hinders the development of opportunities other than municipal 'social enterprises'.

Another measure of support is the creation of a **startup center for social enterprises** - a place to get advice and support before and after starting the business. Such a structure may even expand its operations to become a place for sharing experiences and developing common solutions for individual social enterprises.

This incentive can be successfully combined with the creation of a **resource fund to provide financial support** to social enterprises. In addition to building the capacity how to do the specific "business", it is necessary to provide a resource to start or support in the first stages of realizing an entrepreneurial idea that is not high interest rated (as the bank would provide) or requiring serious collateral (which these groups cannot provide). For this reason, programs aimed at providing a resource, competitively, whether gratuitous or low-interest, are a serious incentive to start an activity. In the case of financing for the development of social entrepreneurship, the support can be structured as a resource fund, in partnership with municipalities / districts and microfinance institutions operating in Bulgaria (such as Microfund AD).

The Resource Fund should allocate support on a competitive basis. One way is to stimulate the solution of a particular problem, to call for a competition for ideas for social entrepreneurship and to select and support the best ones. Support should also be provided for the next stage in the development of the idea, which can be expressed not only in mentoring in

the development of the enterprise, but also with the opportunity to "support" development. It is advisable to provide financial support in a flexible way (including individually).

Partnership with the municipality and the local (developed) business will be crucial for the functioning of such a fund, as it will lay the foundations for long-term joint initiatives, mutual recognition and the achievement of common goals for the development of the local community.

Support by the state

Over the last few years, the state has pursued a targeted policy to support social entrepreneurship, which has been reflected in the adoption of the law on enterprises of the social and solidarity economy and the measures envisaged therein. But for the development of this sector, one of the most important conditions is to continue investing efforts to develop social policies and services that can address serious risk factors and allow social enterprises to build on social impact. Various and sufficient social services need to be developed to ensure that all kinds of support are available (services for people with disabilities are currently prioritized).

Having social services in the community alone is not enough to solve the problem. Very often, they support the vulnerable group at the primary level, but they do not help it get out of the circle of social exclusion and dependence and find its lasting solution in employment, education, and access to healthcare. In this sense, the development of an entrepreneurial culture among social service providers will further help to deal with social problems more effectively. Social entrepreneurship in this case can be complementary and stabilizing to the effect of these forms of social support.

The state could instruct the district administrations to provide support and development of measures and policies to support social entrepreneurship. Regional administrations can assist in changing regional strategy documents, which are key to the development of the whole area and would be grounds for allocating national resources. Furthermore, they can be successfully coordination unit between different municipalities, providing them with opportunities for cooperation. Regional administrations can ensure that national institutions are involved in providing support for social entrepreneurship. Therefore, the inclusion of social entrepreneurship as a specific priority and measure in regional strategies for the development of social services and municipal services, as well as in local strategies for promoting small and medium-sized enterprises (where available) and in youth strategies, would boost the sector. Measures aimed at supporting social entrepreneurship should be explicitly envisaged in each of the strategies adopted, as this will ensure that public resources are allocated to the development of this policy.

Another type of social entrepreneurship support policy is the introduction of additional local measures that are directly linked to the programs of the Employment Agency. National and regional plans envisage various measures aimed at tackling unemployment. It is important that employment measures are also supported by the activities of social enterprises, which in turn provide continued care and support for the most vulnerable unemployed groups to be included in the labor market.

Linking employment, social policy and education programs in the form of general planning at least at the municipal and / or district level is another possible support measure. Not all of these programs need to be consolidated into one, but their planning requires a horizontal link so that, apart from duplicating the target groups without coordination, a clear social result can be achieved.

European practice shows that associations of social enterprises - network-type organizations are particularly successful - some of which: they have the potential to achieve economies of scale, to achieve new knowledge for common purposes, to access new markets, to overcome legislative barriers, greater flexibility, recognition by public authorities (as well as the private sector), opportunity to influence policies (especially at local and regional level), increase of competences.

A possible measure of support, which is partly provided for in the newly adopted Law on Social and Solidarity Economy Enterprises, is the development of a program to support, by training and consulting, start-up social enterprises and create the conditions for exchanging experience and sharing resources between them.

Very often, people are guided by a particular social idea, and the way to implement it accurately (recognizing the possibility of additional and related business activity as a mechanism for finding solutions to the problems of the target group; creating a business plan, the stages of its initial implementation, marketing skills, etc.) is lacking in skills, which creates difficulties for actually starting a business. Training and consulting support in the fields of planning, marketing, communications, fundraising would greatly help the groups and entrepreneurs themselves to organize themselves better and more successfully.

In many regions, there are business incubators who have the necessary knowledge and can play an important role in a future program. They can be part of a mechanism to enable already existing social enterprises and start-ups, to exchange ideas and share available resources to solve typical problems in the development process.

It is clear from the studies of social entrepreneurship in Bulgaria conducted in the last year that even the social enterprises themselves are aware of the lack or insufficient managerial capacity. To overcome this deficit, master programs in social entrepreneurship / management can be created or innovative distance learning courses on the subject can be developed.

Undoubtedly, what social enterprises need most is financial support. Social entrepreneurship also needs a resource to invest, as well as other incentives. There are different ways to support social enterprises to start or grow their business. And something that is crucial - social enterprises need long-term assistance. It is no coincidence that the most successful programs for supporting social enterprises are long-term ones. Support for social entrepreneurship can be implemented through various measures:

1. Creating an investment and contract readiness fund designed to ensure that social enterprises have the capacity to provide new forms of investment and compete for public procurement and services. It can provide grants to social enterprises that have high growth potential and have a positive social impact. The Fund may support the attraction of new investments and / or the implementation of specific contracts.

2. Tax relief for social enterprises, incl. exemption from income tax and reimbursement of social security contributions for a period of 12 months for persons from vulnerable groups employed in social cooperatives.
3. Enabling social enterprises to carry out activities and services outsourced by the public administration in light of public procurements. Although the law on public procurement such procedures are currently in place, they only concern cooperatives of and for people with disabilities. It is necessary to amend the law on public procurement so that social enterprises are clearly distinguished from others so that they are not put in a losing position. It is also important for the institutions themselves to be more sensitive and stimulate the development of social enterprises by awarding specific public contracts to them.

In this context, it would be particularly useful to create a Directory of Social Enterprise Profiles. This can also be done by expanding the search opportunities (by category) in the register of social enterprises. A good example in this direction is <http://shop.nfri.bg> - an e-commerce platform linking specialized and disabled businesses with end users.

4. Creating an opportunity for companies and natural persons to be able to declare the transfer of 2% of the taxes paid by them to selected NGOs and / or social enterprise, which appear in an official register.

Special attention should be paid to operational programs as an opportunity to support social entrepreneurship. It is important to plan more resources to strengthen partnerships between local authorities and social enterprises. In addition, procedures to promote and support social entrepreneurship would be much more successful, not by reimbursing costs based on the number of employees from vulnerable target groups, but on the basis of the implementation of an application-based business plan (similar to other procedures promoting entrepreneurship). Social entrepreneurship is a special type of business where results and economic growth come much slower than traditional businesses. For this reason, only providing long-term support would lead to lasting social results.

Use of local resources

Local NGOs are best aware of the needs of vulnerable groups and their specificities at the local level. They usually develop various activities targeting these vulnerable groups. Therefore, the potential of local NGOs must be fully exploited in the development of social entrepreneurship. It would also be extremely helpful to include community centers that are involved in many and varied activities and who are in direct contact with vulnerable groups, especially smaller settlements. Community centers can be a successful resource for access and development of activities in small settlements.

Usually, in their corporate social responsibility programs, local companies seek support for sustainable social solutions. Therefore, local businesses should find their place in a well-structured program to support social entrepreneurship in individual areas, on the one hand as

institutional partners, and on the other, by being encouraged to incorporate such initiatives into their corporate social responsibility strategies.

Currently, various resources for the development of social entrepreneurship are scattered between the district, the municipality, local NGOs (registered as providers of social services; working in the field of vocational education; business incubators; managing youth information centers) and national NGOs. Focused action is needed to pool resources, with the focus on maximizing the involvement of local organizations and thus ensuring the sustainable development of social entrepreneurship. In order to develop social entrepreneurship at the local level, it is very important to have an environment to stimulate this.

Appendix 1

Methodology for assessing social added value

MINISTRY OF LABOR AND SOCIAL POLICY

Annex to the Order №РД01 – 307/07.05.2019г.

I AFFIRM:

BISER PETKOV

MINISTER OF LABOR AND SOCIAL POLICY

METHODOLOGY FOR ASSESSING SOCIAL ADDED VALUE

МЕТОДИКА ЗА ОЦЕНКА НА СОЦИАЛНАТА ДОБАВЕНА СТОЙНОСТ

REFERRED TO IN ARTICLE 7 OF THE FINAL PROVISIONS OF THE LAW ON SOCIAL AND SOLIDAR ECONOMY ENTERPRISES

2019

Section I. GENERAL PROVISIONS

Art. 1. (1) The methodology regulates the way of determining the social added value produced by the activity of the social enterprises under Art. 7 and Art. 8 of the Law on Enterprises of Social and Solidarity Economy (LESSE).

(2) The methodology is a mechanism for assessing the social effects of the activity of enterprises and their consequences for a wide range of stakeholders, as well as the direct benefits to society and the communities where social enterprises operate.

Section II. PROCEDURE AND CRITERIA FOR DETERMINING SOCIAL ADDED VALUE

Art. 2. (1) The determination of the social added value is obligatory for the enterprises submitting an application for entry in the Register of social enterprises, in accordance with the Law on Enterprises of the Social and Solidarity Economy and the Rules for its implementation, including in the cases under Art. 10, para. 11 and 12 of the LESSE;

(2) For determining the social added value, the enterprises fill in a form, Appendix № 1, certifying the presence or absence of the produced social added value

Art. 3. The form certifying the presence or absence of produced social added value shall be an integral part of the documents on the entry of the enterprise in the Register of social enterprises, which shall be submitted in accordance with Art. 10 of LESSE.

Art. 4. (1) The form shall include general and specific indicators contained in 3 parts as follows:

Component I. General information about the enterprise

Component II. Economic Indicators

Component III. Indicators for integration of persons from vulnerable groups;

(2) For entering incorrect data in the form, the representative of the enterprise shall bear criminal liability under Art. 313 of the Criminal Code;

(3) The definition of social added value is a combination of numerical data and text, in accordance with the provisions of para. 1 general special indicators. The answers shall be indicated by ticking X in the appropriate box;

(4) In questions 1, 3, 8, 12, 13 and 14, more than one answer may be given.

Art. 5. (1) A point system is used to determine social added value, with the answer to each question yielding a certain number of points, the highest value being 5 and the lowest value being 1.

(2) Social added value shall be determined at the following intervals according to the number of points scored:

up to 8 points inclusive - no social added value is available;

by 9 points and more points. - Social added value is available;

(3) The information collected for the presence of social added value under para. 2 will be used for statistical purposes.

Art. 6. The specific social added value is intended to assess the social impact of the social enterprise activity.

FINAL PROVISIONS

§ 1 The methodology is adopted on the basis of § 7 of the Final Provisions of the Law on Enterprises of Social and Solidarity Economy.

§ 2. The Ministry of Labor and Social Policy, as controller of personal data, processes, stores and provides such data only in accordance with the procedure laid down in Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on protection individuals in connection with the processing of personal data and the free movement of such data.

§ 3 The methodology shall enter into force on the date of entry into force of the Rules for the Implementation of the Law on Enterprises of the Social and Solidarity Economy.

Appendix №1

Form for determining the presence or absence of social added value under Art. 7 item 1 of the Law on Enterprises of Social and Solidarity Economy

Component I. General information about the enterprise:

Name of the enterprise	
EIK	
Main economic activity as of KID 2008 / up to second sign/	
Legal form	
Average list of employees in the enterprise	
<p>1. BDS quality certificate and / or other internationally recognized standards (please specify area (s))</p> <p>Note: Regardless of the number of certificates in one area, one certificate point (s) per area (s) is awarded</p>	<p><input type="checkbox"/> environment 1 point</p> <p><input type="checkbox"/> social responsibility 1 point</p> <p><input type="checkbox"/> control 1 point</p> <p><input type="checkbox"/> others 1 point</p>

Component II. Economic indicators:

<p>2. Revenues from the enterprise's economic activity for the previous accounting year</p>	<p><input type="checkbox"/> BGN 0 – 50 0001 т.</p> <p><input type="checkbox"/> BGN 50 001 – 250 0002 т.</p> <p><input type="checkbox"/> BGN250 001 – 500 0003 т.</p> <p><input type="checkbox"/> Over BGN 500 0014 т.</p>
<p>3. Sources of funding for pursuing the social activity / goal</p>	<p>National sources:</p> <p><input type="checkbox"/> municipal financing 2 points</p> <p><input type="checkbox"/> Public funding 2 points</p> <p><input type="checkbox"/> own funds 3 points</p> <p><input type="checkbox"/> financial instruments 3 points</p> <p><input type="checkbox"/> donations 3 points</p> <p>Foreign sources:</p> <p><input type="checkbox"/> foreign enterprises / partners 2 points</p> <p><input type="checkbox"/> international organizations 2 points</p> <p><input type="checkbox"/> European and international institutions 3 points</p> <p><input type="checkbox"/> Operational programs under the European Union Structural Funds 3 points.</p> <p><input type="checkbox"/> donations 3 points</p>
<p>4. Remuneration of members, employees or workers of the social enterprise</p>	<p><input type="checkbox"/> Average salary in the enterprise (BGN)</p> <p><input type="checkbox"/> Share of workers on minimum wage (%) /)</p> <p><input type="checkbox"/> Average salary for the employees under art. 7, item 4 and art. 8, item 3 of the Law on the Enterprises of Social and Solidarity Economy (LESSE) (BGN)</p> <p>❖ Comparison of the average salary in the enterprise to the average salary of the employees under art. 7 item 4 and art. 8, Vol. 3:</p> <p><input type="checkbox"/> is lower than the average salary in the enterprise1 point</p>

	<p><input type="checkbox"/> is equal to or higher than the average salary in the enterprise 5 points.</p>
<p>5. When applying under Art. 7., items 1, 2 and 4, please specify:</p>	<p><input type="checkbox"/> Amount of funds reinvested in a social activity or purpose (last reporting period (BGN)</p> <p>❖ Reinvested funds for pursuing a social activity or purpose. Value added is defined as follows:</p> <p><input type="checkbox"/> the amount of funds is up to BGN 7,500 per year or more1 point</p> <p><input type="checkbox"/> the amount of funds exceeds 7 5013 points</p>
<p>6. When applying under Art. 7., items 1, 2 and 3, please specify:</p>	<p>Number of persons from vulnerable groups employed in the enterprise at the date of employment:</p> <p><input type="checkbox"/> Persons with permanent disabilities -</p> <p><input type="checkbox"/> long-term unemployed persons who are entitled to monthly social assistance under the Social Assistance Act and its implementing regulations-</p> <p><input type="checkbox"/> Persons under 29 who have no previous professional experience -</p> <p><input type="checkbox"/> persons placed outside the family in accordance with Art. 26 of the Child Protection Act, including after termination of their placement.....;</p> <p><input type="checkbox"/> Unemployed persons over 55 who are registered with the Labor Office Directorate -</p> <p><input type="checkbox"/> Persons raising children with permanent disabilities and receiving benefits under Art. 8e of the Family Benefits for Children Act -</p> <p><input type="checkbox"/> persons sentenced to imprisonment for a term not less than 5 years, if the end of the sentence has occurred within the last three years of entering the employment -</p> <p><input type="checkbox"/> persons with addiction to alcohol or drugs who have successfully undergone a medical or</p>

	<p>psychosocial rehabilitation program in the last two years before entering employment, which is certified by a document issued by the persons undergoing treatment or psychosocial rehabilitation -</p> <ul style="list-style-type: none"> <input type="checkbox"/> homeless persons within the meaning of § 1, item 1 of the Supplementary Provisions - <input type="checkbox"/> foreigners who have received asylum in the Republic of Bulgaria in accordance with the Law on Asylum and Refugees during the last three years since their employment - <input type="checkbox"/> persons granted special protection status under the Anti-Human Trafficking Act -.....; <input type="checkbox"/> victims of domestic violence within the meaning of the Domestic Violence Protection Act - <p>❖ The total number of employees from vulnerable groups is:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Up to 3 persons.....1 point <input type="checkbox"/> 4 or more.....3 points
<p>7. Funds invested for the development of social services</p>	<p><input type="checkbox"/> 1 p.</p>
<p>8. Funds invested for social innovation by the following indicators (briefly describe social innovation):</p>	<ul style="list-style-type: none"> <input type="checkbox"/> developed1 p. <input type="checkbox"/> In process of development.....2 p. <input type="checkbox"/> Put into practice.....3 p.
<p>9. Mechanisms for introducing innovation in the enterprise (describe briefly):</p>	<p>..... 1p.</p>
<p>10. Transparency mechanisms in decision-making with the</p>	<p><input type="checkbox"/> participate in making of part of the decisions.....2 p.</p>

participation of members, workers or employees	<input type="checkbox"/> participate in making of all the decisions.....5 p.
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Component III. Indicators for integration of persons from vulnerable groups

11. Employees from vulnerable groups ¹⁰	<input type="checkbox"/> number of persons employed full-time -.....; <input type="checkbox"/> number of persons employed part-time -.....; ❖ The number of full-time employees compared to part-time employees is: <input type="checkbox"/> smaller1 p. <input type="checkbox"/> bigger3 p.
12. Persons from vulnerable groups under art. 7. item 4, increased their social skills ¹¹ , as a result of last year's inclusion in:	<input type="checkbox"/> work skills development programs.....1 p. <input type="checkbox"/> Apprenticeship or internship programs.....2 p. <input type="checkbox"/> programs for qualification, retraining, vocational courses3 p.
13. Persons who, after having been employed for more than 1 year in the social enterprise, have found permanent employment:	<input type="checkbox"/> In the same social enterprise1 p. <input type="checkbox"/> In another social enterprise.....2 p. <input type="checkbox"/> At another employer5 p.
14. Enterprises providing social services:	<input type="checkbox"/> number of social services provided on average per month in the last one year1 p. <input type="checkbox"/> number of persons receiving social service on average per month in the last one year.....1p.
15. Over the past year additional social events accompanying the main activity (charity, sports, forums, seminars, informational, etc.):	Conducted events are: <input type="checkbox"/> Ut to 31 p. <input type="checkbox"/> from 3 to 52 p. <input type="checkbox"/> 5 or more.....5 p. Type of events held:
Total points	

¹⁰ This criterion will consider the number of persons employed for more than 6 months

¹¹ Many social enterprises aim to help people improve their skills in specific areas, especially those who need them in the workplace - so-called "hard" skills (to learn how to do a particular job) or "soft" skills (related to feeling part of the workforce, communicating with others, and personal effectiveness).

Date:

.....

/name, surname/

.....

/ signature, seal /

Appendix 2 – Social services in Haskovo District

Haskovo region							
	Social service	Contact information			Target group (users)	Service provider	TYPE OF FINANCING
		Address	Phone	Website/e-mail			
Dimitrovgrad municipality	Day Care Center for children and / or youth with disabilities	гр.Димитровград ул."3.Зора Ф" №35, ет.1	0391/ 6-75- 86	email: dcdudg@ abv.bg	Target group - children from 3 to 18 years with disabilities.	Dimitrovgrad municipality	state funding
	Day center for adults with disabilities	гр.Димитровград ул."3.Зора Ф" №35, ет.2	0391/ 61 330	email: dcvudgrad @abv.bg	Target group - persons with disabilities over 18 years	Dimitrovgrad municipality	state funding

	Social enterprise	гр.Димитровград бул. „Д. Благоев” N: 78/уч. корпус/	0882/217789	email: sp.dimitrovgrad@gmail.com web: www.sp.dimitrovgrad.bg	Persons with disabilities, single parents and persons from minority ethnic groups.	Dimitrov grad municipality	Municipal funding
	Home social patronage	гр.Димитровград бул. " Г.С.Раковски" №15	0391/68300	- dsp@dimitrovgrad.bg	Persons in retirement age, living alone	Dimitrov grad municipality	Municipal funding
	Sheltered housing for people with intellectual disabilities	гр. Димитровград, бул." Д. Благоев" №78	0391/61076	zj_dimitrovgrad@abv.bg	Mentally disabled women over 18	Dimitrov grad municipality	state funding сиране
	Family-type accommodation center for mentally disabled adults	гр. Димитровград, бул." Д. Благоев" №78	0391/66997	Web: www.facebook.com/supcdgrad	Young people aged 18 and people with disabilities	Dimitrov grad municipality	state funding
	Family-type accommodation center for children without disabilities	гр. Димитровград, бул." Д. Благоев" бл.9,вх.."б", ап.6	0391/73343	email: cnst_dimitrovgrad@abv.bg	children 3 - 18 years old, deprived of parental care, exhausted other accommodation options	Dimitrov grad municipality	state funding

Family-type accommodation center for children and youth with disabilities "Rainbow"	гр. Димитровград, кв. Черноконово	0391/2 21 32	email: cnst_rainbow.dg@abv.bg	children and youth with disabilities	Dimitrov grad municipality	state funding
Center for Community Support	гр. Димитровград, ул. "Климент Охридски" №1	0391/26 095	email: cop_dimitrovgrad@abv.bg	Children and families at risk	Dimitrov grad municipality	state funding
Private pension Kalina	гр. Димитровград, ул. "Шандор Петъови" №11А	0887/666 636	-	Persons over the age of 60	Mother Teresa Foundation	Self financing /fees /
Crisis center for victims of domestic violence	гр.Димитровград ул."З.Зограф" №35		-	Women victims of domestic violence	BGRF – Haskovo branch	State funding
Consultative center for victims of domestic violence	гр. Димитровград, ул. "Св. Климент Охридски" №1, ет.1, офис 1	0391 25055	-	Victims of domestic violence	H&D Gender Perspectives Foundation	Project funding

Ivailovgrad municipality	Home social patronage	гр. Ивайловград ул. "Оборище" №15	0887/525880	-	Persons in retirement age, living alone	Ivailovgrad municipality	Municipal funding
	Home for elderly	гр. Ивайловград ул. "Оборище" №15	03661/6055	-	Elderly people	Ivailovgrad municipality	state funding
	Day Care Center for children and / or youth with disabilities	гр. Ивайловград ул. "Шести септември" №1	03661/8025	email: dcdu_ivg@abv.bg	Children aged 3 -18 with disabilities	Ivailovgrad municipality	state funding
Liubimits municipality	Home social patronage	с.Любимец ул. „Републиканска“ №38	03751/8033	-	Persons in retirement age	Liubimits municipality	state funding
Madzharovo municipality	Home social patronage	гр. Маджарово ул. " Петър Ангелов" №10	0887/447869	Web: www.sp-madjarovo.com	Persons in retirement age	Madzharovo municipality	Municipal funding
Svilengrad municipality	Day center for adults with disabilities	гр. Свиленград ул. "Бурденис" №2А	0379/71191	email: mentalni@abv.bg	Persons over 18 with disabilities	Svilengrad municipality	state funding

	Day center for adults with disabilities with weekly care	гр. Свиленград бул. "България" №26	0379/71 191	email: mentalni@abv.bg	Persons over 18 with disabilities	Svilengrad municipality	state funding
	Home social patronage	гр. Свиленград бул. "България" №26	0379/72 93	-	Persons in retirement age, living alone	Svilengrad municipality	Municipal funding
	Center for family-type accommodation for children without disabilities	гр. Свиленград, ул. "Европейска" № 3	0379/89 130	-	Children and young people without disabilities from 3 to 18 years of age or until completion of secondary education, but no more than 20 years of age	Svilengrad municipality	state funding
	Transitional housing for persons with mental disorders	гр.Свиленград местност "Дом за соц. грижи" с. Пъстрогор	0379/71 645	email: dimitrova_svilengrad@abv.bg	Women with mental disorders	Svilengrad municipality	state funding
	Home for adults with mental disorders	гр. Свиленград местност "Дом за соц. грижи"	0379/71 645	email: dimitrova_svilengrad@abv.bg	Women with mental disorders	Svilengrad municipality	state funding

		с. Пъстрогор					
	Day Care Center for children and / or youth with disabilities	Гр. Свиленград, бул. „Генерал Скобелев“ №23	-	-	children and / or youth with disabilities	Svilengrad municipality	state funding
Simeonovgrad municipality	Day center for adults with disabilities	гр. Симеоновград ул. "Търговска" 25	03781 /21 33	email: plamena_dobcheva@abv.bg	Persons over 18 with disabilities without serious mental illness	Simeonovgrad municipality	state funding
	Home social patronage	гр. Симеоновград ул"Иван Арнаудов " №10	03781 /3164	-	Persons over the age of 60.	Simeonovgrad municipality	Municipal funding
	Center for Community Support	гр. Симеоновград, пл. "Шейновски" № 7,	037/0 4 99 91	-	Children and families at risk	Simeonovgrad municipality	state funding
Stambolovo municipality	Center for Community Support	с. Стамболово сграда на община Стамболово ет.4	03721 /22 27	-	Children and families at risk	Stambolovo municipality	state funding
	Home social patronage	с. Стамболово сграда на община	03721 /234	email: Npo_arda2003_sta	Persons in retirement age	Arda-2030	Own financing /fees /

		Стамболово		mbolovo@abv.bg		Association	
Topolovgrad municipality	Center for Social Rehabilitation and Integration	гр. Тополовград ул."Св. Богородица"5	0887/985000	email : kr_uzunova@abv.bg	Adults and children	Topolovgrad municipality	state funding
	Home for adults with mental disorders	с. Радовец ул."Александър Стамболийски"	0885/305241	email: dvpr_radovec@abv.bg	Men with mental disorders	Topolovgrad municipality	state funding
	Home social patronage	р. Тополовград ул."Св. Богородица"5	0470/52070	-	Persons in retirement age	Topolovgrad municipality	Municipal funding
Harmanli municipality	Home for elderly	гр.Харманли кв."Добруджа" 7а	0373/85109	email: domharmanli@abv.bg	Persons in retirement age	Harmanli municipality	state funding
	Home social patronage	гр. Харманли пл."Възраждане "1	0373/82173	-	Persons in retirement age	Harmanli municipality	Municipal funding
	Center for Community Support	гр.Харманли кв."Добруджа" 7а	037391076	-	Children and families at risk	Harmanli municipality	state funding
	Family-type accommodation center for children and	гр. Харманли	0373/96076	-	children and young people with disabilities	Harmanli municipality	state funding

	young people with disabilities	ул. „Съборна“ 2Б					
Haskovo municipality	Center for Community Support	р.Хасково ул." Цар Освободител" №2, ет.2	0885/123 080	email: cop_haskovo@abv.bg	Children and families at risk / specific needs	Haskovo municipality	state funding
	Center for family-type accommodation for children without disabilities	гр. Хасково, бул. "Съединение" № 16	038/6 2 02 91	-	Children and young people without disabilities from 3 to 18 years of age or until completion of secondary education, but no more than 20 years of age	Haskovo municipality	state funding
	Day Care Center for the Elderly	Гр. Хасково, ул."Георги Кирков"№8 2-Б, ет.1	0879/14037 0	email: dcsh@abv.bg	Persons in retirement age	Haskovo municipality	state funding
	Day Care Center for Children and Adults with Disabilities	гр.Хасково ул. "Славянска " № 52	038/6 64 112	www.marinaskovo.com email: dcdwumarina@dir.bg	Children and Adults with Disabilities	Haskovo municipality	state funding
	Home for elderly	гр. Хасково –Местност Кенана	038/6 22 458	-	Persons in retirement age, including persons with	Haskovo municipality	state funding

					sensory impairments		
	Home for adults with sensory impairments	гр. Хасково –Местност Кенана	038/6 24 342	-	Adults	Haskovo municipality	state funding
	Consultative center for victims of domestic violence	гр. Хасково ул."Пирин" №9	038/6 24 685	email: bgfhaskovo@mail.bg	Adult victims of domestic violence	BGRF – Haskovo branch	Project funding
	Supportive consultative work with children and persons from different vulnerable groups	гр. Хасково ул."Алеко Константин ов" №11	038/6 62 138	www.chancebg.org email: chance@esc.com.bg	Children and persons from different risk groups.	Chance and Protection Association Haskovo	Project funding
	Home social patronage	гр.Хасково бул. „България“ №41	038/6 65 354	-	Persons in retirement age	Haskovo municipality	Municipal funding
	Community Center	Гр. Хасково ул. „Железни врати“	038/5 8 5500		Children and persons from different risk groups		Project funding
	Family-type accommodation center for children and young people with disabilities	гр.Хасково ул. „Единство“ №21	0882/ 52 00 06	email: cnst_haskovo@abv.bg	children and young people with disabilities	Haskovo municipality	state funding
	Family-type accommodation center for children and	гр.Хасково ул. „Съгласие“ №5	0882/ 52 00 06	email: cnst_haskovo@abv.bg	children and young people with disabilities	Haskovo municipality	state funding

	young people with disabilities						
	Consultative center for victims of domestic violence	гр. Хасково, ул. "Пирин" №9	038 62468 5		Victims of domestic violence	H&D Gender Perspectives Foundation	Project funding

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