



# Country Report

Regional Agency for Entrepreneurship  
and Innovations – Varna (RAPIV), Bulgaria

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## 1. Introduction

The objective of the Country Report is to examine the current state of the women entrepreneurship in Bulgaria and to identify key drivers and motivations, as well as obstacles and barriers of entrepreneurial activity faced during the Covid-19 pandemic, then in the post-Covid era and energy crisis. The available literature and research give explanations to this issue highlighting the impact of the personality traits on the entrepreneurial intention and the success of the entrepreneurial attempt. However, a vast array of social, cultural, political, economic, and demographic factors surrounds the person, and personality traits cannot be taken as the only explanation of entrepreneurial intention.

All available relevant documents and reports are used to offer a general presentation of the Bulgarian economy and the business environment as well as female entrepreneur's related policy. First, data available from National Statistical Institute of Bulgaria and other relevant national institutions (such as ministries and other governmental institutions) are used. It is important to note that much statistical data on the performance of the business system are not systematically collected or analyzed by national institutions. Then, the study analyzes secondary data derived from the relevant international institutions such as the World Bank, EUROSTAT, OECD, GEM reports, surveys conducted from RAPIV's former projects on similar topic, etc. In other words, this activity is about desk research of the existing and available administration data relating to the targeted age/sex group.

The data is collected in the period January – February 2023, focusing on the last 8 years.

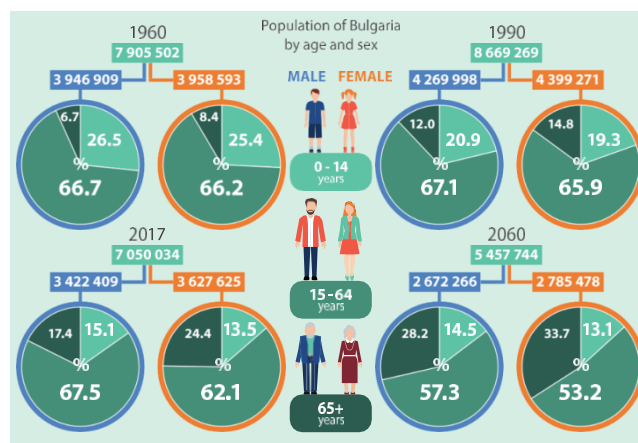
## 2. Female Entrepreneurship in Bulgaria

### 2.1 General overview

The Republic of Bulgaria is a country located in South-eastern Europe. It is bordered by Romania to the north, Serbia and Macedonia to the west, Greece and Turkey to the south, and the Black Sea to the east. The capital and largest city is Sofia; other major cities are Plovdiv, Varna and Burgas. With a territory of 110,994 square kilometres (42,855 sq mi), Bulgaria is Europe's 16th largest country.

By 31.12.2021, the population is 6 838 937 million people. Male population is 48.4% and female 51.6%. Males prevail among the population aged up to 54 years.<sup>1</sup> (Figure 1)

**Figure 1. Population of Bulgaria by age and sex**



While women enroll and graduate mostly from general education schools, men were in a majority among vocational education. The highest number of persons enrolled in vocational programmes for acquiring a level of professional qualification was found in the field of 'Engineering and engineering trades' where males were considerably more than females. The most common fields of education among women were 'Personal services' and 'Business and administration'.

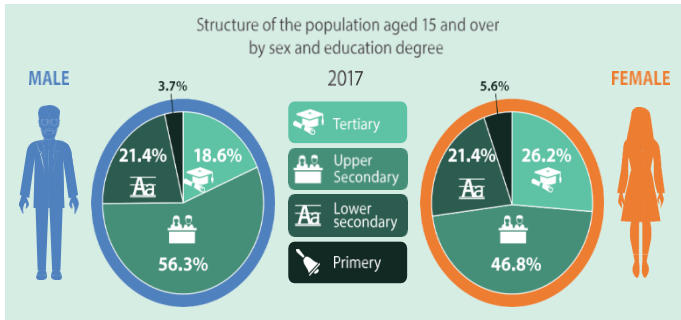
There were also considerable differences by gender among the enrolled and graduates in the different areas of tertiary education. Men dominated fields were 'Engineering, manufacturing and construction', 'Business, administration and law' and 'Services' while women were the majority among the fields of 'Business, administration and law', 'Health and welfare' and 'Education'.

Furthermore, by 2021 more women (662 600) attended university than men (453 500) and in the last five years more women (192 421) graduated universities than men (124 396).<sup>2</sup>

<sup>1</sup> National Statistical Institute. (2019). WOMEN AND MEN IN THE REPUBLIC OF BULGARIA 2018. [https://www.nsi.bg/publications/WM2018\\_en](https://www.nsi.bg/publications/WM2018_en)

<sup>2</sup> National Statistical Institute. (2021). Statistical data on monitoring of the labour force. <https://www.nsi.bg/bg/content/4018/%D1%81%D0%BF%D0%B5%D1%86%D0%B8%D1%84%D0%B8%D1%87%D0%BD%D0%B8-%D0%BF%D0%BE%D0%BA%D0%B0%D0%B7%D0%B0%D1%82%D0%B5%D0%BB%D0%B8>

**Figure 2. Structure of the population aged 15 and over by sex and degree**



With regard to unemployment for people aged 15 and over, in the third quarter of 2022 unemployment rate of 3.7% was observed. Higher employment of men was observed in all age groups. The unemployed are approximately 122.5 thousand and of these, 70.8 are men and 51.7 are women.<sup>3</sup>

### **Male-dominated and women-dominated sectors**

Almost three quarters of the employed women (1 046.3 thousand) worked in the service sector. Women accounted for 54.1% of all working in the sector, while in the one other sector - 'Agriculture, Forestry and Fishing' the share of employed men predominated - 69.7%. In 'Manufacturing' the share of women and men are almost equal. Among different economic activities with the highest share of women are 'Education' (80.8%) and 'Human health and social work activities' (80%), while men had a higher share than women mostly in the economic activities 'Construction' (93.05%) and Mining and quarrying (78.71%). (Table 1)<sup>4</sup>

**Table 1. Employed by sectors of economy and gender in 2021**

Employed by sectors of economy and gender in 2021			
	(thousands)		
Economic activity	Total	Male	Female
<b>Total</b>	<b>3076,5</b>	<b>1648,7</b>	<b>1427,8</b>
Agriculture,forestry and fishing	193,6	135,0	58,5
Mining and quarrying	29,6	23,3	6,3
Manufacturing	573,0	295,9	277,1
Electricity, gas, steam and air conditioning supply	42,7	31,7	11,0
Water supply, sewerage, waste management and remediation activities	35,4	25,4	10,0
Construction	267,9	249,3	18,6
Wholesale and retail trade; repair of motor vehicles and motorcycles	513,1	230,2	282,9
Transportation and storage	207,9	169,0	38,9
Accommodation and food service activities	124,0	42,6	81,4
Information and communication	101,9	66,2	35,7
Financial and insurance activities	65,1	22,3	42,8
Real estate activities	15,8	6,2	9,6
Professional, scientific and technical activities	121,2	44,4	76,7

<sup>3</sup> Ibid

<sup>4</sup> Ibid

Administrative and support service activities	99,7	66,8	32,8
Public administration and defence; compulsory social security	226,1	122,7	103,3
Education	175,0	33,6	141,4
Human health and social work activities	168,1	33,6	134,5
Arts, entertainment and recreation	51,2	26,5	24,7
Other service activities	65,5	23,9	41,6

Source: National Statistical Institute, 2021

The educational level of working women was higher than that of men. For women employed the share of university graduates was 40.1%, while for men this share was 23.9%.

In 2021, the employment rate for the age group 15 - 64 was 68.1%, with male employment higher than that for women - 72% for men and 64.2% for women. (Table 2)

**Table 2. Employed by status of employment and gender in 2021**

Status of employment	(thousand)		
	Total	Male	Female
<b>Total</b>	<b>3076,5</b>	<b>1648,7</b>	<b>1427,8</b>
Employers	113,3	80,2	33,1
Self employed	207,5	133,3	74,2
Employees	2738,1	1427,8	1310,3
In private sector	2080,1	1159,5	920,5
In public sector	658,0	268,3	389,8
Unpaid family workers	17,5	7,4	10,2

Source: National Statistical Institute, 2021

Industry and business size are two of the most important predictors of business outcomes.

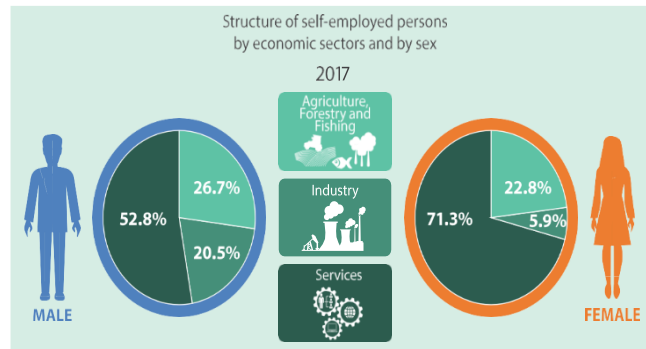
In 2021, there were approximately 320 800 SMEs operating in Bulgaria, with the vast majority of these (around 90%) being micro-sized enterprises that employed between zero and nine people. Additionally, there were around 22 930 small businesses, which had between 10 and 49 employees, and 4105 medium-sized businesses.

The share of **female working owners in 2021 is hardly 33.44%** (107 300) from the total amount of working owners (320 800). This rate for women-managers of the companies for the same period is a little bit higher - 42% and for female CEOs – 31%.

Most of SMEs are operating in the wholesale and retail trade sector, followed by professional, scientific and technical activities and manufacturing. The most viable were the enterprises in the following sectors: 'Mining and quarrying', 'Water supply; sewerage, waste management and remediation activities', 'Electricity, gas, steam and air conditioning supply'.

**In Bulgaria, women tend to run smaller, younger firms in different industry sectors,** relative to the numbers of men doing so. It is quite visible in Figure 3 showing the economic sectors women are most active at.

**Figure 3. Structure of self-employed persons by economic sectors and by sex**



### **Women entrepreneurs' motivations for starting a business or joining the family firm**

Women and men tend to start businesses for different reasons, but when questioned about the reasons for starting their business, most women quoted that there was an opportunity (40%) being the most reported start up motivation for all entrepreneurs and in second place comes the reason that this is usual to register a business for these type of activities (21%).<sup>5</sup> Women are generally less likely than men to report continuing a family tradition as a reason for starting a business. These patterns relate to gender arrangements in the home and society that push and pull individuals towards different occupational choices.

**Table 3. Self-employed reasons to start own business**

Self employed – reasons to start own business			
		(thousands)	
	Total	Male	Female
<b>Total</b>	<b>352.9</b>	<b>230.4</b>	<b>122.5</b>
Job scarcity	72.0	49.3	22.06
This is usual for the type of business performed	66.7	40.2	26.06
There was an opportunity	148.4	98.9	49.4
It was a family business	15.0	11.0	(4.0)

Source: National Statistical Institute, 2021

### **Women entrepreneurs' experiences as firm owners and/or managers regarding access to capital, labour force, social capital and access to the market**

<sup>5</sup> National Statistical Institute. (2021). Statistical data on monitoring of the labour force. Additional module for monitoring the self-employment. <https://www.nsi.bg/bg/content/16299/%D1%81%D0%B0%D0%BC%D0%BE%D1%81%D1%82%D0%BE%D1%8F%D1%82%D0%B5%D0%BB%D0%BD%D0%B0-%D0%B7%D0%B0%D0%B5%D1%82%D0%BE%D1%81%D1%82-%D0%B4%D0%BE%D0%BF%D1%8A%D0%BB%D0%BD%D0%B8%D1%82%D0%B5%D0%BB%D0%B5%D0%BD-%D0%BC%D0%BE%D0%B4%D1%83%D0%BB-%D0%BA%D1%8A%D0%BC-%D0%BD%D0%B0%D0%B1%D0%BB%D1%8E%D0%B4%D0%B5%D0%BD%D0%B8%D0%B5%D1%82%D0%BE-%D0%BD%D0%B0-%D1%80%D0%B0%D0%B1%D0%BE%D1%82%D0%BD%D0%B0%D1%82%D0%B0-%D1%81%D0%B8%D0%BB%D0%B0-%D0%BF%D1%80%D0%B5%D0%B7-2017-%D0%B3%D0%BE%D0%B4%D0%B8%D0%BD%D0%B0>



According to the study conducted among women entrepreneurs in Bulgaria<sup>6</sup>, the lack of finance is usually one of the main barriers in every entrepreneurial initiative. As it was expected the main problem of women entrepreneurs is the access of finance, followed by lack of savings and high interest rates. The most important macroeconomic and policy barrier is the high corruption, followed by the red tape.

The highest “soft” barrier for the Bulgarian women entrepreneurs is uncertainty about the future in case of starting own business, followed by the risk of losing the balance between work and personal life.

## 2.2 Current policy and legal framework

Since Bulgaria joined the EU in 2007, state policies are almost entirely outlined in strategic documents developed at the request of the EC. The European Structural Funds through national operational programs become the main and almost unique source of state-level governance initiatives and become a key factor for the growth of the national economy. A significant number of policy measures in support of SMEs – e-Justice and e-government strategies, a new Public Procurement Act and a better regulation program (including the impact assessment and impact assessment guidelines) have been adopted in 2014 and the first quarter of 2015. The gender equality policy is horizontal and unites the actions of the executive at all levels. This policy is conducted via combined implementation of integrated (mainstreaming) approach and temporary stimulation (targeted) measures, requiring an effective national institutional mechanism. Currently there is no specific law, strategic or other policy instrument for women entrepreneurship support. There are some policy attempts to include the gender issues with different measures for support under Operational Programs but it still not enough. The main responsible stakeholders are: Ministry of Economy and Ministry of Labor and Social Policy.

The main responsible stakeholders are: Ministry of Economy and Ministry of Labor and Social Policy. Since the year 2000 the Ministry of Labor and Social Policy (MLSP) organizes and coordinates at national level the implementation of the state policy of the Republic of Bulgaria in the field of gender equality (CMD No 155 dated 2000, promulgated SG, Issue 65 dated 2000), in cooperation with a number of institutions and organizations. Since the year 2004 a specialized unit was set up in the MLSP. Currently this is the “Equal Opportunities, Antidiscrimination and Social Assistance Benefits” Department (EOASAB) with the Directorate “Policy for Persons with Disabilities, Equal Opportunities, and Social Assistance Benefits” (PPDEOSAB). The Department is also the Secretariat of the National Gender Equality Council with the Council of Ministers. The Law for Equality between Women and Men has been in force since 2016. The experts from the specialized unit of the MLSP provide standpoints during the process of development of correlative normative and strategic documents at the EU level – directives, strategies, conclusions of the Council, and provide information, replies to questionnaires, etc. They participate in the work of key topical bodies and structures (councils, committees, expert groups) in the field of equality of women and men, with the European Commission and the Council of Europe. This provides the possibility for popularization of the national policy on gender equality, current exchange of good practices and participation in the formulation of the policy on the European level.

The promotion of entrepreneurship and in particular women's entrepreneurship is based on the following strategic documents:

- The Single Market Programme and competitiveness of enterprises, including small and medium-sized enterprises 2021-2027

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<sup>6</sup> Zlateva, M & Vulchinov, V, 2018, Study of the Current State on Young Women Entrepreneurship Support in Bulgaria

- National Development Programme: Bulgaria 2030
- National Recovery and Resilience Plan of the Republic of Bulgaria
- National Strategy for Small and Medium-sized Enterprises 2021-2027
- Innovative strategy for smart specialization of the Republic of Bulgaria 2021- 2027
- Programme “Competitiveness and Innovations in SMEs ” 2021-2027
- Programme “Human Resources Development” 2021-2027
- Program "Research, Innovation and Digitization for Smart Transformation" 2021-2027

The main programmes available for female entrepreneurship support are within Programme “Competitiveness and Innovations in SMEs”, Programme “Human Resources Development” and Program "Research, Innovation and Digitization for Smart Transformation". However, it is still not clear whether there will be specific calls for female entrepreneurship support.

## 2.3 Impact of Covid-19 and energy crisis

The COVID-19 disease epidemic left strong negative consequences on the economy, which directly affected the business of most entrepreneurs in Bulgaria.

According to a study on consequences of Covid-19 to female entrepreneurs<sup>7</sup> conducted in 9 countries in the Danube Region, including Bulgaria, pandemic affected all the companies in a certain way. Restrictions introduced in each surveyed country worsen the situation for the business. Decrease of the revenues is identified in almost half of the companies especially those from education, creative industries, art and recreation, tourism and other activities sectors. Lockdown caused also decreased demand of products and services mainly in those involved in education and tourism. Some positive effect of Covid-19 is noticed as introducing of new products/services (education, creative industries, art, ICT sectors) and expanded share of the online sales.

The respondent-women entrepreneurs undertook different steps to secure their business trying to reduce their expenses and to keep the health of their staff. The top 3 preferred actions by responding companies during Covid-19 are: cutting office expenses, freezing all hiring and reducing of marketing spending. They tried to avoid laying off employees or reducing salaries/ hours. Instead, 60% of companies moved all or some employees to remote status, 52% - considered alternative types of incentive compensation, and 36% - put workers on furlough (leave of absence).

The enterprises that had been affected negatively to some extent by the crisis were more likely to reduce their business operation somehow or tried to adapt to the new circumstances in a certain way.

At the same time the women entrepreneurs tried to find new business opportunities. More than half of surveyed companies recourse to remote work and online services as measures to overcome the crises. 42% of them detect such possibility also in improvement of skills of employees and owners and attended different types of training and education.

The highest concerns in personal plan during the Covid-19 crisis are: impossibility to pay the bills and credits, reduced incomes, followed by fear about own health and the health of the family, uncertainty about the future and insecurity. Other concerns are also limited social contacts, limited possibilities to travel abroad, misbalance of daily routine, inefficient

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<sup>7</sup> Zlateva et al. (2021). Report on results from the study on consequences of Covid-19 to female entrepreneurs

remote work when kids are at home, and lack of adequate governmental support measures.

Women entrepreneurs applied different personal strategies to overcome the negative consequences in emotional plan such as keeping social communication, practicing sport, yoga and meditation, walks in the nature, improvement of skills through starting education or online training, etc.

Besides personal worries during Covid-19 crisis, respondents indicated their main concerns about their business such as health of the employees, clients and vendors, impossibility to pay bills, salaries, health and social insurances of the staff, uncertainty about the future, etc.

Maybe because of this, the Bulgarian women entrepreneurs are not pleased with the provided support during Covid-19 crisis.

The respondents also suggested also adequate eligibility criteria responding to the business reality and needs to be set, bureaucracy to be decreased and the process of application to be simplified as most of the information could be gathered directly from e-platform of National Revenue Agency.

They indicated as very important support measures for start-ups and innovative companies which were affected most by the crisis to be developed.

Additionally, they suggested that there is a need for support not only during the Covid-19 crisis but also for certain period after its end.

## 2.4 Bulgarian policy measures for fighting negative consequences from Covid-19 and energy crisis

The Government of the Republic of Bulgaria has adopted a number of measures to preserve economic activities, in order to make it easier for entrepreneurs to do business in the new circumstances and enable them to continue working while preserving jobs.

The desk research of Bulgarian policy measures applied shows that that more than 1/3 of the initiatives adopted in the early phase of the evolution of the pandemic, from February to late April 2020, focused on supporting businesses to stay afloat. This was followed by income protection beyond short-time work measures and employment protection and retention measures many of which were related to the implementation of short-time work. Around one-tenth of policy initiatives were designed to ensure business continuity and provide support for essential services and prevent social hardship.

The largest share of the initiatives aimed at keeping businesses afloat took the form of non-repayable grant payments, primarily aimed at the micro and small businesses to enable them to continue paying ongoing operating costs (rent, utilities, etc.). This focus serves to highlight the severity of the short-term impact of containment measures and the associated closure (or partial closure) of many businesses. Of almost equal importance beyond such rapid response financial aid initiatives were policies seeking to ensure ongoing access to finance, including through government-backed bank guarantees for business loans at low interest rates, as well as the deferral of financial commitments such as social security contributions, taxes and loan payments.

The current energy crisis also forced the government to adopt specific measures to support the businesses: there was a measure introduced to compensate the electricity bills for businesses as well as a specific call under National Recovery Plan for SMEs to invest in their energy efficiency.

The measures that were undertaken by the Bulgarian government are presented in the tables below.

Measure	Measure 3-10	Measure 60/40	Interest-free loans for individuals on unpaid leave and self-employed
<b>Measure type</b>	<b>Subsidies for costs/ revenue compensation</b>	<b>Subsidies for employees (salaries, paid leave, etc.)</b>	<b>Governmental guarantees/low interests, etc.</b>
<b>Description</b>	Grants for SMEs to cover fixed costs and costs for salaries for up to 10% of the turnover but minimum 3000 BGN; maximum 10 000 BGN	Subsidies are paid to employer for to keep the employment; The grant covers 60% of the insurable earnings and the due contributions from the employer, in case of a reduction of the sales revenues with more than 20%.	The program is created to support employed and self-employed individuals, farmers, and seasonal workers who have ceased activity due to the pandemic COVID 19.
<b>Duration of the measure</b>	The measure was started in May 2020 and was open for application until September 2020.	The measure was officially introduced in July 2020 and continues with some changes in the requirements and amounts granted till 30.06.2022.	The measure was first officially introduced in April 2020. Deadline for application 31.08.2021.
<b>Support provider</b>	Government	Employment Agency at the Ministry of Labour and Social Policy	Bulgarian Development Bank (BDB).Implemented by several Bulgarian banks. BDB provides guarantee coverage in the amount of 80% of the principal of each of the loans under the measure.
<b>Target audience</b>	The measure was targeted at SMEs with specific turnover - at least BGN 30,000 (the amount granted was up to 10% of the net sales revenue, with a minimum 3000 BGN and maximum 10 000 BGN).	The measure is aimed at companies - employers whose turnover has decreased during the crisis. The aim of the wage subsidies is to support companies to be able to pay salaries and social contributions and to keep their staff.	The measure is targeted at Individuals on unpaid leave and self-employed. Opportunities provided also for inclusion of seasonal workers and young people who started their employment in 2020, who have at least 3 months of employment between January 1st, 2020 and the loan application date.
<b>Positive</b>	The measure worked well as it allowed companies to cover their current operating costs and to overcome the consequences of the pandemic. The measure covered large number of companies – 23 602.	Amount of the subsidies for this measure: 731 505 000 Euro until 08.2021. The measure worked well as it reached a large number of companies – 13 000 and helped preserve the employment of 300 000 employees. The measure was also open for companies established until the end of 2019. They could apply for subsidies on the basis of their revenues for January and February 2020. The measure was successful for the companies that managed to sustain their activity during the crisis and to be able to pay at least part of the salaries and insurable income.	More than 52 555 credits for individuals and self-employed were approved. The programme provided immediate support to people who were left without income due to the pandemic.

<p><b>Negative</b></p>	<p>The measure was relatively slow to implement due to the time necessary for administrative checks. As a result, payments were delayed with 3-4 months. Companies that were registered just before the crisis (after 01.07.2019) and small companies with annual turnover below 30 000 BGN were not eligible for the grants. At the same time, they were among the most affected and most likely to go out of business as they did not have the reserves to sustain their activity.</p>	<p>Those companies that were forced to close or work for long periods at reduced capacity due to the crisis, had to cut on their staff to stop incurring losses. Employers' unions continue to insist on the measure to cover 100 % the salaries of employees or at least 80 % of the salaries and insurable income in order to be more effective. For the most affected sectors of hotels and restaurants, tourism and transport, there was an opportunity to combine the measure 60/40 with another wage subsidies programme "Short-term employment support in response to the COVID pandemic", which granted lump sum compensation at the amount of 290 BGN to partially cover costs for salary and social securities. The received total monthly subsidy could not exceed 80% of the insurable earnings for the relevant month, preceding the application, and the social security contributions at the expense of the employer of the personnel who benefit from the measure.</p>	<p>Although The Bulgarian Development Bank guarantees the loans, many of the banks, implementing the programme still required collateral from the applicants. Many applicants who were otherwise eligible according to the programme rules, were refused loans because they did not have collateral.</p>
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<p><b>Measure</b></p>	<p>Support for Transport SMEs to overcome the economic impact of Covid-19 under Operational Programme "Innovation and Competiveness"</p>	<p>Grants to persons carrying out tour operators and travel agency activities to compensate losses due to Covid-19</p>	<p>Support for Medium Enterprises with a turnover over BGN 1 000 000 to overcome the economic consequences of the Covid- 19 pandemic under Operational Programme "Innovation and Competiveness"</p>
<p><b>Measure type</b></p>	<p>Subsidies for costs/ revenue compensation</p>	<p>Subsidies for costs/ revenue compensation</p>	<p>Subsidies for costs/ revenue compensation</p>
<p><b>Description</b></p>	<p>Grants for transport SMEs to cover operating costs for 8 percent of annual turnover in 2019</p>	<p>Grants for tour operators and travel agencies to cover operating costs for 4 percent of annual turnover in 2019 <b>without VAT</b></p>	<p>Grants for Medium Enterprises to cover operating costs between 30 000 BGN till 150 000 BGN. (3 percent of operating costs for 2019)</p>
<p><b>Duration of the measure</b></p>	<p>The measure was started in Oct 2020.</p>	<p>The measure was started in Feb 2021.</p>	<p>The measure was open for application till August, 24, 2020.</p>
<p><b>Support provider</b></p>	<p>Government</p>	<p>Government</p>	<p>Government through OP "Competitiveness and Innovations"</p>
<p><b>Target audience</b></p>	<p>The measure was targeted at transport SMEs with specific turnover - at least BGN 500, and be active company in 2018.</p>	<p>The measure was targeted at SMEs with specific turnover - at least BGN 30,000 (the amount granted was up to 10% of the net sales revenue, with a minimum 3000 BGN and maximum 10 000 BGN).</p>	<p>The measure was targeted at Medium Enterprises with specific turnover - BGN 1 000 000.</p>
<p><b>Positive</b></p>	<p>The measure worked well as it allowed companies to cover their current operating costs and to overcome the consequences of the pandemic. The measure</p>	<p>The measure worked well as it allowed companies to cover their current operating costs and to overcome the consequences of the pandemic. The measure covered large number of companies – 702.</p>	<p>The measure worked well as it allowed companies to cover their operating costs and to overcome the consequences of the pandemic. The measure covered large number of companies – 1554.</p>

	covered large number of companies – 28.		
<b>Negative</b>	The measure was relatively slow to implement due to the time necessary for administrative checks. As a result, payments were delayed with 3-4 months.	The measure was relatively slow to implement due to the time necessary for administrative checks. As a result, payments were delayed with 3-4 months.	Companies that were registered just before the crisis (after 01.07.2019) and medium companies with annual turnover below 1 000 000 BGN were not eligible for the grants.

<b>Measure</b>	VAT relief	Recovery of SMEs through Energy Efficiency	Support for Small Enterprises with a turnover over BGN 500 000 to overcome the economic consequences of the Covid- 19 pandemic under Operational Programme "Innovation and Competiveness"
<b>Measure type</b>	Other type of support	Other type of support	Subsidies for costs/ revenue compensation
<b>Description</b>	Temporary decrease of VAT from 20% to 9% for specific sectors such as restaurant and catering services, books for physical and electronic media, baby feeders and baby hygiene materials.	Focused support for Bulgarian small and medium-sized enterprises to recover from the economic consequences of the spread of the COVID-19 pandemic by improving their energy efficiency - acquisition of machinery, equipment, systems, CMR representing fixed assets, consulting services for introduction and certification of energy management systems in enterprises according to the requirements of the standard BNS EN ISO 50001 (Energy Management Systems)/EN ISO 50001.	Grants for Small Enterprises to cover operating costs for 50 000 BGN.
<b>Duration of the measure</b>	from 01.07.2020 to 31.12.2022	The measure started from 03.05.2022	The measure was open for application till March, 15, 2021.
<b>Support provider</b>	Government	Government through OP "Competitiveness and Innovations"	Government through OP "Competitiveness and Innovations"
<b>Target audience</b>	The measure is targeted mainly to the sectors of tourism and restaurants that were most seriously affected by the crisis and restrictive measures. The tax relief was then extended to books and baby food.	The measure is targeted to different sectors of industry.	The measure was targeted at Small Enterprises with specific turnover - BGN 500 000.
<b>Positive</b>	The measure provides immediate support to the sectors that were most severely affected by the restrictive measures and closures.	The measure provides support to all sectors affected by the energy crisis.	The measure worked well as it allowed companies to cover their operating costs and to overcome the consequences of the pandemic. The measure covered large number of companies – 4 356.



<p><b>Negative</b></p>	<p>At the beginning, the reduced tax rate was only applied for restaurants and they had to cover specific requirements like number of tables, staff etc. Services like food delivery at home or purchase at the restaurant as take away continued to be taxed the full 20% VAT. With the latest changes, from 1 December 2020, the reduced tax rate can be applied to as well to home delivery of food, prepared in restaurant.</p>		<p>Companies that were registered just before the crisis (after 01.07.2019) and small companies with annual turnover below 500 000 BGN were not eligible for the grants.</p>
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However, it should be pointed out that the COVID-19 pandemic hit women business owners disproportionately. Reasons include that these businesses tend to be concentrated in the industries most affected by the pandemic, have relatively small financial buffers and limited access to different financial sources. Women-owned businesses are on average smaller and younger compared to male-owned businesses. They are more likely to be self-funded, or funded by friends and family, and have fewer financial assets. In addition, women have less access to external finance, and lower levels of financial skills compared to men. Women entrepreneurs retain fewer professional contacts, including advisory boards or professional advisors to share advice about managing risks through the pandemic<sup>8</sup>. In their continued support efforts, policymakers should take the diversity of SMEs and the specific circumstances of vulnerable groups of SMEs into account, in order to avoid the risk of some segments of the SME population not being able to benefit from the policy response. Specific schemes with a view to gender disparities are key to ensure equal opportunities to recover. Policy makers have learned that it is not only necessary to understand the differential impact of the COVID-19 pandemic on women-owned businesses but also to design inclusive schemes that allow them to have adequate access to support. However, examples of such schemes at least in Bulgaria are non-existent.

One clear result of the COVID-19 pandemic for businesses around the world is the rapid adoption of digital technologies to reach customers more effectively, manage the supply chain, and increase efficiencies in internal operations, especially in the context of remote work and shifts to e-commerce. Some estimates suggest that the pandemic accelerated the digitization of business by three to four years.<sup>9</sup>

According to the Survey about consequences of Covid-19 to women entrepreneurs in the Danube region<sup>10</sup>, remote work is one of the most used ways to work while limiting risks of contracting the virus and evidence presented in this brief confirms its surge in use. Public investment should be targeted to improving digital infrastructures, which remain a necessary but not sufficient condition for large-scale remote working, and the digital skills of the population, to ensure that businesses and individuals can reap the full benefits of digitalisation. This will not only support the recovery from the current crisis but address structural challenges linked to the ongoing digital transformation. Upskilling and

<sup>8</sup> OECD. (2020). *Women enterprise policy and COVID-19: Towards a gender sensitive response*. [https://www.oecd.org/cfe/leed/OECD\\_Webinar\\_Women\\_Entrepreneurship\\_Policy\\_and\\_COVID-19\\_Summary.pdf](https://www.oecd.org/cfe/leed/OECD_Webinar_Women_Entrepreneurship_Policy_and_COVID-19_Summary.pdf)

<sup>9</sup> McKinsey et al. (2020). How COVID-19 has pushed companies over the technology tipping point — and transformed business forever. Survey, 5 October. <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever>

<sup>10</sup> Zhekova et al. (2021). Study on consequences of Covid-19 to female entrepreneurs. <https://www.rapiv.org/files/file/WIB/Study%20on%20the%20consequences%20of%20Covid-19%20on%20female%20entrepreneurs.pdf>

retraining are solutions to boost skill development and retraining of vulnerable workers, allowing them to re-enter the labour market in high-quality jobs and with an effective skill set. Retraining and upskilling, however, takes time and income support will be needed during the transition to a restored economic activity.

### 3. Conclusion

National culture in Bulgaria is still not supportive enough for women entrepreneurs, does not encourage women to engage in entrepreneurship and advance in their careers. However, for those who are successful, the biggest support is found in their families and inner circle of friends. The main financial obstacle for women entrepreneurs is the access of finance, followed by lack of savings and high interest rates. The most important competences barrier is the lack of information about how to start business, followed by lack of entrepreneurial skills. The highest “soft” barrier for them is uncertainty about the future in case of starting own business, followed by the risk of losing the balance between work and personal life. As it comes to macroeconomic and policy barriers – the highest one is the high level of corruption, followed by the red tape.

The Covid-19 pandemic affected the companies of women entrepreneurs in a different way but most of the business women were affected negatively.

The most negative economic consequences are decrease of revenues and decreased demand of products and services.

Some positive effects of Covid-19 are noticed, such as introducing of new products/ services and expanded share of the online sales.

Different business opportunities are identified by business women in Bulgaria. More than half of them mitigated the negative effect through starting of online services or online marketing, followed by education and training.

Women entrepreneurs applied different personal strategies to overcome the negative consequences of the crisis, such as keeping social communication, positive attitude, practicing sport, yoga and meditation, walks in the nature, improvement of personal skills trough starting education or online training, reading of books. The most preferred business scenario for coping with economic consequences is keeping the current employees, including through put the employees on remote status, reducing the employees’ load and reducing the payment to executives.

#### **KEY RECOMMENDATIONS**

The support measures have to be accessible by more companies, including female entrepreneurs. The eligibility criteria set for application for support needs to respond to the business reality and needs. The process of application needs to be simplified.

To be developed support measures for female start-ups and companies which were affected most by the crisis from different sectors, not only from tourism and transport sectors but also from trade, art, sport, professional activities, creative industries, and other sectors which were most affected by the crisis

To be provided continues support even after the end of the period of emergency situation, such as additional entrepreneurial educational programmes for all stages of the business and promoting them to both public and private persons of interest have to be improved;

Best practices from another region (s) to be identified and transferred in the process of designing of support measures for fighting with the negative effect of Covid-19.



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