



DISCLAIMER: Please note that SME Fact Sheets are not standalone instruments, do not constitute a comprehensive assessment of Member States' policies and should be regarded as a supplement to, and not a substitute for, available national publications. **Please refer to the methodological note before reading this SME Fact Sheet.**

1. SMEs in Bulgaria – a brief fact check:

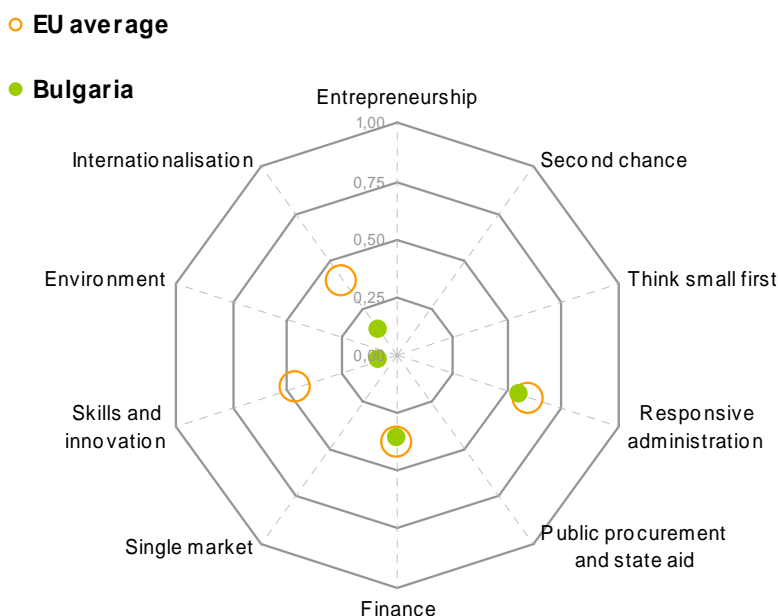
There are approximately 31 SMEs per 1000 inhabitants in Bulgaria, which is below the EU-27 average of ca 40. The proportion of SMEs as compared to all enterprises is, however, analogous to the EU average. In terms of SME employment, Bulgarian SMEs contribute more to total employment than the EU average but they create less added value. This is particularly visible in, the segment of micro enterprises, which represents almost 90% of all enterprises in Bulgaria, but accounts for less than 15% of value added.

	Number of enterprises			Number of persons employed			Value added (MEUR)		
	Value	%	EU-26 average	Value	%	EU-24 average	Value	%	EU-26 average
Micro	215.181	89,5%	91,8%	516.007	28,4%	29,6%	1.409	14,3%	21,1%
Small	20.401	8,5%	6,9%	399.763	22,0%	20,6%	1.717	17,4%	19,0%
Medium	4.049	1,7%	1,1%	402.700	22,2%	16,8%	2.114	21,5%	17,8%
SMEs	239.631	99,7%	99,8%	1.318.470	72,6%	67,1%	5.239	53,2%	57,9%
Large	684	0,3%	0,2%	497.791	27,4%	32,9%	4.607	46,8%	42,1%

Source: Eurostat SBS data base, 2004 and 2005 data.

2. Bulgaria's SBA profile¹

The SBA policy radar for Bulgaria show results that suggest room for improvement: Bulgaria is in line with the EU average for two of the four SBA sections with sufficient data for averages to be calculated ("Responsive administration" and "Finance"). However, for the other two areas ("Skills and innovation" and "Internationalisation") the figures for Bulgaria lag behind the EU average. This tendency seems to be particularly pronounced for the indicators reflecting the degree of innovation of Bulgarian SMEs. In the four sections where no category-average could be calculated, the existing indicators are however predominantly positive. In two sections ("Second chance" and "Public procurement and State aid") there was no data available for Bulgaria.



Source: European Commission, DG Enterprise

¹ It should be noted that the different dimensions of the radar correspond to the set of 10 principles foreseen in the European Commission's Small Business Act.



I. Entrepreneurship: There are two indicators available for this section – enterprise birth rate and share of high-growth enterprises. The available data suggest that Bulgaria has an expansive SME sector, with a relatively high firm birth rate (11,9% as compared to the EU average of 10,3%) and that the Bulgarian economy is characterised by a high share of rapidly growing SMEs (7,7% of all enterprises as compared to 4,2%). Certainly, this is to some extent due to the catching-up effect presently experienced by the country.

II. Second chance: As is the case for all MS, there is no data available for an analysis of this section for Bulgaria.

III. Think small first: There are two indicators available for this section - the degree of support among SMEs for current regulations and the time it takes to comply with administrative obligations – both of which outperform the EU average. The Bulgarian degree of support is 37% against the EU average of 29% and Bulgarian entrepreneurs require slightly less time than the average EU entrepreneur to comply with administrative obligations (7% instead of 8% of total working time).

IV. Responsive administration: For this category, Bulgaria's results are in line with the EU average. On the level of individual indicators there are, however, substantial differences. In terms of the labour market, Bulgaria seems to have – according to the indicators - comparatively flexible conditions, making it relatively easy to take on and lay off staff. However, the figures also suggest that Bulgaria is among the countries with the lowest level of e-government services available. Social security costs represent a relatively high share of the total labour costs in Bulgaria (almost 29% as compared to the EU average of 22%).

V. Public procurement and State aid: Unfortunately, there is no data available for an analysis of this section for Bulgaria.

VI. Finance: Bulgaria's results for this category are close to the EU average. However, on the level of individual indicators there are important variations. The Bulgarian venture capital market

seems to be less developed than the average European Member State, both at the early stage of firm investments and for enterprise expansion. However, Bulgaria is actually among the very best in the EU-27 in terms of the depth of the credit information index. The country is also investing a comparatively large share of their EAFRD funds on entrepreneurship development (3,9% compared to the EU average of 2,7%).

VII. Single market: There is only one single indicator available for this section – the share of transposed or notified single market directives. In this domain Bulgaria is among the best performers with 100% of their directives in order.

VIII: Skills and innovation: In this section, the figures for the Bulgarian SMEs are trailing behind the EU average. For five out of thirteen indicators, the figures are actually lagging most behind the EU average, which suggests that there is substantial room for improvement. The share of Bulgarian companies purchasing or selling on-line is, for example only 3% and 1% respectively, compared to the EU average of 28% and 15% respectively. The information related to skills and life-long learning indicates that comparatively very few employers in Bulgaria offer training to their employees (7,6% as compared to the EU average of 26,1%).

IX: Environment: Three indicators are available for Bulgaria for this section and data suggest that the average expenditure on environmental protection per SME in Bulgaria is well below the EU average (only ca € 74 per company as compared to almost € 900 per company).

X: Internationalisation: The figures for Bulgaria in this category are lower than the EU average. The country's procedures for exporting and importing seem quite long (in the European context). The number of days required to import and export are 21 and 23 days respectively, while the EU average is ca 13 days in both cases. The share of Bulgarian SMEs gaining any income from subsidiaries and/or joint ventures abroad is also below the EU average (0,1 % as compared to 4,8%).



Example for a good practice in SME policy

To illustrate the efforts of the Government to promote SMEs, the statistical information of the fact sheet is enriched by an example of a good practice in SME policy - as singled out in the European Commission's Communication on "Think small first – A Small Business Act for Europe":

Title of the Project: National Innovation Fund

To increase the competitiveness of the Bulgarian economy by stimulating R&D in innovative market-oriented products.

The Innovation Fund subsidises technological cooperation aimed at the development of innovative and sustainable products, processes or services. The subsidy is for two types of projects: 1. R&D projects focused on the technological development of new products, processes or services or on a substantial improvement of existing ones. 2. Feasibility studies for an R&D project. All legal entities may apply for a subsidy of a project to be implemented by them alone or in partnership with universities. R&D projects consist of industrial research which is subsidised up to 50% and/or pre-competitive development which is subsidised up to 25%. SMEs that participate (pay their own project costs) in R&D projects receive an additional 10% subsidy for their share of the project on top of the normal percentage. The entire project is eligible for an extra 10% subsidy if the company implements it with scientific organisations.

For further information: www.sme.government.bg

Contact details :
Entr-Craft-Small-Business@ec.europa.eu
Tel : 0032 (0)2 29 92 639