

Social economy - laying the groundwork for innovative solutions to today's challenges (Paris, 10-11 December 2012)

The Social economy in Bulgaria – rediscovered innovation strategy for future social and economic development¹

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1. What are the current situation and the recent trends in your country in relation to social economy?

The concept of social economy and social entrepreneurship as theory and praxis is a comparatively new one for Bulgaria. There are national traditions of social economy in Bulgaria although a under different socio-economic context. In the recent years the interest towards the social economy and social entrepreneurship increased due to the potential of the sector to create jobs and be conducive in resolving poverty and social exclusion problems.

Strengthened interest is observed on the part of the academia and researchers, central and local authorities and on the part of the actors involved in the social economy and social entrepreneurship.

In Bulgaria, the social economy, in the form of cooperatives, associations and foundations, includes over 600,000 members.

The Bulgarian cooperatives have 120 years history and during this period they went under severe trials and crises. They have succeeded to adapt to the changing socio-economic circumstances and today they are one of the major players in the social economy in Bulgaria.

In Bulgaria almost 2,000 cooperatives are active and they have 0.5 million members and create 50,000 jobs. In the cooperatives 50% of the people with disabilities are employed².

In Bulgaria 4 National cooperative unions exist which include cooperatives, regional cooperative unions and cooperative trade associations.

Today the cooperatives cover a big share of economic activities important for the society: production and trade of goods for the living, cultivation of land, production of technical goods and farmer goods and services.

The associations and foundations number 9,009 with 1,723,000 members – 102,000 legal members and 1,621,000 physical members. Volunteers are 60,000 and they have worked off 2,232,000 hours in year 2011.³

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² Opinion of the Economical and Social Council of Bulgaria on the Role of the Bulgarian cooperatives for the social economy in the context of Strategy Europe 2020, 2011.



2. What framework measures and models to encourage social enterprises are applied in your country?

On 4th of April 2012 the Council of Ministers in Bulgaria adopted the **National Social Economy Concept** ("the Concept") - a **framework document** elaborated in close cooperation with different parties concerned within the bounds of an interagency working group.

The National Social Economy Concept is an expression of the political involvement of the Government institutions of Bulgaria for the creation of a favourable environment for the development of social economy models and practices. By applying the Concept it is intended:

- to raise awareness, relevant aspects of social culture and human values;
- to advance the Government's vision and priority goal to promote social economy;
- to express the concentrated will of a wider scope of stakeholders;
- to provide a platform for the development of related policies;
- to provide incentives for the development of new social inclusion approaches;
- to support inputs in view of the achievement of "Europe 2020" goals.

There are national traditions of social economy in Bulgaria although under different socio-economic context that might be a constructive prerequisite specifically while launching the present Concept.

The First Action Plan for implementation of the Concept is under development and under discussion among stakeholders in the realm of social economy and social entrepreneurship. For this purpose a special working group with representatives from central and local authorities, academia, social partners, social enterprises and actors in the social economy field was established.

The current national legislation is favourable to a high degree to provide fair conditions for establishment, running and protection of social entrepreneurship in various legal and economic forms. The application of the present Concept is expected to identify possible legislation and institutional gaps and provide a basis for legal proposals.

2.1. Improving recognition, visibility and popularisation of the social economy and the social enterprises

In order to achieve better recognition and visibility of the social economy and social entrepreneurship the first **Bachelor degree in Social entrepreneurship at the University "St. Cyril and St. Methodius" in Veliko Tarnovo** was launched. This is in line with Heinz Becker's⁴ report on the Social Business Initiative and shows the willingness of academia to support the Governmental efforts in creation favourable conditions for the social economy sector.

A **special internet site on social economy** was created in 2011 provided by the Ministry of labour and social policy: <http://seconomy.mlsp.government.bg/>

In March 2012 **the First European Fair of social enterprises and cooperatives for disabled persons** was organised in Plovdiv. This event was organised under the International Year of Cooperatives declared by the United Nations 2012.

³ National Statistical Institute of Bulgaria.

⁴ Heinz Becker is representative from the European Parliament.



2.2. National statistics in social economy and social enterprises

In 2008-2009 in response to the objective, set up by the Commission, to contribute to the existence of reliable statistics on cooperatives and mutuals at national and European levels, the Central Cooperative Union in Bulgaria established a **WEB based integrated statistical information system** on a project base, financed by the European Commission.

Statistical recognition of SE is crucial for political decision-making. The present Concept is aimed at the development of national approaches in line with the EP Decision A6-0015/2009 and the UN paper on NGOs on establishing satellite statistical accounts on social enterprises.

In summer 2012 the Ministry of Labour and Social Policy in close cooperation with the National Statistical Institute, the Central Cooperative Union and the Agency for social assistance developed a project: the **National data-base for social enterprises in Bulgaria**. The intention is to establish reliable statistics on social enterprises in the country, which will give more detailed information on the number and type of social enterprises, people employed, activities and areas in which they are active. In the very near future the successful projects will be announced⁵.

2.3. Structuring the social economy in terms of public policy

In the National Concept different measures are outlined, which are targeted to specific results. One of the envisaged measures is the **establishment of a Consultative Council to the Minister of Labour and Social Policy** which will consist of representatives with very different background and expertise in the field. The Consultative Council will have monitoring functions; for the purposes of the policies in the sector the Council will have also consultative functions related to draft legislation and regulations specific for the social economy organisations and social enterprises. It will propose measures designed to favour the development of structures in the social economy. The promotion of the sector and the social innovations as part of the activities done by the social undertakings will be another important Council's activity.

For the time being the Ministry of Economy, Energy and Tourism prepares a **new Innovation strategy for intelligence specialisation** which will include priority areas for promotion of innovations including social innovations.

2.4. Models of social enterprises in Bulgaria

Traditional types of social enterprises in Bulgaria are non-profit organisations that are economically active and use their income to support the social mission of the enterprise.

Another model of social enterprise are non-profit organisations employing disadvantaged persons, people with disabilities, minorities, etc. or provide training and development of labour skills.

A third, highly popular model in Bulgaria are non-profit organisations that provide social services and receive payment for services from service users or the state/local government.

Despite the lack of significant practice in this respect, NGOs and social enterprises emerge as a major partner of the state and municipalities in developing and providing more social services at home, with the effect of limiting the number of people in institutions.

⁵ Said Mr. Kiril Nikolov, DG Enterprise and Industry, Unit D. 4 Small Business Act, SME Policy, during the regular meeting of the GECES group in Brussels on 27th of November.



Social enterprises offer a supplementary opportunity for NGOs to generate business incomes by seeking new and sustainable resources to fulfil social aims for the public benefit. The guiding values are: balance between social and economic objectives, transparency and quality of products and services. Market opportunities are used to generate resources to meet the social mission while people and their needs are in the focus of the social enterprise.

The main sectors in which social enterprises operate:

- ✓ Social enterprises are providers of social and health services;
- ✓ Training and educational services are delivered by social enterprises;
- ✓ Social enterprises employ disadvantaged people;
- ✓ The subject matter of social enterprises is typically manufacturing and trade.

Social enterprises in Bulgaria interact with various groups of public society who are socially isolated and disadvantaged like:

- People with disabilities (physical and mental);
- Ethnic minorities;
- Children and families at risk;
- Disadvantaged youth (orphans);
- Prisoners and offenders;
- Women, victims of domestic violence;
- Seniors.

Examples include: public laundries and cleaning services; training and retraining; social counselling and training children; soup kitchens; a woodworking workshop; revival and presentation of traditional crafts, customs and culture of ethnic minorities in Bulgaria; promotion of traditional craftwork at home and abroad; enhancing the professionalism of artists from various ethnic communities, dealing with distinctive crafts; integration of ethnic minorities in the Bulgarian society through the development of the spiritual culture, traditional human virtues, customs and traditional crafts.

2.5. Public policy support and financing instruments

Main financing instruments are: European Structural Funds through the operational programmes in Bulgaria; state financing of business and social projects; tax concessions which are used for training of the staff or other social purposes in favour of the work integration, social enterprises for disabled people.

Currently the financing mechanisms are: state and municipal budgets; European projects and programmes (targeted financing); donations; income from other economic activity; access to bank loans.

Under ESF funding (Operational Programme "Human resources development") on project basis, local authorities receive funding in order to create or develop social enterprises which deliver mainly services in the municipality.

3. What are the main challenges for the future development of the social economy and social enterprises?

In order to promote social entrepreneurship and development of social enterprises in Bulgaria it is necessary to improve the environment for their business, to promote self-regulation mechanisms and access to resources.



- Support is needed for the development of existing social enterprises to improve the range and diversity of services provided;
- To enhance and develop the capacity of the voluntary sector, local and state institutions in Bulgaria, to create jobs in the social economy;
- To promote the creation of new social enterprises by improving knowledge, skills and expertise at the non-profit sector as a participant in the social economy;
- To raise motivation for social inclusion of vulnerable people by passing on experience/promotion of social entrepreneurship;
- To promote the idea of social business as a whole and raise public confidence in social enterprises;
- To promote guidelines for the establishment of a social enterprise - legal framework, steps, successful practices of social enterprises in Bulgaria;
- Development and implementation of marketing approaches for social enterprise;
- Development of programmes for management and financial management of social enterprise;
- To promote reintegration on the labour markets and professional career through running social enterprises - work-related social services (proactive socio-labour mediation, vocational guidance and training, training in key skills).

4. A brief assessment of the learning value of the French good practice to your country

The presented French good practice gives an overview of the situation in relation to the social economy in the country. It is clear described and outlined. Although the socioeconomic context in which the organisations in the sector operate is different for Bulgaria and France there are many things which are of learning value for the future development of the social economy in Bulgaria – for example “jobs for the future” and “generation contracts”. We still focus much more on the present situation than the future one and namely in this direction are needed more efforts.

From the French experience we can also learn more about the new forms of social enterprises – taken from the cooperative law and business and employment models of social enterprises. This is something which is new for the Bulgarian reality.

Similar are some of the problems in the context of the economic and social crisis (retrenchment of public costs) which require joint efforts – like opinions and actions by different parties involved. In this relation the consultative bodies are very similar in the two countries with similar functions.

Despite the differences, at European level the countries need to contribute according to their possibilities in order to achieve the objectives in a document which outline the future development of the sector across Europe.

