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Republic of Bulgaria  
ECONOMIC  
AND SOCIAL COUNCIL

**Accelerating the development of the Social Economy in Bulgaria in  
response to Contemporary Challenges**

(own-initiative opinion)

**Sofia  
July 2024**

The Action Plan 2024 of the Economic and Social Council (ESC) includes an own-initiative opinion on “Accelerating the development of the Social Economy in Bulgaria in response to Contemporary Challenges”.

The opinion was allocated to the Committee on Social Policy. The rapporteurs were appointed – Assia Goneva (Group II) and Elitsa Barakova (Group III). The work of the rapporteurs was supported by external experts Tsvetelina Marinova and Yuri Valkovski.

The draft opinion was adopted at two Committee meetings on 3 July 2024 and 12 July 2024.

At the ESC’s plenary session on 19 July 2024 the opinion was adopted.

List of abbreviations used:

PPA	Public Procurement Agency
EESC	European Economic and Social Committee
EC	European Commission
EU	European Union
SSEEA	Social and Solidarity Economy Enterprises Act
AA	Amending Act
DPA	Disabled Persons Act
ESC	Economic and Social Council of the Republic of Bulgaria
MLSP	Ministry of Labour and Social Policy
NRRP	National Recovery and Resilience Plan
NSI	National Statistical Institute
OECD	Organisation for Economic Co-operation and Development
RIDA	Rules for the implementation of the Disability Act

## 1. Conclusions and Recommendations

1.1. The ESC stresses the importance of the social and solidarity economy for Bulgaria, both in terms of the economic development of the country and in terms of solving important social problems, including through the engagement of civic energy and business initiative.

1.2. The ESC notes that the institutionalisation of the social and solidarity economy sector has been a top priority at European and national level in recent years. The different political, economic and social contexts and the conditions in which the sector develops in the Member States create many challenges, but at the same time stimulate joint efforts in the EU and in Bulgaria to continue and accelerate political and legislative initiatives, measures and actions in the conditions of constant economic crises.

1.3. The ESC believes that systematic efforts are needed at all levels of government, as well as some legislative changes, in order for the social and solidarity economy in Bulgaria to reach its full potential.

1.4. The ESC recommends to the MLSP to continue the work on the establishment of a National Centre for Social Innovation, which should support all entities in the ecosystem in the following directions: research and information; contacts and publicity (internal and external communication); capacity development; advocacy and funding.

1.5. The ESC shares the opinion of the MLSP<sup>1</sup> that future amendments to the SSEEA must take into account the most up-to-date definitions and concepts in the European Union concerning the social and solidarity-based economy and its entities, such as the Council Recommendation on developing framework conditions for a social economy, adopted by the Council of the EU on 27 November 2023.

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<sup>1</sup> <https://www.parliament.bg/en/parliamentarycommittees/3212/standpoint/17826>

1.6. The ESC found that the published data on employees in the social and solidarity economy, on the share of the sector in the gross domestic product of the country, as well as on the total number of social and solidarity-based economy entities in Bulgaria, were incomplete and contradictory (see Volume of the social and solidarity-based economy - pp. 7-8). This is a serious problem for making informed and justified management decisions in terms of stimulating the sector. In this regard, the ESC stresses that the availability of up-to-date and consistent quantitative and qualitative data on the environment, functioning and structure of the social and solidarity economy is key for the development of adequate policies and the creation and development of different business models of the sector.

1.7. The ESC supports the expansion of the range of social and solidarity-based economy entities covered by the Register of Social Enterprises. In particular, this could be done by broadening and fine-tuning the list of vulnerable groups enrolled in the SSEEA and by broadening the definition of social impact achieved, which could cover a wider range of social and environmental topics. At the same time, the ESC calls for careful approach to changes in the law so that there are no opportunities for abuse of the status of a social enterprise.

1.8. The ESC finds it necessary to facilitate and simplify the registration process in the Register of Social Enterprises. As a concrete example, the ESC calls for the SSEEA to be changed so that all specialized enterprises and cooperatives of people with disabilities entered in the Register under the Disability Act are automatically entered in the Register under the SSEEA.

1.9. The ESC welcomes the establishment of a network of focus points with territorial coverage in the six regions of the country under the National Recovery and Resilience Plan (NRRP) project ‘Development of the Social and Solidarity Economy’. This is an important step in developing local administrative capacity to support social and solidarity-based economy entities.

1.10. At the same time, the ESC points to the need to increase the understanding of the specifics and needs of social and solidarity economy entities among representatives of the state administration at central level, in various ministries and agencies that are directly and indirectly

involved in supporting the sector, as well as among the community of private financial institutions and investors. In this context, the ESC encourages the MLSP to prepare, initiate and offer appropriate trainings.

1.11. The ESC appreciates the creation, including with state and municipal funding, of accelerator, advisory and mentoring programs aimed at social and solidarity-based economy entities, which help in the acquisition of key management skills, access to finance, access to new markets, as well as management of digital processes. These programmes can also be set up with existing business incubators, including those set up to support traditional commercial companies. In this context, the ESC shares the understanding that the exchange of experience and information between traditional and social enterprises will bring mutual benefits.

1.12. The ESC accepts as justified the requests of social enterprises that project funding under European and national programs be aimed not only at hiring people from vulnerable groups, but also at strengthening and developing the business capacity of social enterprises, including by hiring experts in the field of marketing, financial management, digital presence, conducting targeted campaigns and others.

1.13. The ESC notes the success of several social entrepreneurship programs in Bulgarian universities and at the same time encourages academic institutions to promote the topics of social and solidarity economy even more widely in their curricula, including the existing Bachelor's and Master's programs in social policies, management and entrepreneurship.

1.14. Social and solidarity-based economy entities face greater difficulties in accessing financial resources than other enterprises. The ESC insists on the creation of an enabling environment and concrete measures for financing the social and solidarity economy at national, regional and local level.

1.15 The ESC insists on the priority opening of the funding procedure expected by social enterprises "Promoting the social and solidarity economy at local and regional level" under the Human Resources Development Programme.

1.16. The ESC welcomes the initiatives of the MLSP aimed at promoting the social and solidarity economy among the general public. In this regard, the Council notes the good examples of the MLSP Annual Awards for Social Innovation, recommends the MLSP to resume the partnership with the Bulgarian National Radio to provide advertising time for the presentation of various social enterprises and their products and services and to support other initiatives with the same objective.

1.17. According to the ESC, more targeted efforts and measures by national institutions and municipal authorities are needed, both to increase the recognition of social and solidarity-based economy entities and to improve public awareness of the diversity of social topics on which social entrepreneurs work. This could be done through the organization of targeted communication campaigns, including the promotion of research on the contribution of social and solidarity economy entities to the solution of long-term social and environmental goals and their impact on the development of the country.

1.18. The green transition and digitalisation provide opportunities for the development of innovative social enterprises, including those linked to the circular economy, which will help meet national objectives and local and territorial cohesion. The ESC calls for these opportunities to be exploited by training and attracting young people and professionals to the social and solidarity-based economy, as well as by creating a favourable regulatory framework for social and solidarity-based economy entities, promoting the exchange of know-how with more advanced organisations and accessible funding.

1.19. The ESC recommends that an amendment to the Disability Act and/or its Implementing Rules be discussed in order to implement in practice the possibility provided for in Articles 30, 31 and 32 of the RIDA for support for people with disabilities by employers through the purchase of goods from specialised enterprises and cooperatives of people with disabilities, directly from

people with disabilities and from registered social enterprises. Currently, due to its size of two minimum wages, this alternative for employers is not competitive with the compensation contribution under Article 38(6) of the DPA in case of non-fulfilment of the quota for employment of people with disabilities, which is 30% of a minimum wage.

1.20. The ESC proposes to the government and institutions to consider and submit to public consultation amendments to Article 12 of the Public Procurement Act, which would allow social enterprises registered in the Register under the SSEEA, meeting the conditions under Article 7, items 1, 2 and 4 of the SSEEA, to obtain the same status and opportunities as specialized cooperatives and enterprises of people with disabilities registered in the Register under the Disability Act, with a view to equal participation in public procurement.

1.21. The ESC recommends that the Public Procurement Agency, together with the MLSP, conduct information campaigns among public procurers, including municipal administrations, in order to acquaint them with the opportunities for awarding socially responsible public procurement, which both have a positive social effect and contribute to the financial sustainability of social and solidarity-based economy entities. The ESC considers that an information campaign by the Public Procurement Agency on the opportunities provided by socially responsible public procurement should also be carried out among the entities of the social and solidarity economy.

1.22. The ESC considers that the methodology for assessing social value adopted by the MLSP needs to be supplemented in order to respond more adequately to the needs of measuring and managing the social impact and the needs of individual entities, including more indicators measuring social and environmental impact, for example on the basis of the Sustainable Development Goals.

1.23. The ESC notes the need for consistent collection and dissemination of data and research on the impact of the social and solidarity economy, which will help to increase the visibility of organizations in the sector and facilitate their access to public and private funding, and more



generally will increase the interest and motivation of citizens to set up and develop social enterprises in the country.

1.24. The ESC assesses the establishment of a fund to support social enterprises in the municipality of Varna as a good example and encourages more municipal administrations to take advantage of the opportunities that Article 13 of the SSEEA gives them to support the entities of the social and solidarity economy in the respective territory.

1.25. The ESC supports the creation of local and regional partnerships between social and solidarity-based economy entities and traditional businesses, which will create the conditions for a market for "socially responsible purchases" between businesses, as set out in the Action Plan for the Social and Solidarity Economy adopted by the EC on 9 December 2021.

1.26. The ESC calls on the local authorities in Bulgaria to make more active use of the opportunities for exchange of experience and good practices with regard to the social and solidarity economy under the European funds and programs.

/signed/

**Zornitsa Roussinova**

**PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL**