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Mapping European Social Economy:
Employment, Social Dialogue
and the European Pillar of Social Rights

Country report

BULGARIA

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Authors Yuliya Simeonova and Stoyanka Eneva

Scientific editor Anne Guisset

Project manager Melinda Kelemen

Design and layout Christian Deligia

Proofreading Toby Johnson

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Boulevard Charlemagne 74

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Tel: +32 2 543 1043 diesis@diesis.coop

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Introduction

This national report covers industrial relations, social dialogue and social and solidarity economy issues and their interrelation in Bulgaria.

The report aims to provide answers with regard to the situation in Bulgaria regarding the two research questions raised in the MESMER+ project:

- ✦ **RQ1** *How inclusive are social dialogue institutions towards social and solidarity economy players?*
- ✦ **RQ2** *How do social and solidarity economy players make their voice heard within national industrial relations systems?*

Bulgaria is one of the countries with an underdeveloped social economy sector in Europe. Enterprises and organisations that work primarily for social benefit rather than profit hold a relatively low share of paid employment – 2.8% compared to an EU average of 6.3%.¹ According to this indicator, our country falls into the most unfavourable group of “developing” countries according to the data of the EU social economy portal.

The latest developments illustrate an increase in initiatives to support the social and solidarity economy, by the establishment of a network of regional focus points parallel to the register and the platform of

enterprises of the social and solidarity economy. A good example in this area is the project under the **HRD Programme “Development of the Social Economy” (2023-2026)**, the main objective of which is the development of a regional approach to social and solidarity economy policy and the creation of regional focus points, with the aim of modernising enterprises of the social and solidarity economy. The emphasis will be on the transformation of the entities of the social and solidarity economy in the context of the **twin (green and digital) transition**, as well as conducting specific training in digital skills for their workers. At the same time, the project envisages promoting the creation of networks and conducting training, initiatives and partnerships to include social entrepreneurs in the **social and civil dialogue** with state institutions, local authorities and local communities.

This national report is based on desk research and semi-structured interviews carried out during the period May-June 2023 with key players – a trade union expert at national level dealing with social policy, social security rights, member of the National Economic and Social Council; an employers’ expert on social dialogue, member of the interdepartmental working group to the Minister of Labour and Social Policy; the social and solidarity economy chairperson at the Ministry of Labour and Social Policy; and social enterprises’ representatives. Their opinions were similar in the field

¹ <https://social-economy-gateway.ec.europa.eu>

of participation of the social and solidarity economy in the social dialogue process. The main reason is the legislative requirements for national representation laid down in the Labour Code. The voice of the social

and solidarity economy is heard through the social partners, which include in the agenda of the discussions and proposals the issues of labour, employment, social insurance and living standards.

TABLE 1: LIST OF INTERVIEWS CONDUCTED

Organisation	Position in the organisation	Representative role in social dialogue and/or other institutional bodies
CITUB	Adviser	Trade unions
MLSP	Director	MLSP
Social travel enterprise	Social enterprise owner	Social economy
BIA	Chief expert social dialogue	Employers

The report also draws on the results of the policy lab organised on 4 July 2023 in the framework of the MESMER+ project. The policy lab focused on mapping, analyses and concrete recommendations for increasing the visibility, the role and the impact of the social and solidarity economy in Bulgaria. Several changes were recommended in the following laws and regulations: **Law on Persons with Disabilities**: to increase the role and importance of the Agency for Persons with Disabilities by transforming it into a State Agency, as well as to provide for strict control measures and sanctions for employers which violate the quota principle to ensure the employment of disabled people; **Social Insurance Code**: to abolish the obligation to pay the first three days of compensation for temporary incapacity from social enterprises; **VAT Law**: reduction of VAT for goods and services of specialised enterprises and cooperatives of disabled people; **Law on Public Procurement**: to update the provision of Art. 12 regarding the allocation of public procurement procedures for the above enterprises, as well as the List, which is approved by the Council of

Ministers; to adopt a new ordinance on employment, corresponding to the new realities of the economy.

Topics related to the social and solidarity economy are included in the social dialogue by the nationally representative social partners according to the criteria laid down in the Labour Code. There is no special participation of the organisations as enterprises of the social economy. An interinstitutional working group has been established at the Minister of Labour, which includes employers, trade unions, the civil sector (NGOs, networks and associations), the academic community, state bodies and enterprises of the social and solidarity economy. The working group should be more proactive and should use the data gathered through regular questionnaires for policy-making and sustainable development, according to the representatives of social enterprises interviewed. Bulgaria still lacks a sufficient number of good practices for the development of the social economy.

/02

Industrial relations: national context

2.1 BRIEF HISTORICAL OVERVIEW

The beginning of industrial relations in Bulgaria, as in many European countries, was at the beginning of the 20th century. What is special about the case of the country is that in the period from 1944 to 1990 industrial relations were carried out in a way very different from that in the countries of Western Europe. When the Bulgarian state operated on behalf of the workers, it led to a situation where the interests of wage workers and the employer (in this case, the state) became blended or less distinct, thereby creating a sense of “dilution” in corporate interests.

A turnaround took place in the early 1990s, in the context of political and economic transformation and strong public discontent manifested in protests and strikes. This period was fundamental for the current state of industrial relations in Bulgaria: the two main representative trade unions in the country were established, a legislative framework for regulating collective bargaining was adopted and the foundations of the tripartite partnership between the state, employers’ organisations and trade unions were laid (Ribarova, 2002). During this initial period, industrial relations were also consolidated through international cooperation and the adoption of European and

international legislation: Bulgaria cooperated increasingly closely with the ILO and in 1992 ratified the European Convention on Human Rights and Fundamental Freedoms, becoming a member of the Council of Europe.

The late 1990s and early 2000s were shaped by two central processes that strongly influenced industrial relations in the country: on the one hand, mass privatisation and restructuring of industries strongly changed the composition of the workforce, weakening the influence and power of trade unions. Employers’ organisations also saw their impact decline in a context of deregulation of industrial relations. On the other hand, preparations for EU accession required the adaptation of labour legislation to European norms. Major changes were made to the Labour Code, incorporating the norms of the Revised European Social Charter of the Council of Europe, ratified in 2000, and all the main labour law norms of the European Union (Ribarova, 2012).

Over the last decade, in terms of trade unions, there have been several worrying processes: the financial crisis in 2008 led to a deterioration in working conditions, job losses and a reduction in the density of

trade union membership, which might have a negative effect on the balance of tripartite relations. The crisis triggered by the COVID-19 pandemic, on the other hand, was mitigated thanks to union pressure to take measures protecting workers and jobs. Overall, the challenge facing industrial relations is the low rate of unionisation and the lack of interest on the part of young people, as well as some anti-union sentiment on the part of employers experienced by trade union representatives.

The Bulgarian industrial relations system follows the general European trends of deregulation and decentralisation. Tripartite social dialogue is well institutionalised and implemented at different levels according to the legislative framework. The dominant role is at the national level, and is conducted within the National Council for Tripartite Cooperation (NCTC), set up in 1993 with standing commissions on different areas. At sectoral/branch level there are 51 sectoral/branch councils for social cooperation with the participation of representatives of the sectoral/branch employers' organisations and trade unions representatives at national level. The state has representatives in several sectors where it acts as an employer. At district level (since 2010) there are work district councils for tripartite cooperation. At municipal level there are 82 councils for social cooperation on activities such as education, health and social care, culture and local government. At company level the social dialogue is mainly bipartite with involvement of the employer and the existing trade union organisation(s).

In 2020 the tripartite cooperation at national level was expanded. The social partners now also participate in the management and supervision of a number of

bodies in the areas of employment, migration, social and health insurance, health and safety at work, vocational education and training, etc. established on a tripartite basis, as well as in the monitoring committees of EU-funded programmes.

In 2020, three serious challenges were identified for the Bulgarian economy in the short and medium term: the COVID-19 pandemic, the green transition, and digitalisation. Within the project 'Improving the adaptability of employees and strengthening collective bargaining, through joint actions of social partners at national, sectoral and branch level' funded by the "Human Resources Development" operational programme, the Confederation of Independent Trade Unions in Bulgaria (CITUB) and the three employers' organisations – CEIBG, BIA and BICA – initiated the signing of bipartite memoranda of the social partners for the prevention of COVID-19, the preservation of jobs during the pandemic period and the adaptation of the skills of the workforce to the digitalising world of work.

2.2 INDUSTRIAL RELATIONS REGIME: CATEGORISATION IN TYPOLOGY

Social dialogue and bargaining at the national level are grounds for arguing that this is a centralised type of industrial relations system; on the other hand, there are strong decentralisation processes accompanying privatisation. These have determined the growing role of tripartite cooperation at sectoral level. Thus, the trends in the development of the system are moving towards decentralisation and deregulation, which is reflected in a shift from national to sectoral and company bargaining and a gradual withdrawal of the state except the cases when it plays the role of

employer. However, the predominance of national-level framework negotiation makes it impossible to describe the system as decentralised, but rather tending towards a mixed type.

The legal framework for collective bargaining is stipulated in the Labour Code. The levels of collective bargaining are: company, branch/sector and municipality. Since 2003, collective bargaining at branch/sectoral level has been expanded to include annual bargaining of minimum social insurance incomes for each economic activity. The collective agreements signed, which predominantly last for two years, apply to employees who are members of the trade union organisation/organisations that are party to the agreement. Employees who are not members of a signatory trade union, or are not trade union members at all, can join the collective agreement by applying in writing to the employer or to the trade union.

On 28 July 2023, the National Assembly approved changes to the Penal Code, which criminalise acts directed against the right of association of workers and employees. Article 172, paragraph 1 of the Criminal Code (Chapter Three, Section VI Crimes against the labour rights of citizens) is amended as follows:

- ✦ **(1)** *Anyone who knowingly prevents someone from entering work or forces him to leave work because of his nationality or ethnicity, race, skin colour, religion, social origin, sexual orientation, membership or non-membership in a trade union or other organisation, political party, organisation, movement or coalition with a political goal or because of his or his relatives'*

political or other beliefs, shall be punished by imprisonment for up to three years or a fine of up to five thousand BGN.

/03

Social dialogue

3.1 CURRENT LEGAL FRAMEWORK

The Constitution of the Republic of Bulgaria guarantees the right of workers to form trade unions and to engage in collective bargaining. In addition, the Labour Code regulates the rights and obligations of employers and employees and includes provisions on collective bargaining, strikes and lockouts.

Furthermore, the Law on the Procedure for Information, Consultation and Participation of Employees in the Management of Enterprises provides a legal framework for employees' participation in decision-making processes at the workplace.

The Bulgarian government has also established a National Council for Tripartite Cooperation, which brings together representatives of the government, employers and trade unions to discuss and make decisions on important labour and social issues.

Overall, Bulgaria has a well-established legal framework for social dialogue, which allows for the peaceful resolution of labour disputes and promotes cooperation between employers, employees and the government.

3.2 LEVELS OF SOCIAL DIALOGUE

The industrial relations structure in Bulgaria consists of four relatively differentiated levels: national, sectoral (branch), regional and company. Tripartite cooperation and consultation between the government, workers' and employers' organisations is carried out through tripartite cooperation councils. Issues of the social and solidarity economy are discussed by the social partners. The institutional structure of industrial relations in the country thus comprises:

- ✦ *National Council for Tripartite Cooperation (NCTC);*
- ✦ *Sector and industry councils and regional (regional or municipal) tripartite cooperation councils;*
- ✦ *Regional (regional, municipal and other) tripartite cooperation councils.*

3.3 BODIES AND MAIN ACTORS OF SOCIAL DIALOGUE

The National Council for Tripartite Cooperation (NCTC) is an autonomous body built on a tripartite basis. It is composed of representatives of the government, of workers' and employers' organisations. It is consulted and discusses issues related to labour relations, social security and living standards – issues of national importance. The NCTC also provides a platform for dialogue on social and solidarity economy issues.

The NCTC comprises, on a parity basis, representatives of the government, workers' and employers' organisations which are recognised as nationally representative according to a census (conducted every four years) under criteria for representativeness set up in the Labour Code. To be recognised as a nationally representative social partner in Bulgaria, trade unions must meet certain requirements (Article 34): 1. have at least 50,000 members; 2. have organisations of workers and employees in more than one quarter of the industries designated by a code up to the second digit in the Classification of Economic Activities endorsed by the National Statistical Institute, with at least 5 per cent of the people engaged in each economic activity being members therein; or at least 50 organisations with at least 5 members in each economic activity; 3. have local chapters in more than one quarter of the municipalities in Bulgaria and a national governing body; 4. possess the capacity of a legal person, acquired in accordance with the procedure established by Article 49 (1) at least two years prior to the submission of the request for recognition of representativeness. The requirements for employers' organisations are according Article 35: (a) 1,500 members and no less than 50,000 workers and employees in all members of the employment organisation, or (b) 100,000 workers and employees hired with an employment contract in all members of the employment organisation; 2. have employer organisations in more than one quarter of the industries designated by a code up to the second digit in the Classification of Economic Activities endorsed by the National Statistical Institute, with at least 5 per cent of the people insured by virtue of employment contracts in each economic activity or 10 members in

each economic activity; 3. have local chapters in more than one quarter of the municipalities in Bulgaria and a national governing body; 4. possess the capacity of a legal person, acquired in accordance with the procedure established by Article 49 (1), at least three years prior to the submission of the request for recognition of representativeness.

The nationally representative social partners in Bulgaria meeting the requirements are two trade unions: Confederation of Independent Trade Unions in Bulgaria (CITUB, *Конфедерация на независимите синдикати в България*) and Confederation of Labour Podkrepa (*Подкрепа CL, Конфедерация на труда „Подкрепа“*) and five employers' associations: the Bulgarian Industrial Association (*BIA, Българска стопанска камара*), the Bulgarian Chamber of Commerce and Industry (*BCCI, Българска търговско-промишлена палата*), the Confederation of Employers and Industrialists in Bulgaria (*CEIBG, Конфедерация на работодателите и индустриалците в България*), the Bulgarian Industrial Capital Association (*BICA, Асоциация на индустриалния капитал в България*) and the Union for Private Economic Enterprise (*UPEE, Съюз за стопанска инициатива*).

At sectoral and branch level, social dialogue is conducted through tripartite cooperation councils between government representatives and workers' and employers' organisations. Sectoral tripartite cooperation councils exist within specific ministries, committees and other departments at the request of the sectoral structures of each of the NCTC participants. They are autonomous bodies constituted on a parity basis to discuss and take binding decisions on labour

and social security issues related to the sector. The sectoral councils shall include representatives of the relevant ministry or department and representatives of trade unions and employers' branch organisations.

Cooperation and consultation at regional level are carried out in Regional Tripartite Cooperation Councils (RTCs), which are autonomous and independent from the NCTC – they define the rules, procedures and organisation of their work, as well as the issues subject to cooperation and consultation. The Regional Tripartite Cooperation Councils are established under the regional governors, the mayor of the municipality or other local structures. They are composed of representatives of the executive power, represented by the regional governor or the mayor of the municipality, and representatives of the respective regional structures of the nationally representative workers' and employers' organisations.

Collective bargaining in Bulgaria is typically organised on a bipartite basis between trade unions and employers' organisations or municipalities in their role of employer. While there are occasional instances where the government may play a role in facilitating negotiations, such as through mediation or conciliation, tripartite collective bargaining involving government representatives is not the norm in Bulgaria.

Currently, the national and sectoral levels of only bipartite collective bargaining are best developed, while regional bargaining is weaker. The dominance of the national level of negotiation is explained by the traditions of centralised control of the economy

in the past, as well as by the particularities of the transition to a market economy. In some sectors, bilateral cooperation takes place, as there are no institutions of social dialogue at branch level. Some of these sectors are core ones: science, higher education and social services. Within the public administration, the existing social partnership councils are de facto bilateral, where one partner is the public institutions that are also employers.

The Bulgarian National Concept for the Social Economy² is based on the following definition: the social and solidarity economy is both part of the real economy and part of civil society, in which natural and/or legal persons, associations of volunteers or other organised entities carry out economic activities for public benefit and reinvest profits to achieve social goals.

/04

Social economy

4.1 MAPPING OF THE SOCIAL AND SOLIDARITY ECONOMY IN BULGARIA: TIMELINE, MAIN SECTORS AND RECENT DEVELOPMENT

Enterprises with social aims in Bulgaria have a long history and tradition, mainly in the form of the powerful **cooperative** movement and **community cultural centres** (chitalishta). Social enterprises in the country cover different **legal forms**, namely: associations and foundations; cultural community centres; specialised enterprises for work integration of people with disabilities; and cooperatives of people with disabilities. Three main drivers have fuelled the further expansion of the germs of social enterprises: **growing needs, EU integration** and **newly accrued sources of financing**. The “prototypes” of social enterprises emerged despite the lack of a normative framework. An additional driver explaining social enterprise development came with the **municipalities’ progressive welfare activities** combined with the lack of financial resources to respond to the local population’s needs. (Jeliazkova, 2019).

Although forms of economic activity that can be defined as social and solidarity economy have long existed in Bulgaria, its formal definition, acknowledgement as a sector of the economy and the creation of legal norms around it are relatively recent. In general, there is a lack of centralised state policy on the social and solidarity economy and its slow incorporation into national laws.

The start of this process is mostly related to Bulgaria’s accession to the EU and the development of specific types of legislation, as well as the promotion of social entrepreneurship. As we saw in the previous section, EU membership is a catalyst for the expansion of international networks and the adoption of new policies and legislation. The social and solidarity economy is no exception in this sense. The adoption of the National Concept for Social Economy is aligned with numerous documents and strategies adopted at European level, i.e. it is directly related to the first years of Bulgaria as an EU member state and the country’s integration into European trends and priorities concerning the recognition of social enterprises, improving their access to funding, etc.

The timeline of important milestones in this sense started in 2011 with the recognition of the role of the social and solidarity economy by the social partners and participants in the social dialogue. This happened through the approval of a document called the National Concept for Social Economy. The adoption of this document is an important beginning for the impulse of the social and solidarity economy, but its content as a legal framework is insufficient: it just acknowledges the potential of the social enterprises and recognises the need to adapt national legislation to European legislation. During this initial period, there were also some advances in the field of education: a Bachelor and a Master degree in Social Entrepreneurship were

launched at the University of Veliko Tarnovo.

Since 2014, biannual action plans have been adopted which set out specific activities to support, strengthen and disseminate the social economy. Some recent examples are organising events and conferences, awarding prizes and launching a digital platform that provides social enterprises with information and possibilities for collaboration or even creating documentaries.

The most important legal document regarding the social and solidarity economy so far is the Social Enterprise Act, adopted in 2018. It creates a recognisable “social enterprise product” brand to make products recognisable and distinguish their added social value.

It also defines the criteria for the registration of social enterprises, which are classified into two categories: Class A and A plus. The requirements that a social enterprise must meet to be recognised within Class A are as follows: 50% and not less than BGN 7,500 of the after-tax financial result shall be spent for a social purpose; not less than 30% and no fewer than three members of the staff must belong to the following categories: disabled, unemployed under 29 or over 55, or other vulnerable groups. The requirements for category A plus enterprises are: headquarters in municipalities with high unemployment, 30% of workers must come from vulnerable groups and must have worked in the company for at least six months.

So far only 35 enterprises have registered as part of the social and solidarity economy and are on the register of the Ministry of Labour and Social Policy. A key factor contributing to the low representation

of social and solidarity economy enterprises in Bulgaria is the absence of a mandatory registration process when announcing projects funded by the European Union. As a result, out of the 250 projects, only 12 enterprises have actually completed the registration process. Additionally, there is a further challenge: these enterprises must re-register every three years, and if they lack proper motivation, even fewer of them are likely to engage in the registration procedure. Interestingly, those self-identifying as social enterprises exceed 5,000. The vast majority of them (around 4,000) have fewer than nine employees, i.e., it is a sector where the majority is made up of micro-enterprises. It is important to bear this characteristic in mind when analysing the social and solidarity economy in the country: it is more difficult for micro-enterprises to be united, organised and taken into account as participants in the social dialogue. It is also more difficult to build a network and a community between them for the same reasons. The difficulties in meeting the formal criteria for registration as a social enterprise mostly affect the NGO sector – it is not possible for non-profit enterprises to reach the volume of profits required, and to invest back into social activities.

The measuring of social enterprises is based on the types of legal entities which correspond to the EU operational definition. According to the assessment, the number of **chitalishta** is 7,771; the number of **associations and foundations** performing as social enterprises (excluding *chitalishta*) has grown to exceed 2,000; and the number of **specialised enterprises and cooperatives of people with disabilities** remains relatively stable at 638 in September 2023. The prevalent activities in the sector, apart from

small NGOs, the majority of which are engaged in the employment of persons with disabilities, are farming, handicrafts and catering. There are currently no data on the exact number of people employed in all areas of the social and solidarity economy in Bulgaria.

Altogether social and solidarity economy entities in Bulgaria and the concept of the social and solidarity economy refer to a wide range of entities that operate for social and environmental objectives rather than solely for profit. They are often referred to as “third sector” organisations, and can take on many different legal forms, including cooperatives, non-profit organisations, social enterprises and mutual societies. Here are some examples of social and solidarity economy initiatives and entities in Bulgaria:

- + Cooperatives** *Cooperatives are member-owned organisations that operate for the benefit of their members. In Bulgaria, there are many agricultural cooperatives, but also consumer cooperatives and worker cooperatives that aim to empower individuals and communities. For instance, “Zelenika” is an agricultural cooperative that promotes organic farming practices and connects local farmers with consumers through farmers’ markets and community-supported agriculture (CSA) programmes.*
- + Non-profit organisations** *These are organisations that do not distribute profits to their members, but instead use their resources to achieve a specific social or environmental goal. Non-profit organisations in Bulgaria include charities, foundations and associations that work on a range of issues, such as poverty alleviation, environmental protection and education.*
- + Social enterprises** *Social enterprises create products or services that have a positive impact on society. In Bulgaria, there are numerous social enterprises that focus on various areas such as job creation for disadvantaged groups, environmental sustainability and community development. These are businesses that aim to create social or environmental impact alongside financial sustainability. In Bulgaria, there are many social enterprises that employ disadvantaged groups, such as people with disabilities or Roma communities. From this point of view, it should be taken into account that the labour productivity of people with disabilities is 30-60% of the normal level, and the responsibility is much higher, which requires concrete measures to keep social and solidarity economy enterprises competitive and sustainable. For example, “Bio Happy” is a social enterprise that produces organic and sustainable cosmetics while providing employment opportunities for vulnerable individuals.*
- + Mutual societies** *These are organisations that are owned and governed by their members, who share a common bond or interest. In Bulgaria, mutual societies include organisations that provide health insurance or other types of insurance to their members.*
- + Community-based organisations** *Various community-based organisations in Bulgaria work towards social and economic development within specific regions or communities. These organisations focus on initiatives such as local entrepreneurship, job creation and social inclusion. An example is “Ideas Factory Association,” which supports young entrepreneurs and fosters social innovation through workshops, mentoring programmes and networking events.*

- ✦ **Microfinance institutions** *These provide financial services to individuals and small businesses that have limited access to traditional banking services. They aim to alleviate poverty and promote economic empowerment. In Bulgaria, organisations like “Mikrofond” provide microloans to entrepreneurs, especially those from vulnerable groups, enabling them to start or expand their businesses.*
- ✦ **Social impact investment funds** *These funds pool capital from investors to finance projects and businesses with a social or environmental mission. These funds provide financial resources and expertise to support social enterprises and initiatives. In Bulgaria, organisations like the “Bulgarian Social Impact Fund” invest in social enterprises and projects focused on areas such as education, healthcare and environmental conservation.*

Overall, social and solidarity economy organisations in Bulgaria play an important role in creating social and environmental impact, and providing alternative models of business and organisation that prioritise community, sustainability and shared ownership.

4.2 IDENTIFICATION OF REPRESENTATIVE ORGANISATIONS FOR THE SOCIAL ECONOMY

According to the Bulgarian Labour Code, the social and solidarity economy is represented by the nationally representative organisations of employers and workers and employees, meeting certain criteria, as verified every two years by the Ministry of Labour and Social Policy. It has a special register and platform. At the regional level, some social enterprises are united in the Association of Social Enterprises. Because they have a very heterogeneous sectoral identity, there is a

lack of sectoral associations. Meetings and discussions were held among stakeholders on the matter, but no agreement was reached.

It is important to make a terminological distinction between a social enterprise with an economic activity and a social activity as such, carried out by a community centre, for example, which has a generally useful activity, but does not perform an economic activity and is not expected to have a measurable financial result. From this point of view, NGOs cannot be treated as enterprises of the social and solidarity economy, because they do not, for example, carry out commercial activity, but rather have social goals. Some NGOs are registered as social enterprises to be able to participate in projects, and often after the projects end there is very limited demand for them to keep the hired people employed. Companies with real economic activity under commercial law pay taxes and insurances, and employ at least three people belonging to the target groups.

The social and solidarity economy has no comprehensive umbrella organisation like an Agency for Social and Solidarity Economy, but it is a specific part of the economy. There are some councils that bring together representative organisations such as the National Council of Disabled People, which reports its activities annually to the Council of Ministers and the National Council for Social Inclusion, which carry out activities together with social partners.

The social and solidarity economy participates in the social dialogue only through the nationally representative organisations according to the legal

requirements because of the very small number of registered social enterprises and at the same time the huge variety of activities, products and services. There is no unifying criterion to ask their representatives to be involved in the specialised bipartite and tripartite bodies. The Labour Code regulates the rights and obligations of the nationally representative organisations. As concerns broad participation on any issue, there is a civil dialogue.

Social and solidarity economy actors and activities in Bulgaria meet the international definitions (EU level and ILO level) and information and training activities are offered to their representatives. They are not formally included in the national system of tripartite cooperation, but their problems are subject to discussion and protection at all levels of the social dialogue.

There are challenges related to the interaction among the enterprises of the social and solidarity economy and with the authorities. For example, they do not have any tax benefits, nor do they have privileged conditions for participation in project activities, as the specialised enterprises of the Association for People with Disabilities do. These enterprises, in their role of registered members of the APD, use privileges under Art. 12 of the Public Procurement Act. The same applies to the list of limited public procurements. This limits the growth of social economy. The social and solidarity economy is often confused with social activities and services where there are registers. This necessitates separating social enterprises from social services. A foundation that works with donations is not a proper social enterprise.

A second challenge is that each social enterprise maintains its autonomy and does not delegate representative rights to another economic entity in order to be united and to have higher impact.

4.3 LEGAL AND POLICY FRAMEWORK

The Social Economy Action Plan 2022-2023 was adopted under Protocol No. 23 of the Council of Ministers dated 1 June 2022 and amended by Protocol No. 20 of the Council of Ministers dated 3 May 2023. This amendment relates to the postponement of two of the activities financed with funds from the European Social Fund+ under the Human Resources Development Programme 2021-2027 and their inclusion in the next two-year Social Economy Action Plan 2024-2025.

The amendments and additions to the document will help to create an environment for the exchange of information and good practices, and proposals for solutions, measures and policies in the field of the social economy at the EU level, as well as encouraging the participation of other member states.

The implementation of the activities, according to the amended plan, will help the digital transformation, visibility and consolidation of the social and solidarity economy sector through improved access to information and opportunities for market realisation of the products and services created.

The Minister of Labour and Social Policy will create social and solidarity economy centres. Their goal will be to promote the digitisation of work processes in social enterprises, increase their visibility and make them more competitive. The “Development of

the social economy” project is financed under the National Plan for Recovery and Sustainability, funded by the Recovery and Resilience Mechanism, and has a budget of BGN 27 million. It envisages the construction of six regional centres (focus points) of the social and solidarity economy in the cities of Plovdiv, Lovech, Varna, Burgas, Blagoevgrad and Gabrovo. Their goal is to promote the digitisation of work processes in social enterprises and to support the regional competitiveness of the social economy. The regional centres of the social and solidarity economy will have an important role in building connections between market participants, by providing technical, logistical and communication support for building networks of enterprises for the production and distribution of products. Their activities will include participation in exhibitions, exchanges, forums, events and conferences related to the development of the social and solidarity economy in Bulgaria. Over 100 social and solidarity economy enterprises will be able to receive up to BGN 90,000 to develop their activities and become more visible on the market.

The aim of the project is to comprehensively develop the policies related to the social and solidarity economy and to enable economic entities, regardless of their legal-organisational form, to become part of the register of social enterprises. By 2026, a digital platform will be created that will make it possible to build networks of social enterprises and make it easier for them to realise their production. This will contribute to their modernisation and digitisation and to the development of a regional approach to social and solidarity economy policy.

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Social dialogue and the social economy

The social and solidarity economy in Bulgaria is represented in the social dialogue institutions through the participation of relevant organisations and associations. These organisations and associations include trade unions, employers' organisations and the government in its role of employer, that are active in the social and solidarity economy sector.

By law, social dialogue is mandatory on labour and social protection issues at the national and sectoral level and it plays positive role, because it is a mechanism that can contribute to the social and solidarity economy being better accepted, visible and recognisable at the national, sectoral and enterprise levels. There is no segment that represents exactly and only the social economy, but the issue falls within the scope of the social commission. There is a space to be considered as an independent commission within the tripartite consultative body at the national level, or supplementing the name of the social commission, which could also lead to a discussion of more incentives for social enterprises.

The recommendations during the interviews referred to legislative changes. The A+ category of social and solidarity economy enterprises has only one registered entity, which has special rights upon application by place of registration, and the municipal council can grant it

the right of use or construction of a building for a period of 10 years. This would be a suitable addition for Class A enterprises, because they are the ones who most need assistance. They do not participate directly in the social dialogue, but appropriate issues of people with disabilities, for example, are discussed in consultative bodies, and certain clauses concerning social enterprises are included in collective bargaining. Where there is a trade union organisation and negotiations are held and collective labour agreements are concluded, specific clauses related to employees in social and solidarity economy enterprises are included. A specific enterprise can be a member of an employers' organisation, the employees can be represented in a trade union and through the nationally representative social partners, and their rights can be represented and protected if the members delegate them.

An inter-institutional **working group** has been established at the Minister of Labour and Social Policy, which includes employers, trade unions, the civil sector, the academic community, state bodies and enterprises of the social and solidarity economy. There are invitations to participate and discuss specific cases in different formats – working groups, conferences, seminars, participation and presentation of projects. The benefits can be described

as an opportunity for initiatives, a feeling of participation in the management of the state, but there must be an awareness of the importance of participation in social dialogue and a conviction that social dialogue gives more benefits. Perhaps the need for more active participation in the social dialogue is not ripe, and at the current stage it is no obstacle if social and solidarity economy enterprises are represented by the social partners. The main topics are subject to discussion in committees and advisory bodies.

The social dialogue is institutionalised through bipartite and tripartite bodies that have historically established themselves and give legitimacy to topics related to employment, living standards and the labour market.

There are also specific organisations and associations that represent the social and solidarity economy sector in Bulgaria. These include the “Social enterprises in Bulgaria” Forum, which brings together social enterprises, not-for-profit organisations and other organisations working in the social and solidarity economy sector.³

Additionally, there are NGOs that work to support the social and solidarity economy in Bulgaria: **The Bulgarian Centre for Not-for-Profit Law**⁴ was established in 2001 as a public benefit foundation. Its mission is to improve the legislation and the environment in Bulgaria, so that people can freely associate and be civically active. Top priority is the well-being of civil society organisations, which are the engine of any prosperous civil society. The Bulgarian Centre for Not-for-Profit Law is part of the

network of the International Centre for Not-for-Profit Law (ICNL) and the European Centre for Not-for-Profit Law (ECNL). It is a member of the inter-institutional working group of the Ministry of Labour and Social Policy. **The Bulgarian Association for Social Entrepreneurship**,⁵ established in the town of Varna in 2020, investigates problems and prepares research in the field of social entrepreneurship; develops and consolidates social enterprises in civil society and promotes civil participation in good social practices; prepares and gives opinions on new educational, economic, technical and social policies and tools; supports communication between social enterprises and institutions; undertakes actions to create optimal conditions for the realisation of social entrepreneurship in Bulgaria; and supports international cooperation in the field of social entrepreneurship.

Overall, the social and solidarity economy in Bulgaria is represented in the social dialogue institutions through the participation of the nationally representative workers’ organisations and employer’ associations, which work to promote the development and growth of the sector. The most important issues discussed in the NCTC in 2020 were employment measures and compensation schemes, income protection and financial support for the businesses in the time of crisis; labour migration and labour mobility; distance work, working hours, breaks and holidays; social security, unemployment benefits and pensions; **actions in the field of the social economy**; value added tax, the state budget for 2021, as well as the budgets of the State Social Security and the National Health Insurance Fund; the poverty line and the minimum wage for 2021.

3 <https://socialenterprise.bg/forum/chlenove.html>

4 <https://bcnl.org/en/about-us.html>

5 <https://www.facebook.com/SocialEntrAssociation/>

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Conclusion

Social dialogue institutions in Bulgaria play a crucial role in shaping labour relations, economic policies and social cohesion within the country. These institutions involve a wide range of stakeholders, including government bodies, employers' organisations and trade unions. The first step towards inclusiveness is to recognise the importance of the social and solidarity economy within the country's economic and social landscape. In recent years, there has been a growing acknowledgment of the social and solidarity economy sector in Bulgaria, with various initiatives, policies and legislation supporting its development. Social and solidarity economy organisations, such as cooperatives, social enterprises and non-governmental organisations, have gained recognition as legitimate economic actors. Their ability to influence policy largely depends on their capacity to articulate their concerns effectively. The **Development of the Social Economy project (2023-2026)** foresees training and resources to help them participate meaningfully in discussions about labour, economic and social policies. More social and solidarity economy entities can join employers' and workers' organisations that represent their interests in industrial relations. Good practice examples are the National Union of Labour Producers' Cooperatives as a Bulgarian Industrial Association affiliate and many agricultural cooperatives as members of agriculture trade unions. These sector-specific organisations voice their concerns and participate in negotiations.

The social and solidarity economy sector, though small, plays an important role in creating jobs, but also reducing the risk of poverty and social isolation, promoting social cohesion, and fostering economic growth. To promote the full inclusion and access of social and solidarity economy organisations in social dialogue in Bulgaria, here are some recommendations:

- ✦ **Promote awareness** *Increase public awareness of the role and potential of social and solidarity economy entities in Bulgaria, by creating campaigns and disseminating information through the media, events, and social networks;*
- ✦ **Strengthen legal framework** *Develop a legal framework that recognises the contribution of social and solidarity economy entities, and ensures their equal treatment in terms of funding, taxation, and access to public procurement;*
- ✦ **Capacity building** *Enhance the capacity of social and solidarity economy entities to participate in social dialogue by providing training and mentoring programmes on advocacy, negotiation and communication;*
- ✦ **Engage in dialogue** *Encourage social and solidarity economy entities to engage in social dialogue by creating forums for dialogue and cooperation, such as roundtables, working groups, and joint projects with other stakeholders;*
- ✦ **Involve public authorities** *Engage public authorities*

and social partners in the dialogue with social and solidarity economy entities, and foster partnerships between them, in order to promote a collaborative approach to social and economic development;

- ✦ **Funding and financing** *Develop specific financing and funding mechanisms and instruments to support the social and solidarity economy sector, such as microcredit facilities, grants, and social investment funds, to help social and solidarity economy entities to sustain their activities and develop their potential;*
- ✦ **Research and monitoring** *Conduct research and monitoring of the social and solidarity economy sector, to gather evidence on its impact, needs and challenges, and to inform policy and decision-making.*

Experts are convinced of the potential of the social and solidarity economy in the country, but in order for it to be fully exploited, solid improvements are needed with regard to the legal framework, the creation of a long-term vision and strategy for the development of the social economy, the development of civil society and a better use of EU funding opportunities are needed (Marinova, 2018).

Actions extracted during the policy lab that are needed to unlock the potential of social and solidarity economy enterprises are:

- ✦ **Encouragement and resilience**
 - *support for the social and solidarity economy should include the allocation of public resources to support the activities of social enterprises to deal with social problems;*

- ✦ **Equal treatment and reduction of administrative burden**

- *providing a package of incentive measures available to all forms of social enterprises;*
- *provision of fast and financially affordable administrative procedures;*

- ✦ **Effectiveness and efficiency**

- *implementation of programmes and measures after analysis of needs, coherence and adequacy of the employment and social goals of the enterprises of the social and solidarity economy;*
- *relevance of the invested resource to the obtained result – a clear assessment of the financial and social result and impact;*

- ✦ **Coordination and decentralisation**

- *building mechanisms for the participation of social enterprises in the planning and evaluation of social entrepreneurship policy at the national level together with the social partners;*
- *creating conditions for the development of social entrepreneurship at the local level, in accordance with the specifics of the respective territory through interaction with municipalities, trade unions and employers' organisations (through local and regional strategies);*

- ✦ **Solidarity and partnership**

- *initiatives for the representation and participation of social and solidarity economy entities in the process of consultation and social dialogue by sharing responsibility between all interested parties.*

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