



Employment and Social Entrepreneurship Support Policies for Roma and Refugees in Bulgaria

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Introduction

As this century begins, the EU, Eastern Europe and the Bulgaria are facing a unique set of challenges concerning the social and economic integration of Roma people and Refugees.

In the past years, Bulgaria has also been grappling with a huge influx of refugees, which the national and regional institutions were unprepared to handle. Most of people with refugee status in the Balkans are from Middle East and Central Africa. An increase in numbers is to be expected for the future and pose a difficult task to handle for years to come.

On the other hand, especially Eastern Europe has been struggling with the mission of Roma integration. People with Roma origin are part of Europe's culture since many centuries, facing discrimination, oppression and prosecution. Roma people are the largest minority in Bulgaria, making up about 5-7% of the population. Together those people form a big part of the population which face increasing challenges regarding access to the labor market due to discrimination, poor living conditions and infrastructure or insufficient education. Roma communities and individuals are often living in parallel societies without ever enjoying full economic and social participation and acceptance and can therefore not participate in the national economy up to their potential.

Both Roma and Refugee communities are suffering from similar discrimination and social exclusion, which also results in their massive exclusion from employment, an undisputed reality in the Balkans. The social and economic integration of those people sets great challenges but also great potentials.

Self-employment as well as qualification and re-qualification of those vulnerable people, in order to mobilize their potential for their social inclusion, is one of the most powerful ways to foster integration. Supporting people to be independent from welfare and become an active part of economy and work force will be a very important instrument to tackle social exclusion and to foster a healthy economy.

Unfortunately, Bulgaria has answered the recent economic crisis with a decrease in employment support expenditures. This consequently has been counterproductive for the stabilization of the national economy. The active facilitation and strategic support of self-employment, cooperation with private economy and requalification of work force should be

spearheading the future employment policies and structural efforts of the country in order to counter the effects of the financial crisis.

However, while national and international policy instruments are transforming and adapting to the new needs of the disadvantaged communities, a shift in strategic approaches in the country is only happening slowly. Especially the support of economic activities and employment has to gained more importance in inclusion strategies.

The Government of Bulgaria develops its own national Employment Strategy as well as other relevant strategies, national employment programs and a national strategic framework for the implementation of European funding in the country, under consideration of targets and recommendations of the European Commission and guided by market and employment needs. The European funding available is being implemented through Operational Programs. As of now, the details of the new implementation phase 2015-2020 are not fully clear. However, there is a tendency for an openness towards the potential support for self- employment and social economy and respective aiding measures.

The creation of a better culture of entrepreneurship and social entrepreneurship, especially amongst marginalized groups in Bulgaria would have several benefits. Social inclusion and economic participation are only some of the positive effects that would be encouraged. Self-employment does not only foster economic growth and stability but also offers people the opportunity to build an independent existence. Start Ups create new job opportunities as well as competition and structural change. A good culture of entrepreneurship also fosters innovation and growth. Furthermore, a society that entails a wide variety of independent companies and Start-ups, led by different social communities and ethnic minorities contributes to the stability of a democratic society. Economic responsibility is spread over many stakeholders and a concentration of power is prevented by the promotion of free businesses.

Nevertheless, the programmes applied so far are failing to reach the socially and economically disadvantaged communities and especially our target groups of Roma and Refugee people. This in turn is caused by a failure to design employment and self-employment programmes in a flexible manner supporting diversity and opening up to the needs of this cliental.

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Institutional and implementation framework of employment policies in Bulgaria

Strategic Goals of the European Union as well as national strategies, plans of action and programs underpin the employment policies of Bulgaria, which will be described in the following chapter. Under consideration of targets and recommendations of the European Commission and guided by market and employment needs, the Government of Bulgaria develops its own national Employment Strategy as well as other relevant strategies, national employment programs and a national strategic framework for the implementation of European funding in the country.

The European funding available is being implemented through Operational Programs. As of now the details of the new implementation phase 2015-2020 are not mapped out and communicated to the public. The past phase 2008-2014 Employment and SME support was made available through the Program for Human Resources Development and Competitiveness.

A rough map of the employment policy framework in Bulgaria consists of national legislation, national strategies and plans as well as EU legislation, guidelines and strategies. Starting out with national legislation, the most basic and important documents regulating and referring to employment are:

- The Constitution of Bulgaria
- The Labour Code
- The Anti-Discrimination Law
- The Employment Promotion Act
- The Law on Safety and Health at Work
- The Vocational Education and Training Act
- The Investment Promotion Act
- The National Strategy for Small and Medium-sized Enterprises 2014-2020 also called the Small Business Act

The Constitution of Bulgaria secures the right to work for all citizens in articles 49 to 52, including protection of employees and their right to form working unions, to a safe work environment as well as social and health security conditions.

The Bulgarian Labour Code regulates employer-employee relationships and provides the framework for employment contracts and provisions such as working times, salaries, parental leaves, holidays, and dismissals.

The Protection against Discrimination Act 2004 is based on the EC equality banning discrimination on a range of grounds, explicitly including race/ethnicity, sex, religion/belief, sexual orientation, disability and age, and providing uniform standards of protection and remedies. Positive measures to level opportunities for disadvantaged groups are allowed and encouraged within that act.

Based on the Small Business Act for Europe of the European Commission, Bulgaria has adopted a National Strategy for Small and Medium-sized Enterprises 2014-2020 in order to support small and Medium sized business start-ups.

EU - Strategies impacting the national employment policies are:

- European employment strategy
- Council decision of 21 Oct. 2010 on guidelines for the employment policies of the member states
- Employment Package Agenda for new skills and jobs
- EU recommendations for Bulgaria – 2011-2014
- Recommendations on council recommendation on the 2015 National Reform Programme of Bulgaria and delivering a Council opinion on the 2015 Convergence Programme of Bulgaria
- The Regulation of Microcredit in Europe
- Implementation of the European Progress Microfinance Facility from 2013

The European employment strategy informs the Bulgarian employment policies considerably. It provides a framework for EU countries to share information, discuss and coordinate their employment policies. It provides common priorities and targets for employment policies, includes the review of National Reform Programmes and issues country specific recommendations.

Another important input into national employment policies is delivered by the Council decision of 21 Oct. 2010 on guidelines for the employment policies of the member states. Guidelines 7-10 draft out specific aims in terms of: labour market participation of men and women, promoting job equality, lifelong learning, quality of education and training and promoting social inclusion and combating poverty.

The Employment Package launched in April 2012, the Agenda for new skills and jobs and the annual EU recommendations for Bulgaria provide further baselines for employment policies, inclusiveness of education especially for Roma and job creation in the country.

The Regulation of Microcredit in Europe and the Implementation of the European Progress Microfinance Facility are regulating the provision of Microcredits for Small and medium Sized businesses.

National Strategies touching on employment policies and programs include:

- Updated Employment Strategy of the Republic of Bulgaria 2013 - 2020
- Partnership agreement of the Republic of Bulgaria outlining the support from the European structural and investment funds for the period 2014-2020
- National strategy for the integration of people with international protection in the Republic of Bulgaria (2014 – 2020)
- A national strategy to reduce poverty and promote social inclusion 2020

The main priorities of the updated Employment Strategy 2013 – 2020 include the increase of employment and of sufficiently qualified workforce. The strategy also mentions the increase of employment opportunities for disadvantaged groups in the labor market, especially for young people, long-term unemployed, unemployed Roma people and people with disabilities.

The partnership agreement of the republic of Bulgaria outlining the support from the European structural and investment funds for the 2014-2020 period, short FPA, covers support from five funds - European Regional Development Fund (ERDF), the European Social Fund (ESF), Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF) – which together are

referred to as the European Structural and Investment Funds (ESIF) - and the specific allocation to the Youth Employment Initiative in Bulgaria.

The National strategy for the integration of people with international protection in Bulgaria 2014-2020, which does not have an implementation plan so far, outlines several measures connected to employment and self-employment, aiming to successfully integrate people with international protection or asylum status effectively into Bulgarian society through the active involvement of beneficiaries of international protection in the labour market, active employment and entrepreneurship.

The national strategy to reduce poverty and promote social inclusion 2020 should also be considered here as it covers employment policies and outlines priorities for policy making. One of the aims is to reduce the number of unemployed people aged 18-64 living in poverty by 78 000 people.

Implementation plans available are:

- The National Concept for Social Economy
- Decision № 43 of 30 January 2014 adopting the Action Plan for Social Economy 2014 – 2015
- National Action Plan for Employment 2014

The National Concept for Social Economy aims to create an established sector of the social economy, contributing to the pro-active inclusion of vulnerable groups, flexible and stable employment and developed territorial cohesion. The objectives of the concept are to introduce indicators to identify subjects of the social economy and to serve as a source of standards to support the development of social economy and assist stakeholders to implement the spirit of the social economy.

Roma & Refugees – A Situation Overview with focus on employment

- Roma and Refugees exhibit one of the highest unemployment rates in the country and make up the biggest share in unregistered work. However, employment support

measures are harder to access and facilitate for people with Roma origin or Refugee status.

- It will be shown, that both target groups discussed here, face similar entry barriers to employment and self-employment as well as similar social situations. Overcoming those entry barriers therefore, should result in similar integrational effects through employment.
- With a focuses on self-employment and more specific social enterprises, the focus of the two target groups shall emphasize the importance of designing future support tools for social enterprises also and especially for people with Roma origin and with Refugee status, in order to generate synergies between integration efforts and employment measures. Social enterprises can tackle challenges such as exclusion and discrimination while activating a disadvantaged work force.

People with Roma origin

People with Roma background are estimated at about 10 million in Europe, while 6 million living in the EU. They have a unique status in Europe and Bulgaria, facing institutionalized disadvantages and exclusion throughout many levels of social, political and economic life. Roma in Europe are more likely to live in poverty than non-Roma citizens in Europe¹. They are facing a higher risk of unemployment, stay less years in school, and many live without access to proper housing. Segregation and discrimination become especially pertinent in regards to access to education and employment. A recent survey by the United Nations Development Programme (UNDP) on Roma in South East Europe determined the following situation for Roma people in Europe:

- *Approximately 50% of Roma children, attend pre-school or kindergarten*
- *There is a sharp drop in participation in higher education after compulsory school (Only 15% of young Roma adults surveyed complete upper-secondary general or vocational education)*
- *Only 30% of surveyed Roma-people report to be in paid employment*
- *90% of the Roma surveyed live in households with an equivalent income below national poverty lines*

¹ European Union Agency for Fundamental Rights. 2012. **The situation of Roma in 11 EU Member States**

- *Roma are disproportionately employed in low-quality jobs in the informal sector.*²

Life of people with Roma origin in Bulgaria mirrors the situation of Roma people in Europe overall. To outline a more precise picture, the following documentation discusses the historic background of Roma in Bulgaria as well as their employment situation and the current National Roma Integration strategy of Bulgaria.

In Bulgaria the official estimate of the number of Roma population based on the census from January 2011 are 325.343 people, which amount to approximately 4.9% of the population. However, the Council of Europe estimates approximately 750.000, which would amount to 10.33% of the population.³ According to the National Roma Integration Strategy of the Republic of Bulgaria (2012 - 2020), more than half of Roma people live in the bigger cities. The strategy identifies the increasing segregation between ethnic Bulgarians and Roma communities as one of the most serious problems both in rural and urban areas.⁴

Key findings of the European Roma Rights Centre (ERRC) from research carried out in 2005 in Bulgaria, the Czech Republic, Hungary, Romania and Slovakia show that only one out of three interviewed working age Roma were employed at the time of the survey. More than a third of those unemployed qualified as long time unemployed. However, almost half of the interviewed people reported to have been in employment situations lasting five years or longer and almost 80% had had employment periods of more than 1 year, proving a majority of Roma people holding long term employments.⁵

The employment situation in Bulgaria shows clear discrepancies between Roma people compared to Non-Roma people in access to employment as well as in level of employment. This is furthermore confirmed by the key findings of the latest survey of the Fundamental Rights Agency, that show an obvious gap between those two groups in terms of level of education and professional qualification.

In comparison school dropout rates are almost thrice as high for Roma children than the rate for non-Roma. While the general literacy rate for children under the age of 16 in Bulgaria is

² European Union Agency for Fundamental Rights (FRA). United Nations Programme for Development (UNDP). 2012. The situation of Roma in 11 EU Member States; Survey results at a glance

³ Country Overview Council of Europe.2014. The European Union and Roma – Country Factsheet. Bulgaria.

⁴ National Roma Integration Strategy of the Republic of Bulgaria (2012 - 2020)

⁵ European Roma Rights Centre Publication “THE GLASS BOX: Exclusion of Roma from Employment” February 2007 ISBN 963 86955 3 6 pg. 31

99%, the literacy rate for Roma children is only 85%.⁶ Those discrepancies consequently translate into a lower vocational qualification and access to employment for Roma people.

Bulgaria has a Roma Integration Strategy and an approved implementation plan until the year 2020. Included in that strategy are measures to improve access to employment as well as housing issues, improvement of healthcare and education for the target group, improvement of the rule of law, non-discrimination and culture and media priorities.

First steps for their realization have been taken through the appointment of 80-95 Roma mediators in local employment offices, the set-up of several community development centres, the organisation of job fairs targeted at the most disadvantaged including the Roma. Furthermore, meetings between labour offices and Roma NGOs in support of the participation of Roma in the labour market have been undertaken.

The National Roma contact point for the National Roma Integration Strategy, with the authority to co-ordinate its development and implementation in Bulgaria is the Secretariat of the National Council for Co-operation on Ethnic and Integration Issues.

However, the implementation of the strategy and its activities have been under critique for a generally weak analysis of situation in the country, as well as insufficient statistical analysis, a lack of concrete indicators and low transparency of responsibilities and financial allocations as well as a high level of bureaucracy. However, one of the biggest complaints is the lack of participation and consultation in the design of the strategy as well as its implementation.⁷

People with Refugees status

Continuously growing numbers of asylum seekers and refugees have affected Europe in the past four years. The reception, accommodation and integration of those people have posed enormous challenge to the whole region, the European Union and its member state. In addition to the economic and administrative strain on the receiving countries, there have been big social backlashes in Europe and in Bulgaria. Therefore, the employment situation of Refugees is of great importance for their social and economic integration.

⁶ Results from the 2011 European Union Agency for Fundamental Rights Roma survey. Data Explorer. Retrieved from <http://fra.europa.eu/en/publications-and-resources/data-and-maps/survey-data-explorer-results-2011-roma-survey>

⁷ Rorke, Bernard. 2012. Open Society Foundations review of NRIS submitted by Bulgaria, the Czech Republic, Hungary, Romania and Slovakia. Retrieved from <https://www.opensocietyfoundations.org/.../roma-integration-strategies-20120221.pdf>

In Bulgaria, 2013 and 2014 have seen a sharp increase in asylum applications before the erection of a border fence with Turkey in August 2014.

Between August 2013 and September 2014, more than 13900 persons⁸ applied for asylum in Bulgaria. In comparison the total number of asylum application in 2012 was 1387 persons. Due to that increase, the national institutions were stretched beyond capacities in regards of their ability to process those applications and to provide appropriate shelter and support. In turn, international support such as UNHCR, international missions in the country, the Bulgarian Red Cross, the International Federation of Red Cross & Red Crescent Societies (IFRC) as well as national civil society and NGOs became an essential part of providing necessary support to asylum seekers and refugees.

The report of the Disaster Relief Emergency Fund of the IFRC stated: *“On 30 September 2013, all of the functioning accommodation centres, managed by the State Agency for Refugees at the Council of Ministers exceeded their capacity. The situation for 2013 was as follows: 11618 people passed the Bulgarian border; 4605 got accommodated in SAR’s centres; 3449 people went to live outside the refugee centres. The breakdown by nationalities for 2013 is as follows: 68% Syrians, 17% Afghanis and 15% other nationalities.”*⁹

In the following months, after the Border fence was established the situation in the country changed. The stream of refugees into the country decreased considerably in 2014, while the speed of processing asylum claims was increased. What is more, most registered refugee’s continued their journey to western European countries. Bulgaria has been identified as a mainly transit country.

The refugees remaining in the country are facing great difficulties as integration possibilities are bleak. Former Director of the UNHCR Representation in Bulgaria, Mr. Roland Weil points out that a big percentage of status holders are not able to support themselves outside of the refugee centres and support system in Bulgaria. Especially language barriers and the weak economic present barriers prevent refugees from integrating into the labour market and to enrol children in schools.¹⁰

⁸ State Agency for Refugees (SAR). April 2014. Monthly Reports Retrieved from www.aref.government.bg

⁹ IFRC DREF operation n° MDRBG001 GLIDE n° OT-2013-000124-BGR 30. 3 October 2013. Retrieved from adore.ifrc.org/Download.aspx?FileId=49448

¹⁰ Interview Roland Weil UNHCR 19 August 2014 for Aljazeera Retrieved from <http://www.aljazeera.com/indepth/features/2014/08/bulgaria-grapples-with-mideast-refugee-surge-2014819124227217604.html>

The Bulgarian Helsinki Committee documented several cases of violent attack with xenophobic backgrounds. Furthermore, surveys of the Committee indicate an increase in anti-refugee sentiment across the country.

“Recent polls suggest that up to 62% of Bulgarians are not in favour of refugees arriving in the country. Almost three quarters of the population would not accept refugees in their town or village. The troubling statistics come after four months of anti-refugee rhetoric from opinion shapers and politicians with ideas such as sealing off the border and detaining asylum-seekers for the length of their procedure becoming mainstream.”¹¹

In the past years, like in all Europe, there has been a concerning rise in racism and xenophobia in general in Bulgaria too. On the background of an unfavourable economic environment and shaky political situation, this is not a surprising phenomenon. Prejudices and fear flourish in an atmosphere of misinformation, poor media ethics and lack of integration politics.

Overview Bulgaria

The Economic Situation

After Bulgaria’s accession to the European Union in 2007, the economic situation has generally improved in comparison to the pre accession years in regards to economic growth and foreign direct investment. However, the global economic crisis hit the country rather hard, especially in terms of the employment market. Bulgaria qualifies as an industrialised upper-middle-income country according to the World Bank. Public debt and budget deficits remain among the lowest in the region. The average monthly wage was 820 leva¹² (approx. 406 EUR) in 2014. As of January 1st 2015, the minimum monthly wage in Bulgaria is BGN 360 (approx. 180 EUR). The country’s nominal GDP reached \$56.80 billion in 2014.

Looking at the general socio-economic situation of the country the main challenges are arising from a deteriorating education system, as well as social disparities and low economic participation rates. Therefore, addressing those discrepancies and investing in the

¹¹ UNHCR Observations on the Current Situation of Asylum in Bulgaria, 2 January 2014 Retrieved from <http://www.refworld.org/docid/52c598354.html>

¹² National Statistics Institute Retrieved on 05.01.2015 from <http://www.nsi.bg/en/content/6410/total>

improvement and access to education and employment for all including the economic inactive should be prioritized in the future orientation of the use of European Structural Funds.

Furthermore, it is important to take a closer look at the effects of the economic crisis on Bulgaria's economy and the employment market. Between 2008 and 2015 the unemployment rate had almost doubled. While youth unemployment rates tripled in those years.¹³ A general attitude of discouragement and economic pessimism had taken hold of the country while foreign investments have been fluctuating considerably in the negative area of the 2% of the GDP threshold.

The Employment Situation

However profound and complex the challenges of the employment situation in Bulgaria are, many best practices and opportunities exist that can be taken advantage of. The already established employment programs, best practices and recommendations from the European Union Structural funds as well as Networks of Foreign Investors and Private Economy should be facilitated more carefully. Innovative practices can help tackle the especially high rates of youth unemployment and the challenges of Roma and Minority unemployment.

Bulgaria has answered the economic crisis with a decrease in employment support expenditures. This consequently has been counterproductive for the stabilization of the national economy. The active facilitation and strategic support of self-employment, cooperation with private economy and requalification should be spearheading the future employment policies and structural efforts of the country in order to counter the effects of the financial crisis.

Social and economic discrimination logically result in a reduced participation and access to education, employment and economic participation. A systematically and institutionalized segregation of Roma and Refugees not only lowers the income generating potential for the national economy but results in fiscal losses that can be statistically calculated.

Considering the demographic change in the country, the aging population and the relatively big share of working age Roma, these estimates become even more relevant. Bulgaria will need to enable the economic participation of economically and socially marginalized groups in order to tackle the rising costs of social services and pensions.

¹³ Republic of Bulgaria. National statistical institute– Employment & Unemployment annual data

Those costs are generally estimated as higher than the investment for the elevation of said exclusion would cost. The National Roma Integration Strategy and implementation plan however, do not concretely commit to an indicative overall budget. The responsibility of implementation lies within various respective governmental structures. The implementation success throughout the different responsible institutions is monitored by the Secretariat of the National Council for Co-operation on Ethnic and Integration Issues. However, due to the nature of the unclear budget, the level of commitment from the implementing actors and consequently the monitoring of the activities and results are difficult to determine.

According to the World Bank - Europe and Central Asia's findings in 2010 the Economic Costs of Roma Exclusion is very apparent and can be elaborated as follows.

*“The vast majority of working-age Roma lack sufficient education to participate successfully in the labour market. As a result, European countries are losing hundreds of millions of Euros annually in productivity and in fiscal contributions to the governments. **Lower bound estimates of annual productivity losses amount to 526 million Euro in Bulgaria and annual fiscal losses of 370 million Euros in Bulgaria.***

Further, the annual fiscal gains from bridging the employment gap are much higher than the total cost of investing in public education for all Roma children that if the governments would invest all the fiscal gains from equal labour market opportunities into public education for each Roma child aged 3-17, it would be able to spend on each of these Roma children between two-and-a-half and eight times the amount it currently spends on public education per average pupil in the country. In other words, the potential gains of inclusion far exceed the necessary investment costs, even if these are higher than current per pupil spending.”¹⁴

In order to understand the phenomenon of the continuation of the exclusion of Roma from Employment we have to look at not only on the current situation of under-education and discrimination, but at the root cause of these problems.

Starting in the communist area, Romani minorities were systematically encouraged to provide low and semi-skilled labour in industry that, after the transition period have become uncompetitive and in great parts obsolete.

¹⁴ World Bank -Europe and Central Asia's 2010. “The Economic Costs of Roma Exclusion”. Retrieved from http://siteresources.worldbank.org/EXTROMA/Resources/Economic_Costs_Roma_Exclusion_Note_Final.pdf

Consequently, Roma population was unprepared for the more competitive and fast changing labour market after 1989¹⁵. As higher education and qualifications became essential for keeping up with the rising competitiveness and fast changing employment market, Roma population, that was traditionally working in unskilled positions fell behind and were unable to compete. Missing opportunities for further or re-qualification, paired with a rise in social segregation of Roma people from non-Roma population resulted in the marginalisation of Roma on the labour market. Up until today, Roma occupy mostly only very low skilled, low paid occupations.

Potentials of Entrepreneurship and Social Enterprises of economically disadvantage communities in Bulgaria

The concept of social enterprises has been around since the 1970's but has experienced a boom in the past decade. In general, it is hard to pin point a definition as these organizations are developing and growing globally in very different directions.

In terms of the legal status, a social enterprise may be a for-profit or a non-profit undertaking. They might be completely independent from external funding or rely on institutional support. The definition of Social entrepreneurship has been organically growing through the wide community of practitioners.

Bulgaria has yet to adopt a legal definition of social enterprise. Therefore the definition of the European Commission is applied for most purposes. However, this shortcoming leaves a lot of space for misinterpretation, especially in regards of the upcoming support programs for social entrepreneurship in the operation programs 2014-2020.

As mentioned, Social Enterprises have experienced much popularity and attention in the European Community in the past years. The concept of social enterprises has been accepted as a fruitful way of tackling several social and economic challenges. Therefore, the European Commission has emerged with the support of social enterprises on institutional and financial levels. The latest definition from the European Union on Social Enterprises comes therefore from the Social Innovation Guide of 2013:

¹⁵ European Roma Rights Centre Publication. February 2007. "THE GLASS BOX: Exclusion of Roma from Employment". ISBN 963 86955 3 6

“Social enterprises are ventures in the business of creating significant social value, and do so in an entrepreneurial, market-oriented way, that is, through generating own revenues to sustain themselves.”¹⁶

In a wider framework, social enterprises encompass more extensive approaches and aims. Several initiatives are supporting Social Start Ups and enterprises that follow multifaceted objectives and organizational forms. Globally social enterprises solve social, economic and environmental problems sustainably while earning financial profits from their activities. The activities of social enterprises are as far reaching as community development, employment, education, conservation and environmental protection, financial services, health, sustainable income, and universal rights¹⁷.

Due to the acknowledgement of the benefits of social enterprises, they are able to draw support from increasingly various instruments of financial and organizational support. These instruments and policies vary from country to country. One of the most relevant recent policy support measure is the Social Business Initiative of the European Union.¹⁸ This instrument builds on the improvement of access to finance, increasing the visibility of social enterprises and on optimising the legal environment for such structures.

Most notable support in Bulgaria is the in PROGRESS Micro Finance facilities launched in February 2010 and the Operational programs of the European Structural Fund.”¹⁹

While the concrete indicative plans following the operational programs 2014-2020 for Bulgaria are not finalized yet, social enterprises are mentioned in the National Action Plan 2014-2015 under the Sub-priority: Social inclusion.

“Promotion of innovation in the social sector for finding smart solutions for a more effective and efficient social support and reform of support systems with a view to promoting active

¹⁶ European Commission. 2013. Guide to Social Innovation. Retrieved from s3platform.jrc.ec.europa.eu/documents/20182/.../Guide_to_Social_Innovation.pdf

¹⁷ Nonprofit Enterprise and Self-Sustainability Team Retrieved from <http://www.nesst.org/wp-content/uploads/2014/03/NESST%C2%B4s-Lens1.pdf>

¹⁸ DG Internal Market & Services . 2011. The Social Business Initiative of the European Commission Retrieved from http://ec.europa.eu/internal_market/publications/docs/sbi-brochure/sbi-brochure-web_en.pdf

¹⁹ DG Internal Market & Services . 2011. The Social Business Initiative of the European Commission

social and economic life for their target groups and eliminating passive support - social enterprises, social innovation”²⁰

However, the National concept of social economy does indicate an elaborate strategy on the promotion and support of social enterprises and entrepreneurship. Actions include a national information campaign as well as round tables and the introduction and study of best practices as well as the development of a social impact assessment for those practices.

Definite financial support is not foreseen yet. The concept so far only plans the elaboration and development of financial support instruments for the future, policy reviews and the training and preparation of administrative bodies for the future implementation of potential measures supporting social economy.

Gender Dimensions

Gender equality in employment has many dimensions. Inequality arises out of factors such as pay gaps, time spend in unpaid work, work life balance, access to employment, levels of employment, career development opportunities, recruitment policies, equity at the work place and many more. In regards to vulnerable groups such as Roma and Refugees, existing inequalities are often magnified or multiplied.

In all EU countries the employment rate of women is lower than for men. When looking at the full time employment figures, that discrepancy is even higher. The EU28 employment rate²¹ for men (aged 20-64) was 74.2 % in 2013, while it was only 62.5 % for women.”

Especially in marginalized communities, the employment rate is directly connected to the education gaps between men and women. This is apparent also in Roma communities. The literacy rate of Roma women, compared to men is much lower in every EU country. The dropout rate of Roma girls after secondary school is higher than amongst non-Roma female

²⁰ Partnership agreement of the Republic of Bulgaria outlining the support from the European Structural and Investment Funds for the 2014-2020

²¹ European Commission Publication. 2012. Female labour market participation Retrieved from http://ec.europa.eu/europe2020/pdf/themes/31_labour_market_participation_for_women_02.pdf

students²². This tendency is a reflection of not only limited access to education but also of early marriages and early motherhood of Roma women.

The European Union and its member states have a long-standing commitment to enforce and nurture gender equality on all levels, including employment. There are specific commitments and measures laid out in the European Employment Strategy. Those guidelines can and should be adopted by the authorities of individual member countries and applied in the policies and employment measures of the respective countries. Furthermore, very concrete principles and a set of recommendations are elaborated in the European Pact for Gender Equality in order to support the member countries in their efforts.

The Employment Guidelines used during the Lisbon cycle 2005-2008 underline that gender mainstreaming and the promotion of gender equality should be ensured in all actions taken. A dual-track approach (specific actions and gender mainstreaming) has been reinforced in the European Pact for Gender Equality adopted by the European Council of March 2006. The Pact encourages Member States:

- *to promote women's employment, reduce gender gaps and asks them to consider how to make welfare system more women's employment friendly;*
- *to adopt measures to promote a better work-life balance for all (Barcelona targets in childcare, care facilities for other dependents, promotion of parental leave);*
- *to reinforce governance through gender mainstreaming, notably by encouraging the Member States to include a perspective of gender equality in their National Reform Programmes.*²³

Gender mainstreaming is also encouraged by the European Commission within employment programs and implementing institutions. Specifically mentioned is the importance of the inclusion of gender mainstreaming in public employment services and active labour market programmes, where equal access needs to be ensured for men and women²⁴. This also implies that the specific needs of disadvantaged groups need to be addressed.

²² O'Higgins, Niall. Ivanov, Andrey. 2006. Education and Employment Opportunities for the Roma, published in Comparative Economic Studies.

²³ European Pact for Gender Equality adopted by the European Council of March 2006

²⁴ European Commission. July 2007. A manual for gender mainstreaming of employment policies.

Bulgaria has adopted a Gender Equality Strategy for the Promotion of Gender Equality 2009-2015 aiming to comply with the recommendations of the European Union Gender Equality Strategy and the targets of the UN conventions on Human Rights and Gender Equality. There are several administrative structures designed to observe and implement the UN conventions and recommendations on gender equality for the country, such as an inter-institutional working group at the Ministry of Labour and Social Policy and gender focal points in various Ministries. However, the Gender Equality index²⁵ rates rather poorly in comparison to the EU28.²⁶

Bulgaria has an equality indicator of 38.5²⁷. This number can roughly be read as percentage of gender equality reached in the respective areas. This means it stands at one of the lowest positions amongst the EU28 in terms of gender equality. Many reasons for this placement can be found especially in the area of employment. Here the indicator rates especially low when it comes to segregation and quality of work. Once again, this highlights the need of a systematic change of the employment market in terms of access and structure in order to engage human capital better. What is more, Bulgaria scores very low on gender equality in education and lifelong learning as well as access to financial resources and economic and political representation, the main reasons for the disadvantageous employment situation for women.

Another important factor is the discrepancy in equal pay for equal work indicator. Though the Gender pay gap is smaller than in most EU28 states, compared to the trend of reducing that gap, Bulgaria has actually increased its pay gap from 12% in 2007 to 14,7% in 2014.²⁸

Bulgarian Employment policies must therefore include efforts to eliminate gender inequality by providing equity measures in their employment policies, with a special attention to the specific needs of women from disadvantaged groups. In order to tackle gender inequality the European Commission give general policy pointers for gender mainstreaming in employment policies.

²⁵ The indicator is formed by combining gender indicators, according to a conceptual framework, into a single summary measure. It consists of six core domains: work, money, knowledge, time, power, health and two satellite domains (intersecting inequalities and violence).

²⁶ European Institute for Gender Equality, 2013 Gender Equality Index – Country Profiles Retrieved from <http://eige.europa.eu/gender-statistics/gender-equality-index/2012/country/BG>

²⁷ European Institute for Gender Equality. 2013. Gender Equality Index – Country Profiles

²⁸ Eurostat. Gender Pay Gap in unadjusted form. Retrieved from <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tsdsc340&plugin=1>

**Policy recommendations for the implementation of the Operational Programs 2015-2020
with special focus on their accessibility and integrational effects on people with Roma
origin and people with Refugee status**

Self Employment support in Bulgaria is not only a means to economic development and the creation of employment, but can also play an important role in social and economic inclusion of people with Roma origin and people with Refugee status.

The European Commission has emerged with the support of social enterprises on institutional and financial levels. Support measures can also be found in the new programming period of the European operational programs in Bulgaria 2014-2020. The Operational Program Development of Human Resources (OP HR), the Operational Program Innovation and Competitiveness (OP IC) as well as the National Strategy for Social Economy (NSSE) 2014-2015 include actions supporting or facilitating entrepreneurship or social entrepreneurship either direct or indirect; as employment measure as well as stimuli for economic growth. What is more, the National Strategy for Social Economy has sounded out potentials of such policies and is preparing responsible governmental bodies for the implementation of innovative support measures for companies and concepts that combine economic activity with social consciousness.

In order to guarantee access to entrepreneurship and social entrepreneurship programs for them, special attention should be paid to different needs of those target groups in the development of respective programs under the operational programs and their implementation. Considering, the huge potential of social companies for social inclusion, it will be especially essential to guarantee access to social entrepreneurship support to Roma community and Refugee status holders.

Therefore, policies and support measures on self-employment and social entrepreneurship should encourage the cooperation of businesses, government and civil society and compliment the National Roma Integration Strategy, National Strategy on Migration, Asylum and Integration for 2015-2020 and a new National Strategy on Gender Equality.

Operational Programs 2015-2020

The Operational Programs “Development of Human Resources” (OP HRD) and “Innovation and Competitiveness”(OP IC) 2015-2020 include several Priority Areas foreseeing the direct support to Entrepreneurship and Social Entrepreneurship mostly within Employment support measures.

As of now, no comprehensive budget estimates are available for the concrete sub-priorities on Entrepreneurship. However, the budget estimates for the overall Priority 2 under the Operational Program “Innovation and Competitiveness” is 697,492,050 EUR and the budget for Priority Area 1 and 2 of the Operational Program “Development of Human Resources” is 983,990,883 EUR. Combined this is a budget of **1.68 Billion EUR** dedicated for the employment support tools including the support of entrepreneurship and social entrepreneurship.

Empowerment of Economically Disadvantaged

All measures include people of Roma origin as part of the eligible beneficiaries. However, no concrete partitions are set concerning this target group. Considering the special needs and access barriers of Roma community regarding such projects, clear targets should be set, appropriate funding within the OPs should be allocated and needs based measures should be implemented within the Indicative Programs in order to ensure the consideration of national commitments made in regards to Roma integration.

The same would be true for commitments from a Gender Equality Strategy and a National Program for the Integration of Refugees in the country should they be adopted during the current programming cycle.

Commitments made:

Bulgaria’s current National Roma Integration Strategy explicitly mentions the use of entrepreneurial support measures as means of integration under Point 4 Employment:

“Operational objective: Improving the access of Roma to the labour market and raising Roma employment rate Tasks: 1. Ensuring Roma access to the labour market and to various self-employment instruments and initiatives. 3. Promoting entrepreneurship, own business starting and managing.”

Furthermore, The Council Recommendation of 9 December 2013 on effective Roma integration measures in the Member States (2013/C 378/01) states under “*Access to employment*”, Point 1.10. **”The promotion of social inclusion and combating poverty and discrimination, including, inter alia, the socio- economic integration of marginalised communities such as Roma, should be facilitated by the allocation of at least 20 % of the total ESF resources in each Member State to investment in people as set out in Articles 3 and 4 of Regulation (EU) No 1304/2013.”**

Bulgaria’s National strategy for promotion of gender equality for the period 2009-2015 includes the Objective “*Achievement of gender equality in the economic and social field*”, specifically outlining the encouragement of women’s enterprise. This is underpinned by the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Strategy for Equality between Women and Men 2010-2015, which encourages female entrepreneurship as key action for gender equality. In order to mind the intersectional challenges and opportunities of Women with Roma origin and Refugee status, special attention should also be paid to these specific target groups within the Indicative Programs.

Considering the above mentioned commitments the following points within the Operational Program Human Resources Development (OP HR) and the Operational Program Innovation and Competitiveness (OP IC) will be commented on and object of the recommendations in regards to their integrational potential:

OP HR:

- Priority Axis 1.5: Self-employment, entrepreneurship and business creation, including innovative micro, small and medium sized enterprises
- Priority Axis 2.4 Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment
- Thematic objective 8: Investment priority 4: Self employment, entrepreneurship and business creation including innovative micro, small and medium sized enterprises

- Thematic objective 9: Investment priority 10: Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment

OP IC:

- Priority Axis 2: Entrepreneurship and Capacity for growth of SMEs: Investment Priority 2.1. Access to finance for supporting entrepreneurship; Specific objective 2.1: Enhancing entrepreneurship and support for enterprises in their early stages of development

Design & Cooperation

The National Strategy for Social Economy (NSSE) was finalized in the end of 2015. Its main objective was the preparation of the Ministry of Labour and Social Policies as well as the Ministry of Economy for the establishment and support of social economy. This included: 1. Increasing awareness of stakeholders on the nature and functioning of the social economy; 2. Establishment of support structures for the social economy and social enterprises in form of a working group; 3. Information support of social economy; 4. Creation of favorable conditions for education, training and research to support the social economy and 5. Creating an enabling environment that encourages the development of social economy.

- The findings and results of the implementing bodies of the NSSE should be made available for public and serve as foundation for the design of calls and actions on entrepreneurship and social entrepreneurship under the indicative programs. The implementing administrative bodies of the OP HR and OP IC should work in close cooperation with the working groups and responsible staff from the NSSE.
- Furthermore, cooperating and consulting with national and local Roma organizations on design and promotion of indicative programs and calls can ensure participation of Roma community in the implementation phase.
- Cooperation with the State Agency for Refugees, UNHCR and national Refugee NGOs should be consulted and included in the design of self-employment support policies in order to reach and include Refugee status holders in those measures.

- It is essential to ensure equitable access to information about entrepreneurship and social entrepreneurship programs and support opportunities for marginalized communities. This includes the adequate preparation of the administrative bodies regarding awareness and clear responsibility concerning anti-discrimination and intersectional gender sensitivity and should be ensured through sufficient staffing and training in the Ministry of Labor and Social Policies (MLSP), the Ministry of Education (ME) as well as the National Employment Agency

Administration

In order to cater to the commitments of the National Roma Integration Strategy and the National Gender Equality Strategy it is advisable for the MLSP and ME to set a desirable target in terms of number of economically disadvantaged beneficiaries reached under each priority axis targeting or including vulnerable groups.

- An impact assessment of the previous programming cycle of OP HR & OP Competitiveness should be made available, including average spending analysis of per beneficiary/ indicator and segregated data on beneficiaries
- Incorporate self-identification indicators in beneficiary profiles such as ethnicity, gender etc. in order to obtaining statistical evidence to support positive actions to address underrepresentation of ethnic groups in the Operational Programs and consequently National Strategies and Plans.
- Announce a “quota or aim” in terms of number/ percentage of (self-identifying) ethnic minorities beneficiaries or organizations, Refugee status holders and women reached under each priority axis targeting or including vulnerable groups

Implementation

It is essential to ensure specialized access to information on services and specialized financial products tailored to the needs of people of Roma origin and Refugee status holders. This can be achieved by conducting information campaigns in Roma neighbourhoods, cooperation with the State Agency for Refugees and with civil society.

- Compliment the commitments of the National Roma Integration Strategy and the National Gender Equality Strategy by setting desirable target in terms of number of economically disadvantaged beneficiaries reached under each priority axis targeting or including vulnerable groups by the MLSP and ME.
- Ensure specialized access to information on services and specialized financial products tailored to the needs of economically disadvantaged communities such as people of Roma origin and Refugee status holders.
- Provide “sensitivity” training for staff in implementing employment agency offices etc. (non-discriminatory practices etc.)
- Strive to employ representative of ethnic minorities in the implementing staff of the Operational Programs and within the Employment agency offices

Based on the needs of the target groups it is advisable to also ensure the provision of specialized financial products within the programs such as:

- Subsidize financing mechanisms
- Micro Credits
- Rolling investment support for loans and credits
- Guarantee Fund for Social Enterprises and Start-ups for economically disadvantaged groups
- Financial packages that offer flexible grants and soft loans in order to adapt to the social costs and longer growth periods needed by social enterprises
- Cooperate and Consult with PROGRESS Microfinance Facilities and similar existing mechanisms

Add a Gender Aspect

Set guidelines or targets with regard to equal opportunities should consider and include intersectional needs of potential female beneficiaries from economically disadvantaged communities within the indicative programs and calls.

- Make sure the implementing body has a clear structure of responsibility and is aware of the gender equality issues through sufficient staffing and training. (anti discrimination, intersectional gender sensitivity, dealing with sensitive cases, effectively liaise with other state services)
- Make sure men and women have equitable access to information about entrepreneurship and social entrepreneurship policies, including training.
- Make sure men and women benefit in equal terms from initiatives to start up businesses or any other services provided by the Operational Programs

Evaluation

The impact assessment by the Ministry of Finance of the previous programming cycle of OP HR & OP Competitiveness could include an average spending analysis per beneficiary and or strategic objective. This would allow determining an average direct support per beneficiary under all priorities in order to make relations between administration, objectives and results more transparent.

- Incorporate self-identification indicators in beneficiary profiles such as ethnicity, gender etc. in order to obtaining statistical evidence to support positive actions to address underrepresentation of ethnic groups in the Operational Programs and consequently national strategies and plans.
- Indicate approximate administration costs per beneficiary and approximate average direct support per beneficiary under all priorities in order to make relations between administration, objectives and results more transparent

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