



Inclusive Entrepreneurship Policies: Country Assessment Notes

Bulgaria, 2018



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FOREWORD

Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group. This is an important requirement for achieving the goal of smart, sustainable and inclusive growth set out in the Europe 2020 strategy. It is also a means to respond to new economic challenges, to create jobs and to fight social and financial exclusion. Among the key target groups of inclusive entrepreneurship policies and programmes are women, youth, older people, the unemployed, and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship activities. ‘The Missing Entrepreneurs’ series of publications of the Organisation for Economic Co-operation and Development (OECD) and the European Union discuss how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice.

In general, women, youth and older people were slightly less likely to be self-employed in Bulgaria than the European Union (EU) average for 2017. However, these groups were more likely than their EU counterparts to have started a business out of necessity (i.e., due to a lack of employment opportunities) over the 2013-17 period. Public policy supports business creation among different target groups such as women, youth, and older people through the action plan “Entrepreneurship 2020 – Bulgaria”, which was adopted in 2015. While the action plan represents a positive development in making entrepreneurship more inclusive, many of the actions described lack precision. Further efforts are needed to increase awareness about the potential of entrepreneurship and to develop tailored entrepreneurship training for key target groups.

This note is the third in a series of annual country assessments prepared by the OECD in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each European Union Member State. Each note provides an overview and assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment, and suggests policy actions to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector. The 2018 notes include an additional section on female entrepreneurship support, which provides an overview of the entrepreneurship activity levels, obstacles faced and policy responses.

The notes are part of a wider programme of work by the OECD and the European Commission that includes ‘The Missing Entrepreneurs’ publications, the Better Entrepreneurship Policy Tool (www.betterentrepreneurship.eu), a series of Policy Briefs on specific target groups, policies and issues, and country reviews of youth entrepreneurship and women entrepreneurship. For more information please refer to: <http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm>.

ACKNOWLEDGEMENTS

This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes were prepared as part of the programme of work of the OECD Local Economic and Employment Development (LEED) Programme of the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) led by Lamia Kamal-Chaoui, Director. They provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

This note was prepared by Dr. Kiril Todorov of the University of National and World Economy in Bulgaria. David Halabisky and Cynthia Lavisson of the Centre for Entrepreneurship, SMEs, Regions and Cities of the OECD undertook additional editing and drafting under the direction of Dr. Jonathan Potter, also of the CFE. A steering group was consulted during the preparation of this note. The steering group included members of the public, private and non-governmental sectors. Much of the data contained in this note were prepared under the direction of Dr. Jonathan Levie of the Global Entrepreneurship Monitor. This note benefited from feedback and suggestions provided by Guy Lejeune of Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.

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KEY MESSAGES


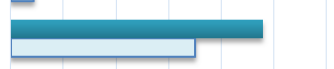
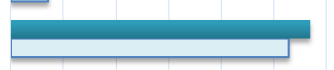

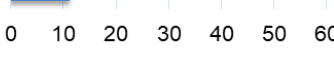
- There are currently few policies and programmes that seek to make entrepreneurship more inclusive. Entrepreneurship support measures remain mostly general financing and training programmes typically open to everyone, including disadvantaged groups. Notable recent developments include the Strategy for Promoting Women Entrepreneurship. European Structural and Investment Funds remain pivotal in addressing key challenges to inclusive growth and convergence in Bulgaria (EC, 2018a).
- The proportion of workers who were self-employed in 2017 was below the average for the European Union (10.8% vs. 13.7%). This held true for women (7.6% vs. 9.7%) and older people (13.4% vs. 17.9%) but not youth, who were as active in self-employment as their EU counterparts (4.1% vs. 4%). As a whole, Bulgarians were less likely than their EU counterparts to be involved in starting or managing a new business during 2013-17 (4.1% vs. 6.7%). Those who were more likely to have started their business due to a lack of employment opportunities (30.7% vs 20.3%).
- Inclusive entrepreneurship policies should aim to contribute to improving the well-being and quality of life of disadvantaged groups in the long-run, beyond the programming period. To strengthen these policies and programmes, the following recommendations are offered: (i) raise awareness of the potential of entrepreneurship for the youth and encourage promising young entrepreneurs; (ii) reinforce co-ordination of inclusive entrepreneurship policy actions; (iii) increase the quality focus and improve the efficiency of measures related to entrepreneurship education, especially for youth; (iv) ensure support programmes effectively reach particularly vulnerable targets groups; and (v) foster higher quality self-employment activities among inclusive entrepreneurship target groups, including through support to innovative ventures.

1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

Some inclusive entrepreneurship objectives and targets are included in national policy documents related to EU-level strategies and plans. The promotion and support of entrepreneurship for people in under-represented and disadvantaged groups is covered in two major policy documents: the National Strategy on SME Promotion – Small Business Act 2014-2020, and the Action Plan Entrepreneurship 2020 for Bulgaria.

The National Strategy on SME Promotion introduced broad strategic objectives for entrepreneurship. Recent data show some progress towards the associated targets. Some have been exceeded (e.g. preference for self-employment) while other indicators score far below the target (e.g. school training in entrepreneurship) (Table 1). However, while one of the indicators measures early-stage entrepreneurial activity for women, no indicators monitor entrepreneurship and self-employment by other target groups (youth, seniors, immigrants, people with disabilities).

Table 1. Operative targets 2020 and national indicators related to entrepreneurship – Small Business Act 2014-2020

Criterion	Target	Performance of Bulgaria as per the 2017 report for the year of 2016 compared to EU average
1.1. Entrepreneurial activity	> 12%	<p>Early-stage entrepreneurial activity; BG: 4.84; EU avg: 7.8</p> 
1.2. Entrepreneurship as an opportunity	> 55%	<p>Early-stage entrepreneurial activity for female population; BG: 4.3; EU avg: 5.45</p> <p>Opportunity-driven entrepreneurial activity; BG: 35; EU avg.: 47.9</p> 
1.3. Preference to be self-employed	>= 50%	<p>Entrepreneurial intentions*; BG: 7.09; EU avg: 12.1</p> <p>Entrepreneurship as a desirable career choice; BG: 52.9; EU avg: 56.9</p> 
1.4. Feasibility of self-employment	> 28%	<p>Entrepreneurship education at basic school; BG: 1.64; EU avg: 2.02</p> <p>Entrepreneurship education at post-secondary levels; BG: 2.3; EU avg: 2.79</p> 
1.5. School training in entrepreneurship	> 49%	<p>Share of high-growth enterprises; BG: 10.92; EU avg: 9.19</p> 

Note: *entrepreneurial intentions refer to the percentage of adults who intend to start a business within 3 years

Source: (EC, 2017d; Ministry of Economy, 2013)

The Action Plan Entrepreneurship 2020 for Bulgaria is the national response to the Entrepreneurship Europe 2020 Action Plan, adopted in 2015. The third pillar of the action plan covers groups that are under-represented within the entrepreneurial population and especially within founders of start-ups: young people, women, people with a disability and migrants. Compared with the EU targets, the national plan puts a strategic emphasis on youth and women, while no targets have been introduced regarding the participation of minorities, migrants, the long-term unemployed, those with low educational attainments, people with disabilities, and seniors. To ensure a more comprehensive coverage

of these target groups by relevant objectives and support, other types of inclusive entrepreneurship need to be explicitly addressed in addition to youth and female entrepreneurship. An integrated support scheme promoting human capital, as well as providing financial support has been recommended (EC, 2013; Ministry of Economy, 2015). Table 2 provides an overview of the European recommendations in support of inclusive entrepreneurship and actions taken reported in the latest progress report of the national Entrepreneurship 2020 Action Plan (action pillar 3.1). In 2016, the implementation of three of the six measures in this action pillar was reported in response to three EC recommendations. The emphasis is put on women and youth entrepreneurship.

Table 2. Entrepreneurship 2020 - target recommendations related to inclusive entrepreneurship and actions taken on national level according to the latest Action Plan Implementation Report

Action Pillar 3 – Role models and reaching out to specific groups	
EU Action Plan 2020 – recommendations	Actions taken
3.2. New horizons: reaching out to women, seniors, migrants, the unemployed, young people	
<p>3.2.1. Women - recommendations:</p> <ul style="list-style-type: none"> • Design and implement national strategies for women's entrepreneurship that aim at increasing the share of women-led companies. • Implement policies enabling women to achieve an adequate work-life balance, by establishing appropriate and affordable care for children and elderly dependents, notably by taking full advantage of support options under the European Agricultural Fund for Rural Development (EAFRD); European Regional Development Fund (ERDF); European Social Fund (ESF). 	<ul style="list-style-type: none"> • An inter-ministerial working group was set up in the Ministry of Economy in 2016 to develop a strategy to promote women's entrepreneurship. The goal of the strategy is to increase the competitiveness of women's businesses by helping start-ups and existing viable enterprises to be innovative, environmentally-friendly and export-oriented, by improving their access to finance and enhancing entrepreneurial and managerial skills. • In 2016 the Ministry of Labour and Social Policy (MLSP) reported the implementation of 'Active Inclusion' – a procedure financed under OPHRD 2014-2020. By the end of 2016, project proposals are selected and evaluated under a competitive selection procedure.
<p>3.2.4. Unemployed, in particular young people – recommendations:</p> <p>Tackle the problem of unemployment by designing business training programmes for out-of-work youngsters that include clearly defined stages: profiling, planning, start-up, consolidation and growth, each stage offering a variable menu of services (counselling, training and qualification, mentoring and access to microcredit), in partnership with youth and other organisations, mainstream business advisers and financial institutions.</p>	<p>The Ministry of Labour and Social Policy reported programming of the procedure 'Support for Entrepreneurship' financed under OPHRD 2014-2020. The procedure is aimed at supporting people willing to start independent economic activity, incl. to work as self-employed. It is also aimed at supporting youth entrepreneurship (for persons up to 29 years). The call for proposals was launched in 2017.</p>

Source: (Ministry of Economy, 2017a)

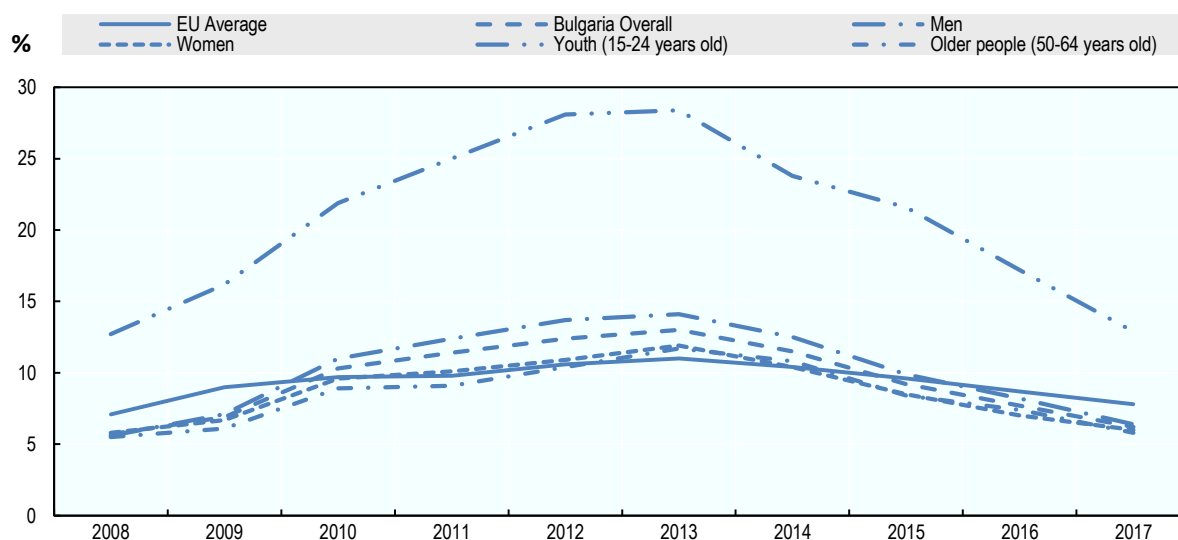
2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

2.1. Labour market context

The unemployment rate averaged 9.4% between 2008 and 2017 in Bulgaria and the EU as a whole. However, it reached 13.0% in Bulgaria in 2013 following the crisis, higher than the EU's peak value (11%) (Figure 1). The unemployment rate has gone back under the EU average in 2015 and the downward trend visible in recent years continued in 2017 (EC, 2017b). The unemployment rate in 2017 was 6.4% for men and 6% for women. The gender unemployment gap has been narrowing down since the crisis and fell down by 0.8 percentage points between 2016 and 2017.

Young people were severely hit by the financial and economic crisis. While the youth unemployment rate remains twice as high as this of other groups, it decreased from 28.4% in 2013 to 12.9% in 2017, back at pre-crisis levels. It should be noted that all youth are not affected to the same extent as education affects prospects: unemployment rates are generally lower for people with higher education levels (EC, 2017f). Unfortunately, youth have relatively high school dropout rates (one of the Europe 2020 targets) and the proportion of youth who are not in employment, education or training (NEETs) is very high. Although Bulgaria has been reducing its rate early school leavers, it is still further away from its national target than the EU is to its respective target (EC, 2017f). Early school leaving driven by socioeconomic factors, educational difficulties and family reasons (mentality) is particularly high among the Roma. The rate of young NEETs is well above the EU average, despite the implementation of the Youth Guarantee and is particularly high among Roma youth (61%) (EC, 2016a; 2016d) especially girls (due to early motherhood common in this ethnos). The majority of NEETs are women and Bulgaria has the highest share of NEETs due to family responsibilities (above 30%) among those with basic education in the EU (Eurofound, 2016).

Figure 1. Unemployment rate, 2008-17



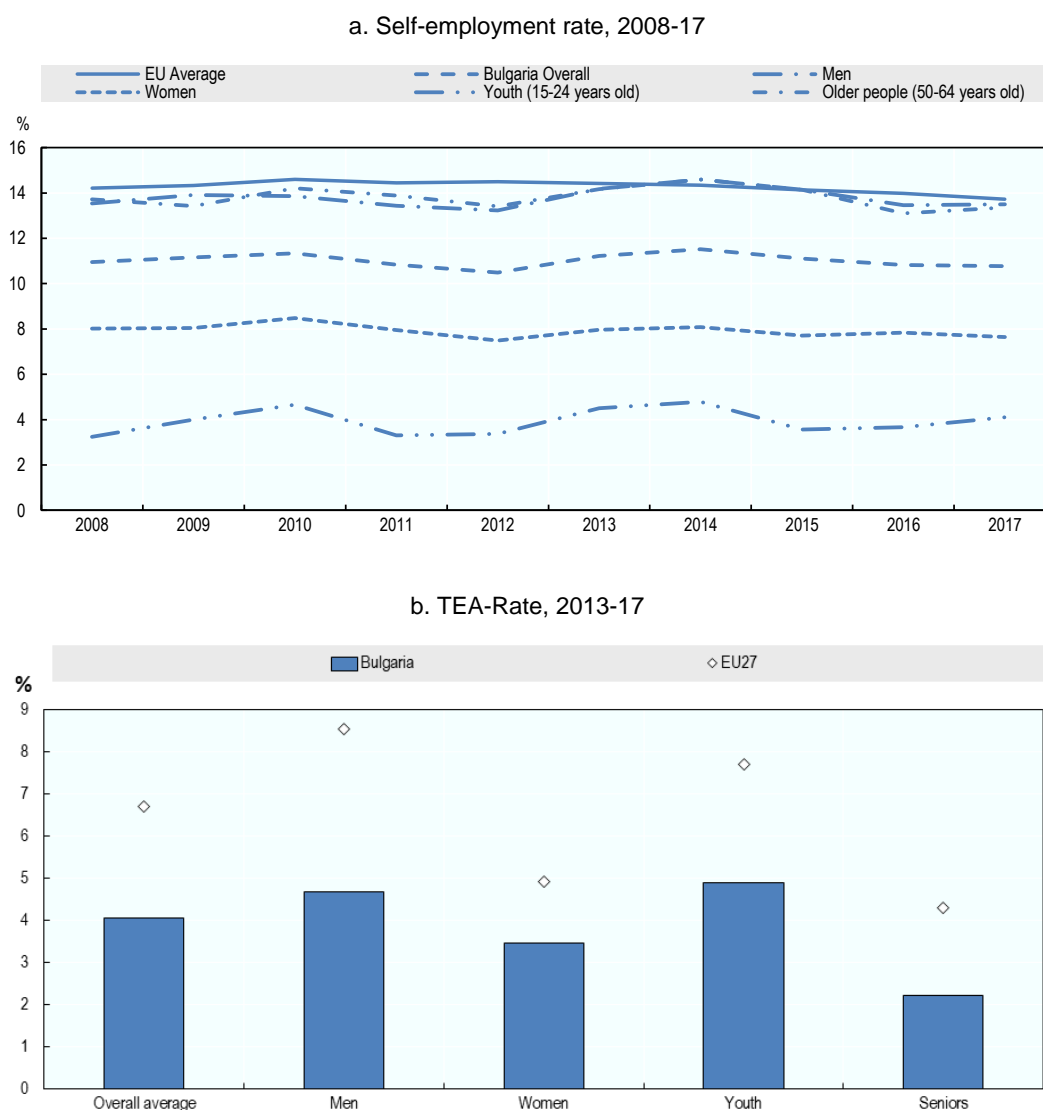
Source: Eurostat (2018), Labour Force Survey.

2.2. Self-employment and entrepreneurship rates

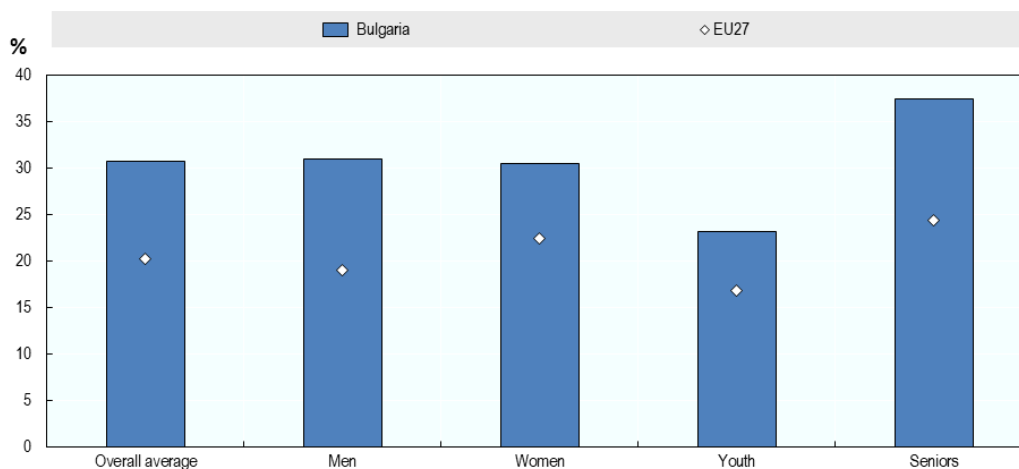
One method of measuring entrepreneurship activities is to use the proportion of the labour force that is self-employed as a proxy. Self-employment rates have remained below the average for the EU over the past decade (Figure 2a). In 2017, the overall self-employment rate in Bulgaria was 11%, relative to 14.3% for the EU. Youth remained the most underrepresented group among the self-employed in Bulgaria and in Europe as a whole: only 4.1% of working youth were self-employed in 2017. While women were less likely than men to be self-employed in 2017 (7.6% vs. 13.5%), both of these rates were slightly lower than the EU average. Similarly, seniors were less likely than their EU counterparts to be self-employed in 2017 (13.4% vs. 17.9%).

Across the EU, people with disabilities are more likely to be inactive in the labour market. The self-employment rates of people with disabilities are relatively low in Bulgaria and lower than the self-employment rate for those without a disability (OECD/EU, 2014).

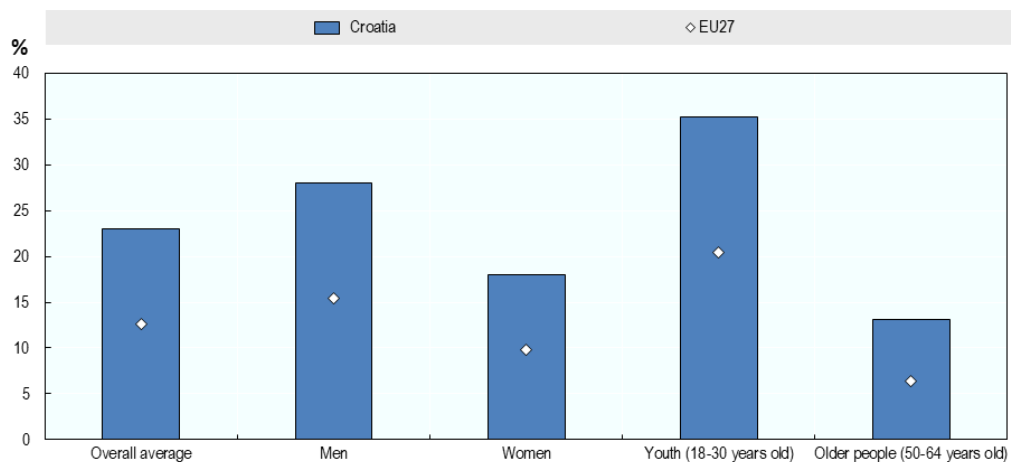
Figure 2. Entrepreneurship rates by target group



c. Proportion of TEA that is necessity entrepreneurship, 2013-17



d. Proportion who expect to start a business in the next 3 years, 2013-17



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed. The TEA rate is the Total early-stage Entrepreneurial Activity rate, which is defined as the proportion of the population actively involved in pre-start-up activities and those who have started a new business within the last 42 months. The proportion of TEA that is necessity entrepreneurship is the proportion of entrepreneurs involved in setting-up a new business or operating a business that is less than 42 months old, who were motivated to start their business because they had no better options for work. Data for panels b, c, and d were pooled for the period 2013-17, producing an unweighted average. The EU27 average in panels b, c, and d covers all EU Member States except Malta because it is not covered by the GEM survey.

Source: Panel a contains data from Eurostat (2018), Labour Force Survey; Panels b, c, and d contain data from the 2013 to 2017 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2018).

Another measure of entrepreneurship activities is the Total early-stage Entrepreneurship Activity (TEA) rate, which estimates the proportion of those involved in starting a new business, or managing one that is less than 42 months old. Across EU countries, Bulgaria scores lowest on this measure. Bulgarian seniors (i.e. those over 50 years old) were the least likely seniors in Europe to be involved in starting or managing new businesses over the 2013-17 period (2.2%). Similarly, Bulgarian women (3.4%) and youth (4%) were both the third less likely to be involved in entrepreneurship in their respective demographics (Figure 2b). A possible explanation for these low entrepreneurship activity

rates is that the business environment continues to be less supportive of SMEs and new business start-ups than in the EU. Little progress was made in implementing relevant measures or improving key policy indicators in the area of entrepreneurship (and related areas such as skills and innovation, internationalisation) (EC, 2017a). The very nascent business start-up system remains largely dependent on public support. In addition, there is a significant delay in implementing public financial instruments. Still, there are ongoing efforts to improve the business environment (EC, 2018a).

A high proportion of those involved in early-stage entrepreneurship activities started a new business out of necessity, meaning that they did not have other employment opportunities. About one-in-three new entrepreneurs were operating out of necessity between 2013 and 2017 (Figure 2c). Seniors were the most likely of the key social target groups to be operating out of necessity over this period (37.5%), about 1.5 times the EU average. Women and youth were also more likely than the EU average to be engaged in necessity entrepreneurship (30.5% vs. 22.4% for women and 23.2% vs. 16.8% for youth).

The proportion of adults that expect to create business in the next three years was significantly below the EU average for the period 2013-17 (6.9% vs. 12.6%) (Figure 2d). Youth were about 60% as likely as their EU counterparts to expect to become an entrepreneur, while women and seniors were respectively about half and 40% as likely.

2.3. A profile of the self-employed

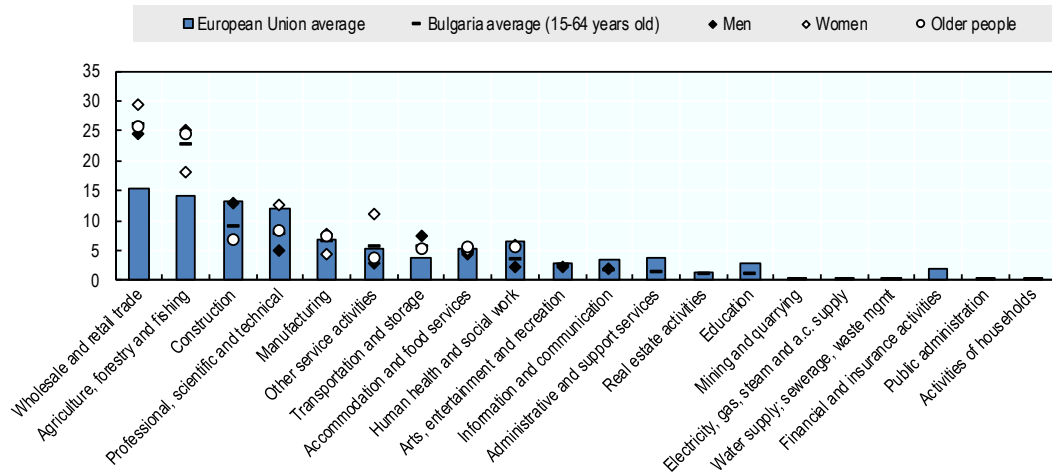
In terms of sectoral distribution, the self-employed concentrated mainly in wholesale and retail trade (the most common sector of activity for women entrepreneurs), and agriculture, forestry and fishing. This differs from the general sectoral distribution of Bulgarian employees – concentrated in manufacturing, followed by trade (NSI, 2018). This suggests that the self-employed mainly operate in lower value-added sectors, with lower capital requirements and barriers to entry (Figure 3a).

A little over half of self-employed workers in Bulgaria are educated to the upper secondary level, and 32% hold a tertiary level degree. Self-employed women were more likely than self-employed workers in any other groups to have completed tertiary education (Figure 3b). This data confirm findings of an earlier nation-wide study that the group of women entrepreneurs had a higher share of people with higher education (Simeonova-Ganeva, et al., 2013). Relatively few self-employed workers held only a basic education (lower secondary education level or under) compared to the EU average. The Roma population is likely to be overrepresented in this last category, including Roma women who display high rates of early school dropout.

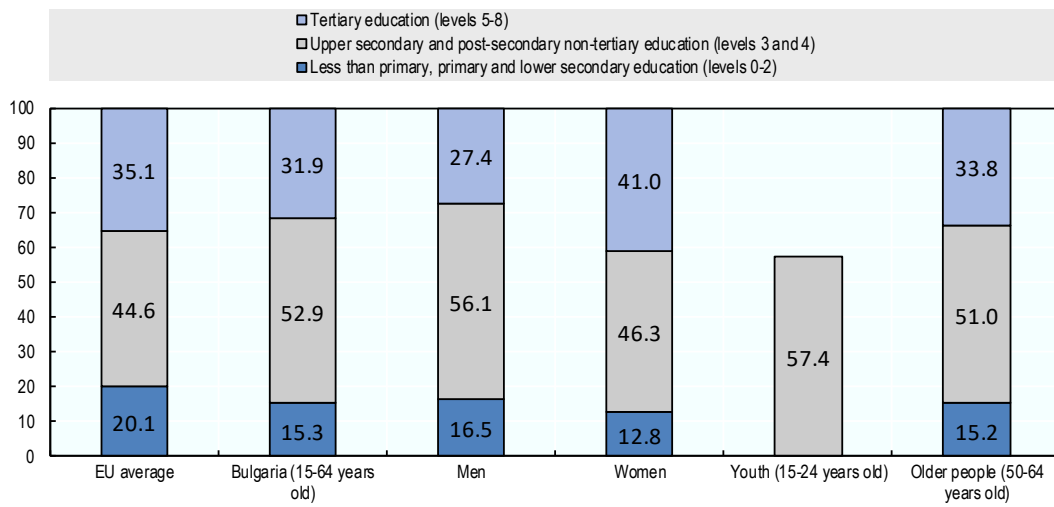
While the most common occupation among the self-employed across the EU is professionals, Bulgarian self-employed workers concentrate in managerial positions (Figure 3c). In smaller firms the owner often implements multiple functions at once, including as a manager and worker (Todorov, 2015). Service and sale workers make up the second largest group of self-employed workers. Overall this distribution is consistent with the sectoral distribution of self-employed workers, with service and trade being the most widespread activities.

Figure 3. Characteristics of self-employed workers by target group

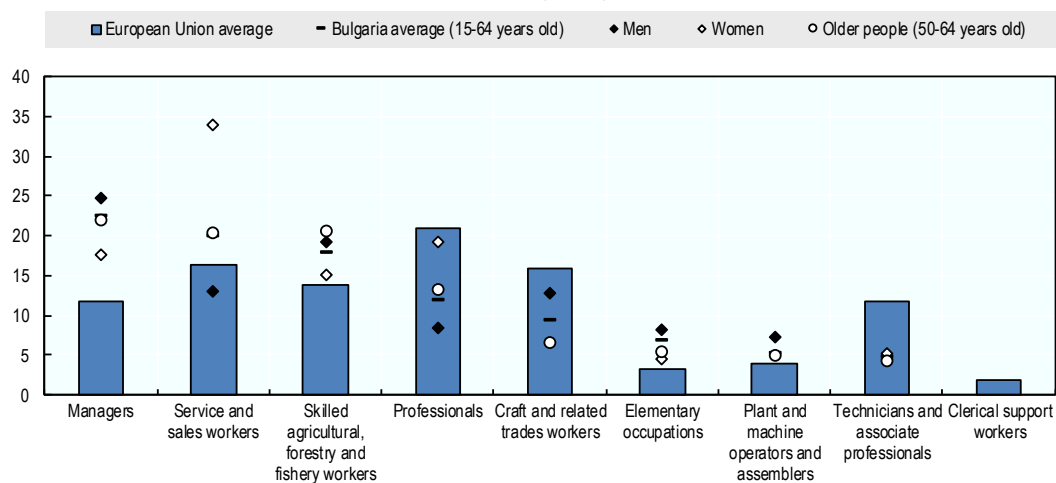
a. Proportion of self-employed by economic activity, 2017



b. Proportion of self-employed by educational attainment, 2017



c. Proportion of self-employed by occupation, 2017



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed.

Source: Eurostat (2018), Labour Force Survey.

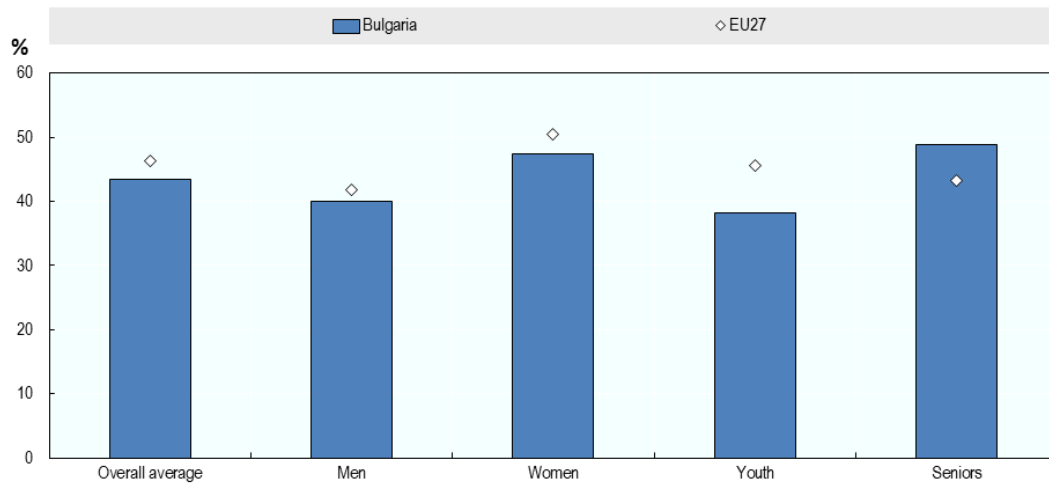
2.4. Barriers to business creation

Nearly 43.4% of the population reported that a fear of failure was a barrier to business creation over the 2013-17 period, which was slightly below the EU average (46.2%) (Figure 4a). Seniors and women were the most likely to indicate that a fear of failure stopped them from starting a business (48.9% for seniors and 47.4% for women), while 38.1% of youth reported this barrier. Barriers to business creation specifically faced by women are discussed in more details in section 4.

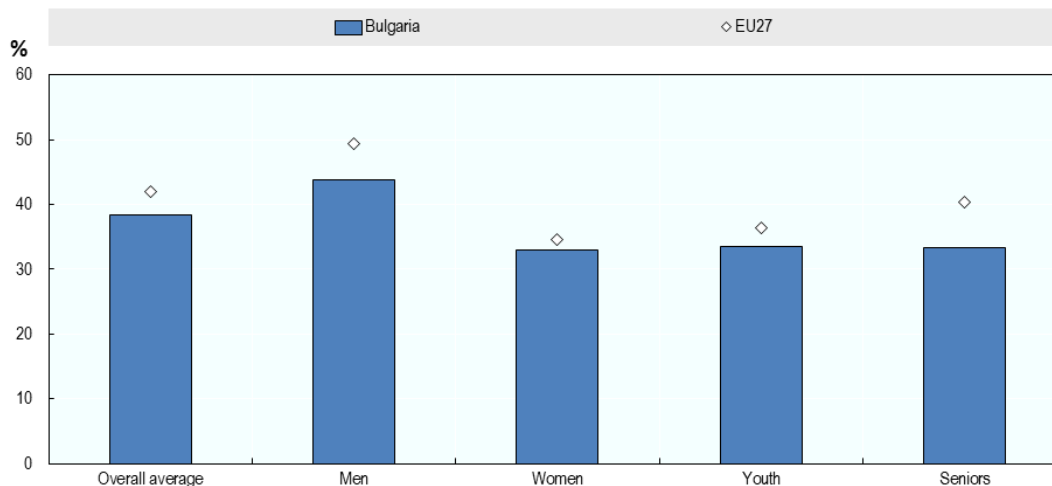
Men were the most likely to perceive that they had the skills to start a business between 2013 and 2017, while women, seniors and youth were less optimistic: about a third of respondents felt that they did not have skills, experience or knowledge to start a business in each of these groups (Figure 4b). This can be explained by a variety of interconnected reasons, including the limited educational and training background of some people (especially seniors) located in remote, less-developed rural areas with limited opportunities for engagement in entrepreneurship training and exchange and poor literacy due to early school drop-out (especially among minorities).

Figure 4. Barriers to entrepreneurship by target group

a. Proportion who report that a fear of failure prevents them from starting a business, 2013-17



b. Proportion who perceive that they have the skills to start a business, 2013-17



Note: Data were pooled for the period 2013-17. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta because it is not covered by the GEM survey.

Source: GEM (2018), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2013 to 2017.

2.5. Entrepreneurship performance

Bulgarian entrepreneurs were the least likely in the EU to offer new products and services to their customers over the period 2013-17 (13.4% vs. 27.6%) (Figure 5a). Out of the key targets groups for inclusive entrepreneurship policies, youth entrepreneurs were the most likely to introduce new products and services (18.2%). Female and senior entrepreneurs were slightly less likely than male entrepreneurs to offer new products and services over this period (10.5% and 13.4% vs. 15.4%). This is consistent with what is observed at the EU-level. However the shares of innovative entrepreneurs were the lowest in the EU for all social target groups.

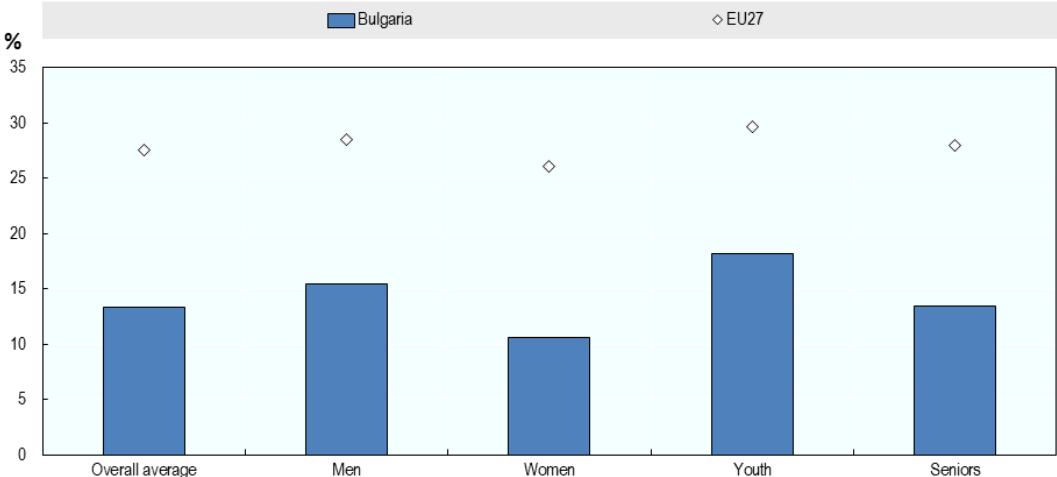
Similarly, Bulgarian entrepreneurs were much less likely than the EU average to have customers in another country between 2013 and 2017. Fewer than 40% of Bulgarian entrepreneurs reported having customers abroad over this period relative to 57.4% of entrepreneurs across the EU (Figure 5b). Senior entrepreneurs were the least likely to report exports (30.7%); slightly more than one-third of women entrepreneurs did (37.1%). Youth entrepreneurs were the most likely to have customers in other countries (38.4%). A study of Bulgarian enterprises found no significant correlation between an entrepreneur’s age and involvement in international activities while an entrepreneur’s international experience is positively correlated to international performance (Ivanova, 2016). A possible explanation of the higher international engagement of young entrepreneurs may therefore be international experience – including contacts created during study or work abroad – and knowledge of foreign languages.

Similarly, few Bulgarian entrepreneurs expect to create a large number of jobs. Over the period 2013-17, 4.9% of entrepreneurs expected to create at least 19 jobs over the next five years (Figure 5c). This was about half of the proportion of entrepreneurs across the EU that expected to create this number of jobs. Unlike what is observed across the EU where women are half as likely as men to expect to be job creators, Bulgarian women demonstrated slightly higher growth expectations than men. Women’s higher general human capital (especially overall educational attainment) may play a role in these higher growth expectations despite the relative deficiency of women in instrumental networking (Manolova, Carter, Manev, & Gyoshev, 2007). Among the key social target groups, seniors were the most likely to expect to create at least 19 jobs in the next five years (13.1%).

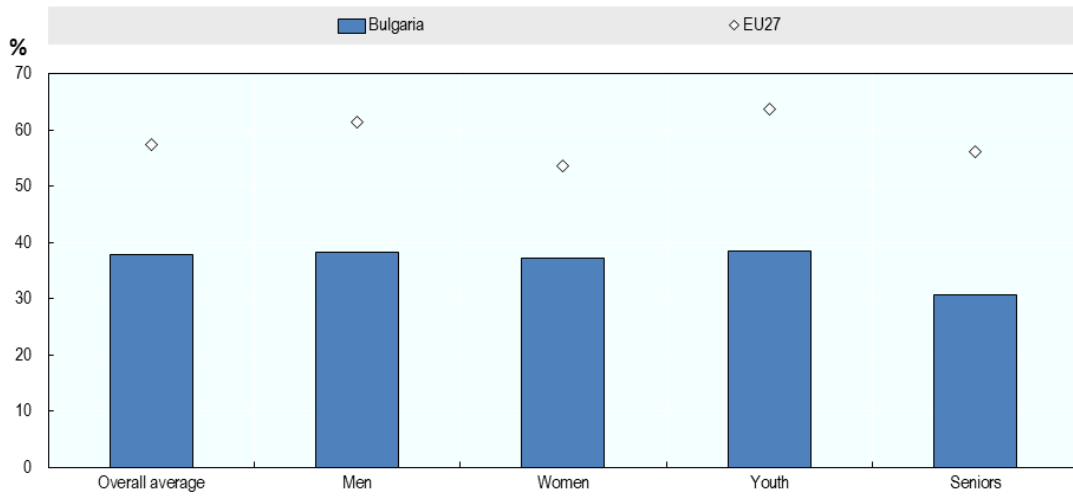
These data provide a clear general picture of Bulgarian inclusive entrepreneurship – mostly done out of necessity, low-growth, and with low share of innovative and export oriented entrepreneurs. Provided data also reflect the limited capacity for growth due to limited or lacking resources, expertise, and tailored support. This picture fits the conclusions by previous studies that the limited resources, international contacts, and lacking managerial knowledge required for international activities are critical constraints for SMEs’ internationalisation (OECD, 2009).

Figure 5. Self-employment and entrepreneurship activities by target group

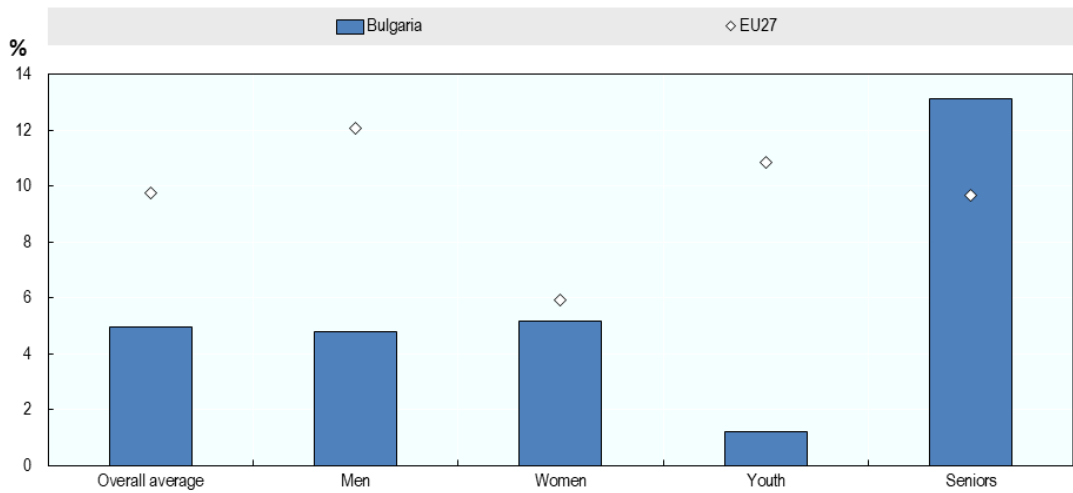
a. Proportion of new entrepreneurs whose products or services are new to all or some customers, 2013-17



b. Proportion who sell to customers in another country, 2013-17



c. Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2013-17



Note: Data were pooled for the period 2013-17. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta because it is not covered by the GEM survey.

Source: GEM (2018), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2013 to 2017.

3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES

3.1. Policy framework

Entrepreneurship policies and programmes are part of the suite of policy efforts to address poverty and social exclusion. At the national level a number of strategies, plans and programmes exist for supporting entrepreneurship in general. Most policies do not, however, include tailored support to potential entrepreneurs from under-represented and disadvantaged groups in the labour market. The main policy documents covering entrepreneurship and self-employment, including for the target groups of inclusive entrepreneurship are:

- *National Strategy for Promotion of SMEs 2014-2020*. The encouragement of entrepreneurial activity is among the key priority areas. This includes inspiring future entrepreneurs by encouraging entrepreneurial interest and talent, particularly among youth, and women (Ministry of Economy, 2013).
- *Action Plan “Entrepreneurship” 2020 – Bulgaria*. The plan covers the promotion and support of entrepreneurship for under-represented and disadvantaged groups with a focus on women and youth.
- *Operational Programme Human Resources Development (OPHRD) 2014-2020*. This programme focuses on youth unemployment and encouraging youth entrepreneurship (OPHRD, 2015).
- *Operational Programme Innovation and Competitiveness (OPIC) 2014-2020*. This programme provides support for enterprises in specific areas, e.g. creative and cultural industries, companies developing new products and services related to an ageing population, and healthcare. Support is intended for ideas implemented by social entrepreneurs and cooperatives of people with disabilities, women entrepreneurs and entrepreneurs up to 29 years and aged over 50 (OPIC, 2015).
- *Operational Programme Rural Development 2014-2020*. The programme aims at supporting small farmers and has a special funding line for young farmers who can receive start-up aid in the form of project grants of up to EUR 12 500 to launch their businesses (EC, 2015c; State Fund Agriculture, 2016).
- *National Plan for Implementation of the European Youth Guarantee 2014-2020*. This plan outlines implementation measures to support youth in transitioning from school into the labour market. It contains a small number of entrepreneurship measures.
- *National Social Economy Concept and Action Plan*. The plan sets the policy framework for social entrepreneurship and the social economy, but is rather isolated from other government policies. It aims, among other objectives, to set up a Social Entrepreneurs’ Academy supporting the development of student companies (Center for Social Innovation and Entrepreneurship, 2017).

In addition, the *Project Law on Enterprises of the Social and Solidarity Economy* (2018) may be relevant for inclusive entrepreneurs. It focuses on social enterprises, e.g. those that carry out their economic activity so that part of their employees are people from vulnerable groups and/ or the profit is predominantly spent on carrying out a social activity.

Information on implementation of some of these documents is available, but information focused on vulnerable groups remain limited. Indicators for implementation of OPHRD reveal that the implementation of measures related to entrepreneurship development is much less advanced than the implementation of general measures for labour market integration of vulnerable groups (Table 2).

Table 2. Reported financial indicators related to entrepreneurship and inclusive employment – OPHRD 2014-2020

Priority Axis	Number of contracts	Budget - Total	Agreed Funds	% of impl.	Amounts paid	% of impl.
<i>Promoting economic activity and development of inclusive labour markets</i>	1443	607 124 285	627 595 223	103,37	621 206 951	102,32
Sub-priority						
<i>Integration of vulnerable groups into the labour market</i>	307		597 427 286	89,66	591 605 194	88,78
<i>Employment through development of entrepreneurship</i>	113		30 167 937	40,22	29 601 758	39,47

% of impl. – percentage of implementation

Source: (Unified Management Information System for the EU Structural Instruments In Bulgaria, 2017)

All OPIC grant procedures announced till the end of 2016 are intended to achieve objectives related to implementation of EU horizontal principles (promoting equality between men and women, preventing discrimination and sustainable development). In particular, promoting accessibility for people with disabilities and ensuring the mainstreaming of the gender dimension in the programme and operations. To be eligible, project applicants' activities must correspond to at least one principle, whose application is mandatory and is monitored. In reporting project progress as well as in the final reports, beneficiaries provide information on compliance with the principle. At programme level, a mechanism and indicators for observing the principle of promoting gender equality and non-discrimination are not available in OPIC. Appropriate process-level indicators will be developed in order to correctly and effectively measure the effect of applying the principle of equality and non-discrimination in future grant procedures (Ministry of Economy, 2017c).

Considerable resources in recent years have been concentrated on support of youth through the Youth Guarantee (YG) and the Youth Employment Initiative (YEI). YEI's objectives are to reduce the number of NEETs. It is a part of a priority axis in the OPHRD, co-ordinated by the Ministry of Labour and Social Policy. Unemployed young people can access support by registering through the Labour Offices. The Roma population, which displays high NEET rates, and long-term unemployed are also target groups in the country. Activities supported by the YEI are not always new or innovative, but are rather existing activities that are offered on a larger scale (EC, 2016b). Recent aggregated country-level data show that support actions reached out to a number of disadvantaged groups, with a large number of success indicators focused on participation from specific groups (e.g. ethnic minorities and migrants, NEETs, the long-term unemployed). However, a minor fraction of indicators is linked to self-employment and in some cases those are not separated from employment indicators (EC, 2017e).

Monitoring showed that in 2015 the YG scheme in Bulgaria reached only 14.3% of NEETs under 25 years old, a decline of 5 percentage points compared to 2014 (EC, 2017b). In addition to this outreach challenge, there is a need to re-focus the YG on low-skilled youth, including the low-skilled Roma NEETs (at present most YG measures target young people with secondary or tertiary education). YG is further hampered by very low registration rates with the Public Employment Services (EC, 2017a).

Self-employment and business creation is a means of labour market integration and income generation for under-represented and disadvantaged groups interested in entrepreneurship. In Bulgaria, the high share of people living at-risk-of poverty or social exclusion is a major economic and social challenge. At-risk groups include the Roma, children, the elderly and people living in rural areas. Fragmentation of the agencies supporting risk groups impedes an effective coordinated response to this challenge (EC, 2017a).

There is no set working mechanism for co-ordinating inclusive entrepreneurship policy actions across relevant national ministries, and with regional and local governments and civil society organisations. The monitoring and evaluation process inherited from the last programming period reflects historical coordination issues. In some cases implementation delays in the provision of financing and ambiguities in the guidelines for applicants lead to a decreased trust in policy actions, further contributing to a lower motivation of potential beneficiaries to participate. Relevant information for monitoring the implementation of strategies and programmes is typically scattered across various responsible institutions. A positive development in this regard is the creation of an online database containing information about the implementation of operative programmes – financing, beneficiaries, and projects. Still, there is no centralized information at a national level on other programmes.

3.2. Government regulations

The Ministry of Labour and Social Policy is the main institution in charge of ensuring the provision of equal opportunities throughout society. The Ministry of Economy acts as an institutional co-ordinator of a number of measures from the Action Plan 2020 related to promotion and support of entrepreneurship among the target groups of inclusive entrepreneurship. The Ministry of Education and Science is responsible for the inclusion of entrepreneurship in the system of formal education at all levels of education.

Bulgaria generally offers favourable conditions for starting a business, although there is still room for improvement. In 2017 it took six procedures and 23 days to start a business in Bulgaria, compared to an average of five procedures and eight days in high-income OECD countries (Andonova & Krusteff, 2017). This represents a slight increase in procedures and time to start a business (in 2016 it took only four procedures and 18 days) (GEM, 2016). The Entrepreneurship 2020 Action Plan recommended reducing the time for licencing and other permits to one month (EC, 2015b). Registration with the Register Agency takes two days and costs EUR 28-56 which is below the target of three days and EUR 100 to register a private limited company. National data are also well below EU average - in 2017 the average time to start a private limited company was 3.1 days and cost was EUR 311 (EC, 2018b; EC, 2018c). Taxation remains a burden on businesses and administrative procedures remain complex, affecting disproportionately the target groups of inclusive entrepreneurship. However the corporate tax rate is the lowest in the EU.

The legal requirement for registering a special enterprise for people with disabilities was reduced from 50% of staff members having a disability to 30% (20% for blind people) (Center for Social Innovation and Entrepreneurship, 2017). Specialised enterprises or co-operative societies that meet this criterion (defined in the Integration of People with Disabilities Act) are granted a reduction of corporate income tax according to a scale based on the proportion of employees with different impairments

(regulated in Article 178 of the Corporate Income Tax Act). The corporate income tax is fully remitted for enterprises that have 20% of the total staff are people with visual impairments, or 30% suffer from hearing impairments, or 50% suffer from other physical impairments (Ministry of Finance, p. 31).

The Action Plan “Entrepreneurship 2020 – Bulgaria” puts forward several measures to improve the institutional framework for under-represented and disadvantaged groups of society. This includes: Facilitating participation in employment of people of working age who take care of children and other dependent family members; Participation in the European Network for Early Warning and for Support to Enterprises and Second Starters; Reducing the time necessary to obtain licenses and permits. According to the latest available implementation report (2017), 18 general measures were reported for 2016 in response to nine EC recommendations (Ministry of Economy, 2017a).

One of the country specific recommendations of the European Commission as part of the dialogue held with the member states is: “to develop an integrated approach for groups at the margin of the labour market, in particular older workers and young people not in employment, education or training. In consultation with the social partners and in accordance with national practices, establish a transparent mechanism for setting the minimum wage and minimum social security contributions in the light of their impact on in-work poverty, job creation and competitiveness” (EC, 2016a). The Commission estimates that Bulgaria has made only limited progress on this recommendation and an integrated approach for target groups that are marginalised in the labour market has yet to be developed.

Overall, measures remain mainly targeted at securing employment rather than promoting and supporting inclusive entrepreneurship through reducing regulatory obstacles for the target groups. Tailored actions to improve the regulatory environment for individuals of these target groups are lacking.

3.3. Financing entrepreneurship

The start-up support system is still largely dependent on public support, especially start-up financing. Financing instruments are less developed than in other European countries. Venture capital and business angel financing for new and growing firms are still well below the EU average. In 2015, the government set up a fund manager of financial instruments (Fund of Funds) responsible for all financial instruments co-financed by European Structural and Investment Funds. However, progress was slow in 2016 and the first agreements with local financial institutions signed in 2017 were for modest amounts (EC, 2017a). Hence, access to finance remains an obstacle in front of development of inclusive entrepreneurship in Bulgaria. Although some measures exist, the scope of these only addresses some target groups, notably youth and women. The following is a brief overview of the main financial support initiatives related to inclusive entrepreneurship:

- the procedure *Support for Entrepreneurship* financed under OPHRD 2014-2020 aims to support aspiring self-employed workers (including youth entrepreneurs up to 29 years) through: 1. Information and motivation for entrepreneurship. 2. Providing training for development of entrepreneurial, management and business knowledge and skills, and developing business ideas and business plans for managing an independent business. 3. Advice on developing business ideas and assessing the viability of business ideas and would-be entrepreneurs. 4. Mentoring in preparation for the management of a business activity; supporting access to networks that promote business development. 5. Directions for financing the activity from available financial sources, including financial instruments of OPHRD, legal aid, etc.
- *Technostart – Encouragement of innovation activity of young people in Bulgaria*. The project is conducted within the scope of the National Strategy for promotion of SMEs, priority areas

“Entrepreneurship” and “Skills and innovation” under the responsibility of the Ministry of Economy (Ministry of Economy, 2016b). Technostart 2 2016-2018 is the only project in Bulgaria entirely focusing on new entrepreneurs from universities in the earliest stage of their business development. The main objective of the project is to provide grants of up to EUR 10 000 to establish start-ups by BA, MA and PhD students. The total budget of the project is EUR 151 854. Through the support of the Technostart 2 programme, 16 new entrepreneurs in industry and R&D have been able to start their own business (EC, 2017d). Technostart 3 continued the trend and provided financing to 14 projects in 2017 (Ministry of Economy, 2017b).

- *Development of farms and enterprises.* This measure is targeted at encouraging start-up and development of agricultural activities in rural areas by young farmers; promoting job creation and retention and reducing seasonal fluctuations in employment. The Ministry of Agriculture, Food and Forestry reported that 1 373 farmers were assisted with a total of EUR 28 809 464 in 2016 under measure “6.1. Start-up support for young farmers” of the OP Rural Development (Ministry of Economy, 2017a). As of December 2017, 37 young farmers had been supported with fully implemented projects, 1 542 young farmers had seen their projects selected (in the pipelines) out of a plan to support 3 060 young farmers (EC, 2017e).
- In 2016, the Ministry of Labour and Social Policy and the Fund Manager for Financial Instruments in Bulgaria signed a *Financial Agreement with an investment strategy* for implementing all financial instruments under the OPHRD 2014-2020. A financial instrument focused on youth entrepreneurship (for people up to 29 years old) was formulated (Ministry of Economy, 2017a). A public procurement contract was announced to select financial intermediaries for the implementation of a shared-risk microcredit finance instrument with a budget of BGN 50 million (about EUR 26 million) provided by OPHRD 2014-2020. The instrument will combine public and private microcredit facilities to promote entrepreneurship, including for certain vulnerable groups (Ministry of Labour and Social Policy, 2017).
- *Fostering entrepreneurial ideas in areas related to European and regional challenges.* This measure provides support for business idea development for women entrepreneurs, and people under 29 or over 50 years old who are interested in starting their own business. It targets enterprise creation and growth in specific areas including creative and cultural industries, firms, developing new products and services linked to population aging, provision of care and health services and social enterprises.

Microfinance is also available, and most offerings target youth. The European Commission considers that Bulgaria’s involvement in the Erasmus for Young Entrepreneurs programme and the micro-financing facilities for start-ups “provide positive incentives that underline the generally favourable situation in this policy area” (EC, 2014).

Some gaps remain in terms of access to finance, particularly for some groups. Access to finance for business start-up is even a greater challenge for entrepreneurs with disabilities, with little or no work experience, low levels of savings and collateral (OECD/EU, 2014). Similar problems are met by youth and the long-term unemployed. Apart from the restructured and systematized policies, the financing of Roma integration efforts comes mainly through the instruments of the European Social Fund and the EEA and Norway grants. These are championed by the European Commission and international organisations. Scarce financing is provided by the state budget and in most cases it is a co-financing to major grants provided by the above mentioned financial mechanisms (SERCo project, 2016).

3.4. Entrepreneurship skills

Several measures have been designed and implemented to strengthen entrepreneurship skills in Bulgaria, in particular among youth and women. Other disadvantaged or under-represented groups at the labour market, however, have not yet been included in the measures. Moreover, co-operation with different associations and actors active in the field of entrepreneurship education remains limited. The following is a brief overview of the entrepreneurship training, coaching and mentoring programmes related to inclusive entrepreneurship:

- *Promoting entrepreneurship and new business creation in Bulgaria.* The measure financed by OPHRD is targeted at young people who are willing to start their own business. Success is monitored using the number of participants.
- *Establishing a mechanism for passing on the experience and skills of older entrepreneurs to new inexperienced entrepreneurs.* The measure is implemented jointly with the measure “Promoting entrepreneurship and new business creation in Bulgaria”, as part of a project of the Ministry of Economy financed by the OPHRD. The measure includes the establishment of a voluntary register of older entrepreneurs willing to transfer their expertise to new inexperienced entrepreneurs, in particular young people. Success is monitored using the number of young people receiving training by registered senior entrepreneurs. An important challenge in the implementation of the measure is that the senior mentors are expected to participate on a voluntary basis. Incentives are not sufficient to attract a significant number of experienced entrepreneurs to act as coaches and mentors.
- *Improving access to employment for unemployed youth through support for starting own business.* This measure is financed by the OPRHD and implemented under the responsibility of the Ministry of Labour and Social Policy. It provides training in entrepreneurial, managerial, and business skills, financial support for self-employment, and consulting services to the self-employed in areas related to business development. The support is offer to unemployed youth up to 29 years old. The initiative aim to support 200 unemployed youth in becoming self-employed within six months of receiving support.
- *Support for the activities of entrepreneurship centres at universities.* This measures aim to foster the development of entrepreneurial skills among students by supporting entrepreneurship centres at universities. It is managed by the Ministry of Education and Science. In 2017, there were 19 functioning entrepreneurship centres in Bulgarian higher education institutions (Ministry of Economy, 2017a). A lot of these centres have been set up in universities where there is little critical mass for entrepreneurship development (especially the development of innovative research and teaching methodologies and international networking). However, the list includes the Institute for Entrepreneurship Development at the University of National and World Economy (UNWE) which has a long-acting centre whose good practices are well-known abroad albeit not appropriately recognized and used in the country. Initially established as entrepreneurship development centre in 1997, with a systematic teaching in entrepreneurship since 1991, the Institute was a pioneer in entrepreneurship education and research in Bulgaria.
- *Updating curricula and programmes of entrepreneurship education at universities.*¹ The measure implemented by the Ministry of Education and Science aims to include

¹ Its key characteristics are the inclusion of entrepreneurship in the curricula or formation of theoretical and practical knowledge in entrepreneurship. The initial formulation is misleading – it views the two key characteristics as alternative rather than complementary.

entrepreneurship education in the curricula of universities. The first university course in entrepreneurship was launched in Bulgaria at the University of National and World Economy in 1991. In 2016, students in 104 disciplines receive entrepreneurship education, and an additional 376 curricula update had been reported under this measure in 2016 (Ministry of Economy, 2017a).

- *Promoting entrepreneurship among young people and providing services.* This measure is implemented through the National Programme for Youth, Sub-Programme 1 “Development of the network of youth information and counselling centres”, under the responsibility of the Ministry of Youth and Sports. The measure aims to offer training to stimulate youth entrepreneurship and to develop business skills among young people up to 29 years old.

In sum, there are a number of tailored measures for development of entrepreneurship skills. However, most of these are small-scale initiatives and little tailored support is offered to groups other than youth. A notable challenge is that an appropriate budget for implementation is not always set. Another issue is that existing measures do not make use of the experience of long-standing institutions in the field of entrepreneurship. These organisations have learned from past experiences and typically co-operate internationally.

3.5. Entrepreneurial culture and social capital

The promotion and development of entrepreneurship among under-represented and disadvantaged groups can contribute to reducing and preventing poverty and social exclusion in these groups in line with the objectives of Europe 2020 Strategy. Entrepreneurship and self-employment can contribute to improving the social and economic status of entrepreneurs from under-represented and disadvantaged groups in society as well as mitigate isolation and improve personal confidence. Inclusive entrepreneurship policies also allows for tapping into the unused creative potential in target groups. While entrepreneurship is promoted, most targeted actions focus on women and youth, including the following:

- *Promoting entrepreneurship among young people and providing services.* This measure is implemented through the National Programme for Youth, Sub-Programme 1 Development of the network of youth information and counselling centres. The measure focuses on promoting *social entrepreneurship* among young people with the aim to promote *youth entrepreneurship*.
- *Social Innovation Relay (SIR).* This mentorship programme aims to build social business acumen and team-working skills among secondary school students. Inspiring social entrepreneurs join the classroom through webinars and mentor students to help them in addressing a social need or challenge. (OECD/EU, 2017).

Some initiatives were introduced as part of efforts to incorporate entrepreneurship education in elementary, secondary and vocational education as part of the Action Plan Entrepreneurship 2020 implementation:

- In 2016, several training modules were introduced for students in grades I to VIII, including a new discipline for vocational students in all professional fields.
- The *stARTs3 project*, managed by the Ministry of Economy aims to provide entrepreneurship training, including through training enterprises to students in four art schools and a sports school. Ten training companies have been set up, involving 103 students.

- The Ministry of Education and Science provides an opportunity to develop and publicly defend students' projects and manage virtual enterprises. Several events were held in 2016 in that context, attended by 1950 students (Ministry of Economy, 2017a).

Some projects financed under the COSME programme in relation to the Erasmus for young entrepreneurs (EYE) scheme with Bulgarian participation are oriented towards inclusive entrepreneurship. These include the “Young Entrepreneurs in Motion” (YEIM) 2017-2019 (total budget: EUR 1 732 595, which promotes young entrepreneurs, especially within ICT subsector and the “Entrepreneurs for Innovative Change System 2018-2020” (total budget: EUR 595 754) which aims to support ICT entrepreneurs and female entrepreneurs. The “SEEDplus” 2017-2019 (total budget: EUR 866 815) includes ensuring that young entrepreneurs and women entrepreneurs have opportunities to take part in the “EYE” programme as one of its objectives.

While some good initiatives exist, they are mainly of promotional and motivational nature. In order to achieve a greater impact, such initiatives should be extended to include role models from the private sector and particular self-employment training and support initiatives.

4. OVERVIEW OF WOMEN'S ENTREPRENEURSHIP

4.1. Barriers faced by women in business creation

Opportunity-driven entrepreneurship is slightly higher among women than men in Bulgaria and the gap in participation in early-stage entrepreneurial activities is much lower than the EU average (Andonova & Krusteff, 2017). Nonetheless, it is estimated that gender gaps remain significant in participation in self-employment, part-time employment; entrepreneurship and decision-making processes (Council of Ministers, 2016). The under-representation of women among entrepreneurs and managers can be attributed to gender specific challenges and empirical research indicates a gender gap in perception of barriers to business creation. Obstacles often cited by women include a lack of business idea and difficulties combining self-employment with family responsibilities (OECD/EU, 2016). Indeed, Bulgarian women still bear most of responsibility of care for family and dependents, limiting their time for labour market activities. Coincidentally, they are more likely to start a home-based business and to work part-time. Women often have more limited access to critical resources, support, and information needed to successfully start and manage a new business than men. Generally, they have more limited personal financial assets than men leading to a higher need for external funding to exploit a business opportunity all else equal. While access to financing at all stages of business development for women entrepreneurs is essential, women moving from micro businesses to small and medium-sized businesses face specific challenges emerging out of the necessity to switch to regular banking from micro-financing sources (Kelley, et al., 2015). Limited access to finance, disproportionate representation in sectors with lower returns, and a disproportionate burden of household responsibilities all influence women's tendency to run smaller and less profitable firms (OECD, The World Bank & Facebook, 2018).

Other identified factors constraining women's participation in entrepreneurship are the lack of female role models, access to fewer business-orientated networks in their communities, lack of capital and assets, culturally-induced lack of assertiveness and lower confidence in their ability to succeed in business (Andonova & Krusteff, 2017; Project Femterprise, 2017) (Draganova, 2005). Women also experience negative social attitudes in some sectors dominated by male entrepreneurs and managers (e.g. distrust) (Simeonova-Ganeva, et al., 2013).

4.2. Policies and programmes in support of women's entrepreneurship

One of the goals of the Strategy for Promoting Gender Equality 2017-2023 is to promote entrepreneurship among women in line with the Action Plan of the Strategy for Promotion of Women Entrepreneurship in Bulgaria 2017-2023. Various EU funding programmes enable the promotion of gender equality and women's entrepreneurship including:

- *Supporting a network promoting the success of women entrepreneurs.* This measure managed by the Ministry of Economy as part of the Entrepreneurship 2020 Plan, is targeted at promoting the success of women entrepreneurs at the international and national scale by the creation of an interactive network of ambassadors and mentors of women entrepreneurs.
- The *Entrepreneurship is a woman! EIW 2016-2018* project of *Erasmus+* (total budget: EUR 518 316). With the Bulgarian Management Association as a local partner, the project aims to support unemployed women in exploiting business opportunities in small, excluded, poor areas where there is demand for services (e.g. food, care, services for kids and young mothers, education) but the environment may not be conducive to the development of high-growth start-ups (EASME, 2018).

- *The Women entrepreneurship for sustainable economic development (WE-SEE)* project (total budget: EUR 83 295) of the IPA Cross-Border Programme aims to create a suitable environment for long term sustainable development of women entrepreneurship in the cross border region (Project WE-SEE, 2018). It is operated with the Chamber of Commerce and Industry of Kyustendil as a local partner.
- *Femterprise – Fostering the creation of social enterprises by strengthening the entrepreneurial potential of young women* (total budget: EUR 110 217) is part of the Former Yugoslav Republic of Macedonia Programme. Femterprise aims to establish a supportive environment for young female entrepreneurs to successfully set-up their own enterprises and to provide innovative, sustainable solutions to social and environmental issues in the border region of Bulgaria and Macedonia (Project Femterprise, 2017).

In addition, one axis of the *Employment and Social Innovation (EaSI) programme* (21% of the total budget) supports access to microfinance and social entrepreneurship. The EaSI does not directly finance entrepreneurs, but enables selected microcredit providers to increase lending, by issuing guarantees, thereby sharing the providers' potential risk of loss. Microcredits target those who have difficulty getting conventional credit, which may include women.

There are different organisations supporting women's entrepreneurship, such as the Bulgarian Association of Women Entrepreneurs (part of the European Network to Promote Women's Entrepreneurship), Business and Professional Women (associated to BPW International), and Selena, Association of Women Entrepreneurs in Bulgaria. Additionally, the Bulgarian Centre for Women in Technology works to support women's leadership and increase women's professional participation in the digital industry, science and entrepreneurship.

5. POLICY RECOMMENDATIONS

Policies and programmes that promote and support entrepreneurship are increasingly used by the government to offer an alternative to paid employment. However, tailored support to target groups is still limited. The following recommendations are offered to strengthen policies and programmes that address the barriers to business creation and self-employment faced by under-represented and disadvantaged groups. As the strategic 2020 period is coming to an end, these recommendations could inform the development of long-term focused measures to be introduced in the next programming period².

1. *Raise awareness of the potential of entrepreneurship for the youth and encourage promising young entrepreneurs.* Dissemination of inspiring examples and good practices of successful young entrepreneurs through various channels could contribute to reinforcing entrepreneurship as an aspirational career option for youth. This recommendation is connected to the priority of the Entrepreneurship 2020 Action Plan –Entrepreneurs as Role Models (EC, 2013). Introducing role model-oriented programmes for building entrepreneurial mind-sets among Roma youth could also be beneficial.
2. *Reinforce co-ordination of inclusive entrepreneurship policy actions across relevant national ministries, and with regional and local governments and NGOs.* Mechanisms encouraging the diffusion of information on ongoing programmes and evaluation reports (e.g. a database) could facilitate coordination.
3. *Increase the quality focus and improve the efficiency of measures related to entrepreneurship education, especially for youth.* Self-employed youth lag behind other demographic groups in a variety of entrepreneurship indicators. The quality of vocational education and training remains low and labour market relevance of higher education remain a challenge (EC, 2017a). Beyond the recent introduction of entrepreneurship modules in all educational levels, further developments of entrepreneurship education should be considered, including inter-faculty networks. Redirecting funds from low impact projects towards more efficient interventions would also be beneficial (Opinion of the European Economic and Social Committee of 4 November, 2012).
4. *Ensure support programmes effectively reach particularly vulnerable targets groups.* Existing support focuses primarily on youth and women and minorities may require more targeted outreach mechanisms. For example, challenges remain in terms of discrimination, negative stereotypes, and socio-economic and cultural factors for the Roma, which contribute to marginalisation (EC, 2016e). Another gap is the ineffectiveness of existing support in dealing with long-term unemployment among people living in extreme poverty and/or social exclusion, in particular those belonging to more than one disadvantaged group, facing cumulative challenges (e.g. long-term unemployed and/or disabled people, poorly educated youth or elders from minorities). Support of these groups require coordinated action of

² For example, the ‘successor’ of the Action Plan Entrepreneurship 2020 – Bulgaria should address existing gaps in the design, implementation and reporting of current action plan. It is essential to strengthen the expert capacity of working groups designing and implementing measures, to conduct a preliminary study and detailed feedback on the draft plan in order to better meet the needs of target groups. The acting Action Plan lacks clarity on characteristics and targets of certain measures leading to difficulties in understanding and practical implementation of the Action Plan (i.e., targets are in some cases mixed (messed up) with objects of intervention).

responsible institutions and targeted outreach. Detailed output indicators for specific sub-groups can be used to ensure that disadvantaged sub-groups are targeted specifically.

5. *Foster higher quality self-employment activities among inclusive entrepreneurship target groups, including through support to innovative ventures.* The self-employed mainly operate in sectors typically characterized by lower value-added, but also by lower capital requirements and barriers to entry, as trade and agriculture. In addition, according to recent GEM data about one-third of entrepreneurs in Bulgaria are driven by necessity rather than opportunity. Access to additional capital and support in dealing with entry barriers in more rewarding activities is an instrument to improve the general attractiveness and profile of inclusive entrepreneurship.

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ANNEX: METHODOLOGY

Each note was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with key stakeholders and government representatives. The information was then verified with government partners, programme managers and other inclusive entrepreneurship stakeholder groups through email exchanges and one-day seminars in selected countries.

The notes are based on an assessment framework that was developed by the OECD Secretariat. The assessment framework provided a common analytical framework and report structure for the 28 notes that are in this series.

The framework contains five pillars:

1. Policy framework

- Is there an entrepreneurship strategy or action plan that explicitly covers the promotion and support of entrepreneurship for people in under-represented and disadvantaged groups?
- Is there a mechanism for co-ordinating inclusive entrepreneurship policy actions across relevant national ministries, and with regional and local governments and civil society organisations?
- Is there a systematic monitoring and evaluation process for the policies, programmes and schemes that promote and support entrepreneurship for people in under-represented and disadvantaged groups?

2. Government regulations

- To what extent are entrepreneurs from under-represented and disadvantaged groups treated equally with employees by social security schemes?
- Do measures exist that temporarily cover the loss of state income supports (e.g. unemployment benefits, disability allowances) for entrepreneurs amongst the following under-represented and disadvantaged groups when they start a business?
- Do measures exist to support under-represented and disadvantaged entrepreneurs in dealing with administrative procedures for entrepreneurship amongst the following under-represented and disadvantaged groups (e.g. information provision, support with administrative requirements)?
- Are there any entrepreneurship policy initiatives or schemes to address group-specific institutional challenges related to dependents (e.g. childcare, eldercare)?

3. Financing entrepreneurship

- Are there grants for business creation offered to support entrepreneurs from under-represented and disadvantaged groups?
- Is microcredit for business creation available to support entrepreneurs from under-represented and disadvantaged groups?
- Are there loan guarantee schemes for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there self-financing groups for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there public policy schemes that encourage and support business angel networks to support entrepreneurs from under-represented and disadvantaged groups?

- Are there schemes that encourage and support crowdfunding and peer-to-peer lending to support entrepreneurs from under-represented and disadvantaged groups?
- Is financial literacy training offered to support entrepreneurs from under-represented and disadvantaged groups?

4. Entrepreneurship skills

- Are there entrepreneurship training initiatives for entrepreneurs from under-represented and disadvantaged groups?
- Do high potential entrepreneurs from under-represented and disadvantaged groups have access to one-to-one or group coaching and mentoring?
- Are there public initiatives that provide information on available support programmes or on business start-up procedures for entrepreneurs from under-represented and disadvantaged groups?
- Are there business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups?
- Are there business incubators for entrepreneurs from under-represented and disadvantaged groups?

5. Entrepreneurial culture and social capital

- Is entrepreneurship actively promoted as an employment opportunity amongst the following under-represented and disadvantaged groups through the education system, media, role models, etc.?
- Are there public policy actions that attempt to build specific business networks for entrepreneurs amongst the following under-represented and disadvantaged groups?

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