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TRANSFER OF INNOVATION

SESP



Case study BULGARIA

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1. INTRODUCTION (0.5pages)

Bulgaria is a parliamentary republic in Southeast Europe. It borders Romania to the north, Serbia and Macedonia to the west, Greece and Turkey to the south, as well as the Black Sea to the east. With a territory of 110,994 square kilometres (42,855 sq mi), Bulgaria ranks as the 15th-largest country in Europe.

The current political structure dates from 1991, when a democratic constitution was adopted. Bulgaria is a member of the European Union, NATO, the Council of Europe, a founding state of the OSCE, and was a member of the UN Security Council three times. It is a unitary state with a high degree of political, administrative and economic centralisation.

The population of 7.36 million people is predominantly urban and mainly concentrated in the administrative centres of its 28 provinces. With 1.2 million people, the capital Sofia is the largest city and concentrates most commercial and cultural activities. The strongest sectors of the economy are heavy industry, power engineering and agriculture, all relying on local natural resources. Bulgaria is the home of some of the most ancient cultural artefacts in the world and was a historical crossroad for various civilisations.

Amidst the late-2000s financial crisis, unemployment rates increased to 10.1 per cent in 2010 and GDP growth contracted from 6.2 (2008) to -5.5 per cent(2009). The crisis had a negative impact mostly on industry, causing a 10 per cent decline in the national industrial production index, a 31 per cent drop in mining, and a 60 per cent drop in "ferrous and metal production". Positive growth was restored to 0.2 per cent in 2010.

Bulgaria has the lowest personal and corporate income tax rates in the European Union, and the second-lowest public debt of all member states at 16.2 per cent of GDP in 2010. In 2010, GDP (PPP) was estimated at \$97.1 billion, with a per capita value of \$12,934. Sofia and the surrounding Southwest planning area are the most developed regions of the country with a per capita PPS GDP of \$25,130. The services sector accounts for 64.6 per cent of GDP, followed by industry with 30.1 per cent and agriculture with 5.3 per cent. The total labor force amounts to 2.5 million people.

The currency of the country is the lev (plural leva), pegged to the euro at a rate of 1.95583 leva for 1 euro. The lev is the strongest and most stable currency in Eastern Europe. The strongest sectors are energy, mining, metallurgy, machine building, agriculture and tourism. In recent years Bulgaria has emerged as an attractive tourist destination with some of the least expensive resorts in Europe and the last deserted beaches on the continent. Lonely Planet ranked Bulgaria among its top 10 travel destinations for 2011. More than 40 per cent of all 9,000,000 annual visitors are Greeks, Romanians and Germans. Main destinations include the capital Sofia, the medieval capital Veliko Tarnovo, coastal resorts Golden Sands and Sunny Beach and winter resorts Bansko, Pamporovo and Borovets.

2. CONCEPT (0.5 – 1 pages)

Traditional forms of social enterprises in Bulgaria are the non-profit organizations, which executing business activities use the income for the support of the social mission of the organization. Another model of a social enterprise is the non-profit organization, which provide employment for disadvantaged people (people with disabilities, minorities, etc) or provide training and development of labour skills. The third much popular model in Bulgaria is non-profit organization, which provide social services and is paid for the services by the customers or by the state/local authority. With regard to this, we have to mention the opportunities for similar social enterprises as a result from the amendments in the Social Assistance Act, in force since 1 January 2003, thus creating a legal mechanism for the municipalities to assign by means of competition social services to non-profit organizations. In spite of the lack of serious practice in this field the non-profit organizations and the social enterprises appear to be a main partner of the state and the municipalities in development and delivering of more social services and thus restricting the people in the institutions.

In spite of the difficulties in creation and development of social enterprises in Bulgaria one can see the trend to use the capacity of non-profit organizations for employment creation and integration of disadvantaged groups, for social inclusion and delivering of social services. Undoubtedly all these directions are very important for covering the requirements and criteria for membership in the European Union, and perhaps it is more important that the social enterprises contribute to the increase of solidarity and social capital, which sometimes is missing in our society.

On the other hand, the social economy does not provide universal solution because the differences between the regions and their problems and needs are great but if the state collaborates and succeeds to unite the different key factors, then the benefits would be multilateral. Bulgaria at present is in beneficial position to acquire the experience and the good practices of the countries-members of the EU and this is a serious stimulus for the government to get acquainted with the policies for support and encouraging of the social enterprises. And not on the last place, the social enterprises in Bulgaria as well as the whole civil sector should demonstrate their abilities to be equivalent partner of the state in solving important social problems and to prove that innovation and flexibility are main characteristics.

The social entrepreneurship is a support for the normal development of every society because it is known as innovative, flexible and open towards the novelty, possibility for quick response in case of changes of the existing social environment. Concerning the analysis in the country we should have in mind that the model has started from highly state controlled sector of the non-profit organizations and entire state engagement in the social sphere towards sharp withdrawal of the state.

The social services might be delivered by the state, municipalities, physical persons registered under the Law on Commerce and legal entities. In the last group are included the non-profit organizations. The amendments in the law aimed at encouraging of the social entrepreneurship by means of different social services and persons delivering such services. The idea to encourage the physical persons and the different legal entities including non-profit organizations to deliver social services together with the municipalities and the state (Article 1, paragraph 2, points 1,2 and 5 of the law).

It is considered that the development of the social entrepreneurship in Bulgaria in unison with the European legislation would improve the situation of many people in need of support on one hand and on the other hand this would encourage the development of similar services in the country.

3. LEGAL FRAMEWORK (3– 4 pages)

In the Bulgarian legislation there is no legal definition of social enterprise, nor are there any rules that regulate their status, form and activities. A Bulgarian legal act where the term "social enterprise" is used still does not exist.

Despite the lack of normative regulation, the practice in Bulgaria shows that organizations developing social entrepreneurship exist and they declare themselves as social enterprises. In order for the state-of-the-art analysis to be objective, it has to be taken into account that the Bulgarian SE model has originated from a strictly controlled state sector with complete engagement of the state in the social matter in the past, compared with the current situation of intensive state retirement from these problems. Along with the new opportunities and perspectives for business initiatives, this process of retirement leads to some negative effects like reallocation of public funds from the former state structure to private bodies.

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Main activity field of the social enterprises in Bulgaria are the different kinds of public services in the social area, health services and education. SEs are effective instrument for achievement of social effect by the legal non-profit persons regarding disabled people and people from minorities. Furthermore, SE have the capacity to become one of the most promising partners of the state and local authorities in resolving the main problems in the social area. In order for this partnership to be stimulated, it is necessary modifications of the existing legislation to be elaborated with the purpose to create more beneficial economic environment for SE.

Two are the main premises for development and enhancement of SE in Bulgaria:

- ✓ Non-Profit Legal Entities Act which has been in force since 1st of January 2001 gives the opportunity of NGOs to develop profit activity.
- ✓ The reform in the social legislation foresees partial decentralization and development of alternative social services.

The amendments of the Social Assistance Act which are in force since January 2003 provide a good ground for valuable partnership between the state and third sector. It guarantees a legal opportunity and mechanism for delegation of social services from the municipalities to social services contractors. Undoubtedly the contractors, mostly non-profit organizations, have the resources needed for increase of the opportunities for social inclusion of people from vulnerable groups through provision of different social services addressed to specific needs.

The amendments in the Social Assistance Act from 2003 differentiate two types of social assistance: provision of subsidy and provision of services. Social services are based on social work and include assistance to people in need in doing everyday activities and social inclusion.

According to Social Assistance Act and the Rules for its application social services can be provided in specialized institutions or in the society. The services in the institutions are provided after exhaustion of all the opportunities for social assistance in the society. The additional provisions of the SAA clarify that "social services provided in the society" are services provided in family or close to family environment.

The fact that social services are provided in institutions after exhaustion of service opportunities in the society demonstrates an intention for deinstitutionalization of social services. One of the reasons for this intent is the fact that the conditions in the social services

institutions are considered dissatisfying. All this represents an excellent opportunity for establishment and development of SE oriented towards social services. Although SE face high risk for their financial stability, their flexibility gives them the opportunity to address their activities towards appropriate market and non-market niches by combining different opportunities for self-financing and added value generation with social dimensions. This is the reason for SE to be defined as innovative forms for social services aimed at active social inclusion of people from the target groups.

Specialized enterprises for the disabled can be established in Bulgaria under various organizational forms – companies, NGOs, cooperatives, municipal enterprises etc. – and they are allowed to produce for the market. According to the Law for the Integration of People with Injuries, which does not differentiate among different organizational forms, exemption from the corporate income tax can be granted, depending on the share of disabled workers among the employees. A more favorable regime for such enterprises is provided by the Public Procurements Act, as well as tax concessions for disabled individuals. The different unions of the disabled have established various enterprises and cooperatives.

The existing forms of SE in Bulgaria for the moment are non-profit organizations which perform profit activities and use that profit for financing of the social mission of the organization. Another model of SE organization is a non-profit organization which provides employment of people with disabilities or provides training services (for, example trainings for development of labour abilities). The third popular model of SE is non-profit organizations engaged with social assistance. The fourth form of SE that exists in Bulgaria and that has the longest history, although it is rarely considered a SE, is the cooperative.

The lack of officially recognized and legalized SE structure requires the use of varieties among the existing legal forms of organization in Bulgaria. The choice of appropriate organizational structure and legal status of the SE is strongly related to its main purposes and activities.

Most of the SE engaged in providing social services /frequently as state delegated services/ implement their social activities separately from the economic activity which is set up as a company. The most frequent form of company – SE is sole trader or Limited Liability Company. These two forms are easy to be established; they are the most commonly used and both types retain the responsibility for the economic risk to the social services provider (the organization that has established the SE).

The other type of SEs – providers of educational and training services, are established by foundations or associations registered as non-profit legal entities according to the Bulgarian Non-profit legal entities Law. After the amendments made in 2002 these entities have the right to develop an additional economic activity as part of their regular activity. This fact enables them to keep the economic activities within the frames of the association. This is possible in case that the precondition of the profit activity being related to the purposes of the NGO is fulfilled. Otherwise, the association is obliged to establish a company similarly to the above mentioned example.

In conclusion, the two most popular legal forms of SE are as follows:

- Economic activity of legal non-profit person – association of foundation, in this case the SE is part of the NGO
- Profit company, established by the NGO, the incomes of the activity are reinvested in the social objectives

Unfortunately, the legal status is one of the main and most serious problems which Bulgarian SE face. The lack of a specific legal regulation of their activity results in frequent problems with representatives of the state and local control authorities because they don't understand their organizational structure, there is no template for implementing such kind of activity and the control institutions doubt in corruption schemes or an attempt for personal profit.

The second type of SEs in Bulgaria are the cooperatives. Two are the main similarities and two are the main differences between the SE-Cooperatives and the SE-NGOs. Similar to the SE-NGOs, the SE Cooperatives are engaged mostly in employment/training of disabled people and they don't operate completely according to the economic rules and the market demand. The two main differences are the long history of the cooperatives in Bulgaria and their clear and undisputable legal status.

Looking at the history of cooperatives in detail, we can say that the long history of cooperatives in Bulgaria has resulted in full recognition of their importance on state level, leading to specialized legislation (Law of Cooperatives, 1996), and state support for the cooperatives.

1. The state regulated that cooperatives pay 30% less social insurances and tax, compared to regular companies.
2. Support from the state comes as preferential public procurement procedures for co-operatives (Art. 40 from the Public Procurements Act). Directors of co-operatives report that this public procurement regulation has great potential, but is practically inapplicable because of widespread disloyal competition/black market products on the part of competing companies.
3. Although there is legislation about the status of cooperative, it is considered inadequate and restrictive for their market activity, although this restriction is less rigid compared to other organizational forms of community enterprises.

3. SOCIAL ENTERPRISE CHARACTERISTICS (3-5 pages)

The concept of social enterprise is not integrated into policies, laws and public debate in Bulgaria. The organizations that are mainly involved in community development and are the closest to the concept of social enterprises are NGOs with different profiles, social service providers, *chitalishtas* (public organizations that combine different functions, for example, library, theater, school for dancing, music, foreign languages, various interest-based clubs, etc.) and cooperatives. NGOs that are social service providers and training organizations, together with cooperatives of people with disabilities, currently form the community enterprise sector in Bulgaria. We should place the Environmental NGOs activities in a very special place in this rainbow of community activities because of their active civil position and reluctance to rely solely on external funding which has urged them to be more entrepreneurial and innovative in search of sustainability. The report reaches a conclusion that there is a prospect for future development of community enterprises/initiatives in Bulgaria based on the numerous active NGOs struggling for better sustainability, most of them deprived from foreign donors since Bulgaria's accession to the EU and with more and more of them looking for new opportunities for income generation. The fact that foreign donors are withdrawing is frustrating for most organizations, but this also serves a positive purpose of selection of the fittest NGOs and the most apt at being sustainable and independent.

Social service providers owned by NGOs have seen the opportunities for labour therapy, production of goods by their clients, combined with the need for additional funds and are now looking at social entrepreneurship as a way to improve the financial and integration performance of their organizations. Still, social entrepreneurship (in its ideal "western" definition) is not a popular business model for contributing to sustainable community development despite its world-wide acknowledge potential for sustainability. One of the reasons of this is the lack of awareness of this social model. The concept was first introduced in 2002 by the Counterpart Project for creation and support of social enterprises, a project funded by USAID. This project introduced the first purposeful introduction of the term "social enterprise" in Bulgaria among non-governmental organizations and local communities.

The SE in Bulgaria work with different target groups which are marginalized or have disabilities, such as:

- People with physical or mental disabilities;
- Ethnic minorities;
- Children and families at risk;
- Young people not integrated in the society (e.g.orphans);
- Women victims of violence;
- Elderly;

SE work in the following sectors:

- SE as distributor of social and health services;
- SE as training and educational organizations;
- SE as employer of people from marginalized groups or people with disabilities;
- SE engaged in the production of goods and trade;

In the analysis below, a division on structural, legal and organizational basis is made – the description of SE sector is divided into two main parts – **SE-NGOs and SE-Cooperatives**. This method of description is used with the purpose this analysis to be more effective and detailed in presenting the state of the art of social enterprises in Bulgaria.

SE-NGOs

The most popular model of SE-NGO is the model of employment creation and development of work force. In this model the economic logic of the business initiative is based on the opportunity to create new work positions for the target groups. Frequently this model is

related with the so called protected employment where the SE is employer of people with disabilities.

Another model of SE-NGO is the entrepreneurial model where the SE is a mediator between the target groups and the market. This model is characterized by the participation of the people with disabilities in the production of goods as a work therapy, afterwards the SE takes care of finding a market for the products and engages in marketing and distribution.

The third model of SE-NGO which is most directly related to the providers of social services is the model of direct service. The SE provides paid social services to external clients and in the same time it is a provider of social services to its members, but this time it is being payed according to contract with a municipality or the state. It is important to be mentioned that the SE develops the same services but directed to different clients. Frequently this model includes employment of disabled people who participate in the provision of services to clients in worse condition.

The main activity fields of SE-NGOs in Bulgaria are three: social services; health and prevention services and training and educational services. Except from that, often SE-NGOs transform to employer of people in vulnerable social position independently from the field of their activity.

According to the current data, 820 private providers of social services are registered and exist in the database of the Ministry of Labour and Social Services. There are no statistics about the number or the percentage of the organizations developing additional economic activity. This fact is due to the lack of official state policy in favour of social entrepreneurship which leads to lack of any official statistics about the development of this sector in the state. It is considered that the encouragement of the social services decentralization is the first step for promotion of social entrepreneurship. Nevertheless, according to all SE interviewed for the purposes of this research, still there is no state awareness and strategy for promotion of the social entrepreneurship and its definition in the national legislation.

The protection of health is another sector characterized by active SE. Health services provided by SEs are often simpler. Very often health services are provided together with social services, so it is difficult to differentiate the providers. The financing of medical organizations is provided through a contract with the state, direct payments by the patients and different donor programmes.

Vocational training and life-long learning are among the key aspects of the human resource development strategy of Bulgaria for the period of 2007-2013. This opens a new window of opportunity for NGOs that are specialized in providing training, vocational courses and educational activities. If the training providers are to be competitive on this market, they should receive a license from the National Agency for Education and Vocational Training.

Training services is one of the fields where SEs participate most intensively. This is due to their orientation towards implementing innovations and promotion of the "lifelong learning" concept. The normative regulation in Bulgaria does not foresee any special rule related to SE training activity. In order to develop different kinds of training, a valid accreditation and licence is needed. The procedure for receiving such a license is very burdensome and bureaucratic which puts off many organisations from applying. It takes approximately a year to be approved, which is a period that needs to be shortened as well. The training taxes collected from the participants or a contracting body are actually the income from the profit activity of the SE.

The provision of training and educational services is among the key sectors for social enterprises in Bulgaria. This is becoming a major income generating activity for the social enterprises that have to constantly invest in improving the quality of their services. The "Open Society Club Training Center" in Ruse has added language training courses to diversify their services. Recognizing the need for various language proficiencies and skills, as Bulgaria joins

the European Union, the social enterprise training providers hope to increase their business competitiveness through diversification of the training courses.

Financial Income of Business Activities of NGOs

However, there is statistical information on the figures of corporate tax paid by NGOs for doing businesses activities. The following has been provided by the National Revenue Agency through the Bulgarian Center for Non-for-Profit Law.

Corporate Tax paid by NGOs as a result of business activities within the organizations:

	2004	2005	2006	2007	2009
Corporate Tax	1 825 000 BGN	1 117 100 BGN	1 503 000 BGN	13 741 775 BGN	4 816 399 BGN
Total income			10 503 000 BGN	130 741 775 BGN	40 816 399 BGN
	1.9558 BGN = 1 EUR				

This information can be used to indirectly understand the financial vitality of social business in Bulgaria. The tax on revenues in Bulgaria from 2005 onwards is 10%. The figures presented above are the 10% paid by NGOs as a result of their income from business activities. This means that for 2009 the total income of all NGOs in Bulgaria is 40 816 399 BGN (or 20 837 313 EUR), 10% tax of which is 4 816 399 BGN or approx 2 400 000 EUR.

In 2007 the income and tax paid by NGOs is considerably higher than any other year (almost 300 % increase!). According to the experts in the Bulgarian Centre for not-for-profit law, this might be a result of Bulgaria's accession to the EU when the corporate tax was reduced to 10% and many of the organisations have come out into the regular economy, paying all their taxes. In 2009 though there is a big decrease (figures are still higher than the years before 2007) in numbers which, according to the experts at BCNL, might be due to a few reasons:

1. Some of the business activity is transferred to a separate company (in the form of a social firm)
2. The economic crisis has hit the services sector and has decreased the income
3. Contracts with organisations from EU are more frequent – Bulgarian organizations issue documents valid in Europe but not valid in Bulgaria, which results in lower figures accounted for.

SE COOPERATIVES

Not all cooperatives in Bulgaria have a social or an altruistic mission. The main function of the cooperatives is the promotion of the economic interest and the income of the members. Almost any kind of group is allowed to establish a cooperative with the purpose to protect certain common interest, to develop their field of activity or related activities. In order a better understanding of cooperatives' organizational structure and status to be achieved, a division in their character is made for the purposes of this report – professional and business cooperatives and socially oriented cooperatives. Particularly the second group of cooperatives is of importance for identification of the social entrepreneurship development in Bulgaria. This type of cooperative is named in the report as "SE Cooperatives".

SE Cooperatives have completely social character and support the prosperity, the interests and necessities of its members. The concrete activities of the cooperatives are aimed at:

- ✓ Labour readjustment of its members and creation of permanent employment of the members;
- ✓ Redistribution of dividends between the members;
- ✓ Professional and financial support in starting own business, vocation, granting of commodity loans and collaboration in finding trade building;
- ✓ Support by provision of social services;

- ✓ Provision of special services for people with physical or mental disabilities or with financial problems;
- ✓ Provision of legal, methodological, technical and medical help of the members in relation to their rehabilitation and integration in the society as well as protection of their rights and interests.

Cooperatives may receive funds or incomes through different ways, most of them are even officially recognized by the law. According to Art.30 of the Cooperatives Act income sources of a cooperative are as follows:

- Admission payments of the members
- Share payments of the members
- Additional and specific payments of the members
- Income of the activity
- Loans
- Other incomes

Different sources of funding may be divided in two main groups which reflect the two main directions of its activity: incomes from membership, as the cooperative is a kind of association of people with a joint mission or interest, and incomes from trade or production activity, as it functions as an enterprise. The cooperative may have an economic activity as well as it has a property and it is able to operate with it – other profitable activity.

All the members have right to shares of the cooperative which makes them personally engaged with the cooperative activity. As it was stated above, each member is part of the General Assembly. The shares of the ex-members are being paid in the period of three years.

There are cooperatives which unite different social or vulnerable groups. These are the cooperatives which have long history of existence – some are established in the socialist era (1946-1989), some – even before that. Frequently the main purpose of these organizations is the work integration and social rehabilitation of the target group. Throughout their long history a certain specialization in their activities has happened. Different groups of disabled people have different specializations and monopolies in the production of different goods. For example, the cooperatives of the Union of People with Hear Impairments specialize in the production of goods for the healthcare field, textile and furniture, while those of the Union of the Visually Impaired People are active in the production of Electric installation products, filters for the automotive industry, packages for different products.

Cooperatives of the disabled were closest to the concept of social enterprise before World War II. During the Communist time, they were an important mechanism for integrating the disabled population into work and society. They provided sheltered labour for disabled people in specific subsidized factories (for example, in the suitcase industry, tailoring and shoemaking). They benefited from a state-guaranteed market – based on a monopoly of production – and from the relative autonomy they enjoyed in their economic activities.

4. EFFICIENCY (1-2 pages)

The developed mainly by the Bulgarian Center for Non-for-profit Law concept, with the support of the Counterpart Project in 2002 (funded by USAID) is not integrated into policies, laws and public debate in Bulgaria. Even more – this term is not included into laws or State planning documents. In the currently prepared Regional Social Strategies are pointed out Specialized Enterprises instead Social Enterprises. It is a heritage of socialism past when the Specialized Enterprises are being established mainly to ensure job places for disabled people. Some of them are still working.

In spite of missing term in the National Legislative Framework some measure on the national level are planned and their implementation is forthcoming.

The main sources of information that determine the national, regional and local policies in the field of development of social services are:

1. National Report on Strategies for Social Protection and Social Inclusion 2008-2010;
2. National Strategy "Vision for deinstitutionalization of the children of Bulgaria";
3. Strategy for Ensuring Equal Opportunities for People with Disabilities 2008 – 2015;
4. Action Plan for Ensuring Equal Opportunities for People with Disabilities 2010 – 2011;
5. Social Assistance Act and others.

The Strategy of ensuring equal opportunities for people with disabilities 2008 -2015 aims at effective execution of the Bulgarian government policy for improvement of quality of life of people with disabilities, against discrimination on the base of "injury" sign, ensuring of equal opportunities, adequate and active participation in all spheres of public life

The Strategy of ensuring equal opportunities for people with disabilities 2008 -2015 outlines the concrete measures, which ought to be implemented in order to remove all barriers (psychological, educational, social, cultural, professional, financial and architectural) to social inclusion and equal in rights integration of people with disabilities.

The law on integration of people with disabilities creates conditions for rights of the people with disabilities for self-determination and adequate participation in public life and the realities of the market economy. The law guarantees the creation of such environment where the people with disabilities are independent at most and at the same time their rights are preserved concerning social protection, adequate social services. Integrated education and training, appropriate labour environment, opportunities for cultural and sport events, etc.

The definition of social services is determined in the Social Assistance Act where they are considered as activities based on social work and directed towards assistance of the supported people for implementation of their daily activities and social inclusion. In the Additional orders of the same act the definition is presented as "activities that support and widen the opportunities of the people to live an independent way of life".

The classification of the types of social services in the Regulations for application of the Social Assistance Act (Article 36) presents the social services as services, which are delivered in society and in the specialized institutions. Normatively it is determined that the social services in the specialized institutions are delivered after depletion of the opportunities for services in the community. Regulations for application of the Social Assistance Act define that in case of necessity and in accordance with the needs of the people in each municipality other types of social services could be established, which gives an opportunity for a flexible development of services to meet the concrete community needs.

According to the Social Assistance Act the social services may be delivered by the state, municipalities or physical persons registered under the Law of Commerce and legal entities.

During the last years at the social services market entered new certified suppliers. Some of them deliver services under projects financed by the ESF and other sources. A process has started to assign social services to certified suppliers under Article 37 of the Regulations for application of the Social Assistance Act. For instance, in Plovdiv municipality at present 5 services are assigned to NGOs, which represents 20% of the state-delegated activities.

The Economic and Social Council considers that this theme is of extreme importance for the European Economic and Social Committee and the national economic and social councils at the present stage of development of the EU.

According to the Economic and Social Council the active policy on the labour market should guarantee the achievement of positive changes in the three key priority fields appointed in the official statement of the European Commission "Shared Responsibility for Employment" from June 2009. They include supporting of employment, opening of working jobs and encouraging of mobility; professional development as respond to the labour market needs; increasing of the access to employment.

The challenges according to the Economic and Social Council are at least in two directions. On one side, the measures directed towards the socially most vulnerable groups in society, and on the other hand – the respond should be with adequate actions and programmes for keeping of employment and quick engagement of the dismissed workers and employees under the conditions of the deepening crises.

In conclusion it could be said that the Republic of Bulgaria develops its legislation that establishes legal guarantees for not-admission of discrimination and leads a consecutive policy for their application as well as for ensuring of equal opportunities and social inclusion of the vulnerable groups in society including also people with disabilities. The protection of human rights and the main freedoms and confirming of the generally acknowledged standards in this field are the main priority in the policy of the Republic of Bulgaria.

5. CONCLUSIONS AND RECOMMENDATIONS (1-2 pages)

- To what extent the social enterprises remain relevant to policy objectives and the needs of the target groups?
- To what extent are the social enterprises effective in achieving its goals? What are the main difficulties? What are the recommendations?

To wind up, despite all difficulties, it is plausible to assume that there is potential and future for community enterprises (be it social firms, cooperatives or other forms of enterprise) to thrive. When the legal and tax issues have been solved, and when the states agrees on state policy for social enterprises, and when the NGOs actually become more business oriented, then we have a good basis for fast growth of social enterprises. The reasons for this conclusion are as follows:

- High capacity of NGOs and human capital
- Evolving coordination of activities in the field
- Diversification of community social services
- Evolving experience of entrepreneurship
- Good European practice for truly sustainable social services
- EU funding available
- Some good examples of successful social businesses

There are many experienced organizations in the non-for-profit sector with years of practice and capacity. When the conditions are favourable, social entrepreneurship will be the next way for them to go, especially because it provides independence from the irregularity of sporadic and more and more bureaucratic projects and external donors, it thus provide long-term sustainability.

The diversification of community social services is another factor that influences more business ventures and more business opportunities for business development. Bulgaria traditionally has good entrepreneurs despite the fact that 45 years of state-regulated economy has blocked entrepreneurship for decades. People are again returning to private business, with their experience of entrepreneurship evolving quickly. Moreover, good European practices are fast in reaching the Bulgarian non-for-profit organizations, setting an example of sustainable social businesses, inspiring people from Bulgaria to venture into this new business model themselves. All this backed up by right legislation and state policy, plus EU funds and other income sources, starts to shape a better looking future for community firms in Bulgaria.

The latest developments in the community-based organizations are characterized by the emergence of a few environmental/creative organizations of young people that emerged spontaneously as a result of the many environmental problems Bulgaria has been facing in the last decade. These organizations are set apart from the rest of the NGOs in the fact that they are led by very young people with a European vision on environmentalism and sustainable development, looking for independent funding, not relying on state funds, EU funds, or any other donor programmes.

Such organizations are becoming more and more popular in Bulgaria, reviving the community sector to a whole new level which could well be the future of Bulgaria's community sector.