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## 1. DESCRIPTION OF THE ECOSYSTEM

*“Thinking in systems and ecosystems is imperative in the Social Entrepreneurship industry that has largely been built in silos.”*

The current report was written within the “Socially Agile” KA2 project. And it will be combined with the findings of other countries in a complete international report, “Innovative approaches for fostering social entrepreneurship using agile methodology,” to create a novel online course subsequently. Data was collected through desk research, an online survey with ten young people, and an online survey with ten social entrepreneurs from Bulgaria in April 2023.

From the survey, we concluded that the youth believe they can help Bulgaria become a better place to live by supporting social entrepreneurship. They realize that the concept of social entrepreneurship is relatively new in the country and that a lot of work needs to be done to reach the high levels of SE in other EU countries.

Because of the past generation’s massive immigration, nowadays, the youth of Bulgaria is considering how they can not just stay and prosper in their country but combine economic interest with social benefits for the most vulnerable amongst us. Therefore social entrepreneurship and the need to be more defined, recognized, and popularised in the country is enormous for the contemporary youth.

The 90s in Bulgaria are marked by a tough transition from a fully centralized government system to a democracy. This transition to democracy and the free market made many people start businesses aiming just for money and fast gains. The sound change is that the youth in Bulgaria want to change that system and normalize social, fully transparent companies that deal with substantial social problems. More and more youngsters realize there is so much more to business than profit and that achieving social change drives and inspire more than just economic gains.

While doing the research for the “Socially Agile” project, we from AAYA realized that the current legal framework in Bulgaria, which is partly related to social enterprises, namely - the one concerning specialized enterprises and cooperatives of people with disabilities, is focused on the social inclusion and labor market integration of only one vulnerable group. In other countries, they are not limited to a specific vulnerable group. Still, on the contrary, the support mechanisms provided for social enterprises are accessible to all, regardless of the vulnerable group they work with.

To unleash the potential of social enterprise as a tool for tackling severe societal problems, we propose providing support mechanisms for social enterprises working with different vulnerable groups. Also, if standard rules for social enterprises are adopted as a legal framework, they should reflect this diversity.

Many youngsters support that Bulgaria needs new laws, reinforcements, and legislation on Social entrepreneurship. Pavleta Alexieva says: “In my opinion, we need public authorities, through policies and forms of support, to create conditions where social problems are solved through business initiatives, but within a competitive market where the players are on an equal footing. But for the classic business (one that is created to generate income for its creator), the maxim “I am an employer. Therefore I am a social entrepreneur” or the other rather famous one - “I invented something new/unique that makes life easier for all of us, and therefore I am a social entrepreneur” - is not enough for me. To call itself a social enterprise, a classic business, in my opinion, has to prove and guarantee that solving a problem of societal importance is more important than its owners getting a dividend at the end of the year. And this - in Bulgarian conditions - can only be done by committing oneself to reinvesting the net profit (or part of it) back into the business itself.”

Unfortunately, there is no specific data on how many social enterprises are operating in Bulgaria, how many and what groups of people they involve and help, how they develop, etc. There is also no unified methodology for periodic evaluation of the impact of the activities of these enterprises and assessment of their support needs, difficulties, etc.

In the public register, we can see that the registered NGOs, foundations, and associations by 2020 are more than 20 000. The legal environment for NGOs in Bulgaria is deteriorating in 2020, mainly due to ongoing attempts to introduce legal restrictions affecting NGOs. At the same time, the administrative burden for NGOs is increasing due to the requirements adopted in the AML Act during the transition year.

The study needs more precise data on the number of social enterprises in the country. According to the National Statistical Institute, 4,391 organizations self-identify as social enterprises; the 2019 Report for Bulgaria shows 3,674, while only 29 organizations are recognized by the Ministry of Labour and Social Policy and listed in the Register of Social Enterprises as of April 2021.

One reason for the discrepancy may be that many social enterprise businesses do not qualify as social enterprises because there is no incentive to do so. “From a pragmatic business perspective, the label ‘social’ creates more problems than benefits, at least in terms of image,” the Reach for Change study said.

The social entrepreneurship sector in Bulgaria is relatively young and small. Most of the country’s social enterprises are in the pre-launch and start-up stages of their development. According to the survey, the average period needed for the development of enterprises in the sector is approximately 3-4 years, with the majority of them starting their activities with the help of grant funding and donations.

It is also important to note that NGOs and WISEs, especially those for people with disabilities, are more visible to traditional donors and public authorities. Innovative social enterprises, especially IT ones, must be more visible.





And even though there is a lack of a stable tradition of social entrepreneurship in Bulgaria, young people are increasingly driven towards achieving meaningful social change for the country. The attitude toward NGOs in Bulgaria was highly skeptical for an extended period. The last years mark a shift in perspective, and more and more youngsters are interested in social work.

In 2020, pandemic NGOs were able to offer a broader range of services, e.g., providing information and psychological counseling; providing food and essentials; shopping for older adults; providing protective clothing and hygiene materials; analytical work and advocacy; fundraising and financial assistance for families in need; legal advice; training and online counseling; working with volunteers, etc.

Social entrepreneurship in Bulgaria is about to get increasingly developed and recognized, and more youngsters will enter the sector. To them, Diana Aladzhova offered social entrepreneurs tips for starting and what needs to be known in the current ecosystem in Bulgaria.

Aladzhova advised social entrepreneurs to think of their venture as a business with a cause. "To have a social enterprise, you have to have the business first and then the cause - if the cause is initially, no matter how motivated you are, when the donations run out, and the volunteers don't show up, that will end the project," she said.

She said it is suitable for entrepreneurs in this field to start thinking from the very beginning about what product they are going to create, how they are going to develop it, it is going to be in demand, who is the right market for it, how they are going to have a secure supply chain, how to expand their needs, and not think about these elements piecemeal when they reach the appropriate stage, that is the only way they can have a more sustainable business.

"Many social entrepreneurs start with the mindset of 'I'm not doing this for the money, for profit, I'm doing it because I want to help.' I understand them, but if you want this to be your core business, you have to have a profit. If you're not making money from the business, you can't hire people, and relying on volunteers doesn't work long-term."

The current advice is crucial for developing our Socially Agile training and creating a better ecosystem in Bulgaria, the partnering project countries, and the EU.

## 2. YOUTH AND THEIR WILLINGNESS TO GET INVOLVED IN SE

Most of the Bulgarian youngsters that filled out the questionnaire stated that traditional working places and hours do not make sense to them, and they are looking for other options for work. They say that the conventional business model could be more attractive and that they are looking for flexible hours, spaces, and jobs.

The youth considers that there are tons of people in this world constantly complain about things they don't like but do nothing to change them. The communist past in Bulgaria has formed generations of adults who expect the government to solve all their problems while they just whine about how the past was better. And they don't want to live like the previous generation of their parents. Social entrepreneurs are strong enough to face reality and start changing their communities with their own hands and brains- and this is strongly attracted to the youth, which has seen the damage of communism on their parents and grandparents.

All respondents have heard about social entrepreneurship, followed by 45% unfamiliar with SE. Only 10% of the respondents are actively involved in social entrepreneurial activities. Most respondents are familiar with SE through organizations where they have volunteered or participated in various activities.



Choosing to be a social entrepreneur for the Bulgarian youth is also about choosing the person you want to be. You will need to work hard and worry a lot, not only about your problems but about the problems of others. "You'll need to find a suitable business model to ensure your enterprise is self-efficient; you'll face many challenges and obstacles. But you will also be the one who inspires others, a role model, a leader, a game-changer. Going to bed, you won't have to worry about not making an effort or trying enough." states one of the answers


Volunteering is integral to understanding better social enterprises and improving your soft skills to be more suitable for that career path. Namely, through volunteering and different NGOs, the youth can understand more about social entrepreneurship and enter the sphere.

### 3. LEARNINGS FROM EXISTING SOCIAL ENTERPRISES

A set of interviews with the representatives of different social enterprises in Bulgaria was conducted in March 2023. Social enterprises from all spheres and fields took part in the questionnaire. They started their answers with enterprises supporting homeless animals supporting, adopted kids and young adults, to education for deaf people around Bulgaria.

For almost all the interviewed social entrepreneurs, focusing on purpose over profit was a leading force and source of motivation. They also obtain the trait of delaying gratification and love for innovation. The answers showed that social entrepreneurs tend to have vital emotional intelligence and empathy for the problems of others. These traits help them identify the issues they want to fix in society and resonate with them.

Over 90% of the answers showed that excellent business sense is crucial for the enterprise's success. The solutions stated that social enterprises are businesses and require a successful business person with a sound business strategy. They know an opportunity when they see it, can assess whether an idea is viable or not, and they're not afraid to take the risks necessary to succeed. These outcomes prove that there is a more mature and rational side that social entrepreneurs need to consider to bring success to their ideas and that business thinking is crucial for every social enterprise.



Many social entrepreneurs state that they started by just desiring to join the dots between their hobbies/interests and turn them into a business and viable career path. Redesigning whole industries built to be entirely profit-oriented without any care for people or the environment is a massive stimulus for others.

Creating services and providing safe spaces for the most vulnerable amongst us strongly motivates others.

The social enterprise movement is an engine for generating alternative approaches that will lead to a better way of running our society, which is also stated as a reason for choosing that specific path. Getting more people involved in the social entrepreneurship movement, youngsters who are motivated, willing, and able to contribute, can only help and make that movement even more significant.

One of the respondents stated that for them, "Social enterprise has the attraction that, if you can get it right, you can create an organization that is not limited by the number of grants or donations it can attract but only limited by the size of the problem it is trying to solve." That statement shows that the sky can be the limit for social enterprises.

We received the question of how we can learn and prepare for social entrepreneurship: "The more stories you hear, the more you learn and grow as a person, the better able you are to see how your work connects to create change and impact."

There is a lot that can be learned from the experience of social enterprises, and the thing that we need to remember the most is that the rise of social entrepreneurship reflects a growing sense today that many of the most promising solutions to global problems don't necessarily depend on charity, government aid, or foundation grants. They come from individuals at the grassroots level willing to bring entrepreneurial thinking to bear on some of our most challenging social problems.

## 4. CONCLUSION

Considering the answers of our respondents, we can conclude that the success of a social enterprise depends on the following:

The SE manages to cover the annual costs of its activities without human resources. The enterprise still cannot make enough profit to protect the initial investment. The key is combining funding and people employed under different programs. This way, the social projects manage to get funding from donors who give a "breath" of fresh air, and the team can continue with it;

>The SE includes Highly motivated people to help their target group.

### Considering the stated answers, the Challenges are:

#### When starting:

1. No access to seed funding
2. Limited access to specialized training:
  - a) on the subject
  - b) to develop capacity as entrepreneurs (business skills, enterprise management, etc.)
3. Purchase of raw materials - as this is a micro-enterprise, raw materials are purchased at retail and cost a lot.
4. Extremely difficult access to bank loans and credit - banks consider NGOs and their guarantees (projects as funding) risky; in practice, there is no possibility of bank guarantees and other support for loans/credit; the team takes PERSONAL LOANS to support the NGO's activities

### In development activities:

There needs to be more mentoring, space for consultation and space to exchange ideas and information with other NGOs doing similar work. That is why we aim to include such a database in our Socially Agile Training Course Platform, so stay tuned.

The training and marketing strategy received is excellent but not very useful in practice - it does not take into account the local context and difficulties under which the enterprise is developing, next - these documents require periodic updating to reflect changed circumstances, but such engagements require specialist knowledge or resources that the association does not have;

- Severely restricted access to a severe market and distribution
- Lack of support, including finances in business development - there is a longer period to wait for good results, but at the same time, there are ongoing costs, losses, etc.

In general, we can conclude that there is a long way in front of social entrepreneurship in Bulgaria, but the youth is interested in it, making a significant social change and creating a meaningful product - while considering the aspects of finances and not just pure luck and the social part.

**ALL GOOD-HEARTED PEOPLE  
WITH GREAT IDEAS NEED  
TO START & ACT!**



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