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Factsheet for case BG-2020-16/498

COVID - 19: Increase in liquidity of the banking syste

Factsheet generated on 23 April 2020, 12:57

Country	Bulgaria, applies nationwide
Time period	Open ended, started on 13 April 2020
Type	Legislation or other statutory regulation
Category	Income support to workers and those laid off – Income support for people in employment
Case created	12 April 2020

Background Information

Capital increase of the state-owned Bulgarian Development Bank (BDB) by BGN 700 million (0.6 percent of 2019 GDP), of which BGN 200 million to be used for the issuance of portfolio guarantees to commercial banks to provide interest-free loans to employees on unpaid leave (up to BGN 1500. The measure targets short-term funding for people also employed in the hardest hit sectors. The BDB will once again be the guarantor of commercial banks, which have the possibility to lend small, interest-free loans to individuals under a certain mechanism

Content of measure

The measure is part of the country's economic measures to assist those affected by the coronavirus. People who are on unpaid leave or are self-employed because of the restrictions imposed by the spread of the coronavirus will be able to withdraw interest-free loans of up to BGN 1,500 guaranteed by the state.

The main requirements for applicants for interest-free loan are: 1) The person must be on unpaid leave; 2) Or be self-sufficient; 3) Have an employment relationship at least 6 months back from the date of application; 4) The person shall not have obligations in the Central Credit Register with a delay of more than 90 days.

Credit Terms: 1) Maximum application amount up to 1500 BGN; 2) No interest and fees; 3) Granting a grace period of 6 to 12 months; 4) Maximum payment period is 24 months; 4) Disposable

Use of measure

All employees who are on unpaid leave (or self-insured) and have no overdue credit obligations for the previous 3 months

Actors, target groups and funding

Actors	Target groups	Funding
Local / regional government	employees workers in non-standard forms of employment	National funds

Social partners

Role of social partners	Informed
Form of involvement	Bi-or tripartite social dialogue bodies

The measure was notified to the representatives of the social partners and was not discussed in detail with them

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 06 April 2020: ЗИД на ЗДБРБ (parliament.bg)
- 08 April 2020: Държавен безлихвен кредит до 1500 л (izbiram.bg)
- 13 April 2020: Пресцентър на Министерски съвет на Република България (www.gov.bg)
- 14 April 2020: Българска банка за развитие - изисквания (bbr.bg)