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Factsheet for case BG-2020-16/637

COVID-19: Loans to micro enterprise

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Country	Bulgaria, applies nationwide
Time period	Open ended, started on 14 April 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Access to finance
Case created	15 April 2020 (updated 24 April 2020)

Background information

The JOBS microfinance institution, part of the Bulgarian Development Bank Group, has announced a microbusiness loan with 10% interest for companies affected by the COVID-19 pandemic. It allows young companies to be able to finance themselves with a working loan to retain staff if there are other reasons not to take advantage of the 60:40 measure.

The bank considers a possibility to make the credits interest-free over the period of the coronavirus crisis.

The portfolio guarantee applied by the Fund may also be used after the end of the period of emergency and, according to the Fund, is a suitable product for financial recovery at a time when banks would again be uncertain about lending to the business.

Content of measure

The Fund of the Bulgarian Development Bank will provide banks with guarantees worth of BGN 170 million (approx. €85 million), and expects them to provide loans of up to BGN 850 million (€425 million), mainly for small and medium-sized enterprises, in the next one year. The Microcredit Fund tool is aimed at small companies - the so-called micro-enterprises, as well as companies that have just started their business (to have up to three years of business history at the moment, with possible expansion - up to five years).

The idea is to enable banks to support this vulnerable group of start-ups that may have started a small family business with loans up to BGN 50,000 (€25,000). This will support their investment plans for the crisis and working capital so that they can continue their operations.

This tool is aimed at a target group of recipients who generally do not have easy access or have no access to bank financing at all - companies with no credit history.

Use of measure

Currently, there is no information on the number of enterprises, who are interested in this measure.

Actors, target groups and funding

Actors	Target groups	Funding
National government Company / Companies	One person or microenterprises Start-ups	Companies National funds

Social partners

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

Employers' organisations actively participated in the debate on supporting small and medium-sized businesses.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 14 April 2020: Българска телеграфна агенция (БТА) (www.bta.bg)
- 24 April 2020: BDB's new microbusiness loan is 10% interest (www.banker.bg)