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Factsheet for case BG-2020-16/498

COVID - 19: Interest-Free Credit Guarantee Program

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Country	Bulgaria, applies nationwide
Time period	Open ended, started on 13 April 2020
Type	Legislation or other statutory regulation
Category	Employment protection and retention – Income support for people in employment (e.g. short-time work)
Case created	12 April 2020 (updated 01 May 2020)

Background information

The government approved capital increase of the state-owned Bulgarian Development Bank (BDB) by BGN 700 million (approx. €350 million; 0.6 percent of 2019 GDP). The bank can now have the opportunity to provide BGN 200 million (approx. €100 million) for the issuance of portfolio guarantees to commercial banks to provide interest-free loans to workers on unpaid leave.

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 (approx. €750) 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-employed; 3) Have an employment relationship at least 6 months back from the date of application; 4) The applicants should 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 (approx. €750); 2) No interest and fees; 3) Granting a grace period of 6 to 12 months; 4) Maximum payment period is 24 months.

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
National government Other social actors (e.g. NGOs)	Employees Self-employed 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, but it 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)
- 14 April 2020: Българска банка за развитие - изисквания (bbr.bg)