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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](http://parliament.bg))
- 08 April 2020: Държавен безлихвен кредит до 1500 л ([izbiram.bg](http://izbiram.bg))
- 14 April 2020: Българска банка за развитие - изисквания ([bbr.bg](http://bbr.bg))