



# Bulgaria

Overview

## EIB INVESTMENT SURVEY

# 2021



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# Bulgaria

Overview

## **EIB Investment Survey Country Overview: Bulgaria**

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### **About the EIB Investment Survey (EIBIS)**

The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that firms face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

### **About this publication**

The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: [eibis@eib.org](mailto:eibis@eib.org).

**Download the findings of the EIB Investment Survey for each EU country or explore the data portal at [www.eib.org/eibis](http://www.eib.org/eibis).**

### **About the Economics Department of the EIB**

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

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### **Disclaimer**

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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# EIBIS 2021 – Bulgaria

## KEY RESULTS

### Investment Dynamics and Focus

The share of Bulgarian firms investing in EIBIS 2021 is 61%, the second lowest in the EU after Romania (60%). However, Bulgarian firms have become more optimistic in 2021, as more expect to increase rather than decrease investment (net 9%), again the second lowest share in the EU. Large firms and firms from the services sector are most likely to increase investment for 2021. That said, the share of services sector firms investing in 2020 was just 49%.

On average, firms across Bulgaria spent half (49%) of their investment in 2020 with the purpose of replacing buildings and equipment, an increase compared to EIBIS 2020 (40%) but similar to the EU average (50%). The share of investment in new products and services is much lower in Bulgaria (11%) than in the EU (17%).

### Impact of COVID-19

COVID-19 had a strong negative impact on Bulgarian firm's sales, with almost half of them reporting a reduction in sales, in line with the EU average. The effect of COVID-19 on investment of Bulgarian firms, however, was somewhat stronger than in the rest of the EU. While it is difficult to identify the reasons, differences in policy support for the corporate sector and in access to finance are most likely behind it. Bulgarian firms were less proactive in addressing the consequences of the pandemic in the short-term, as only 40% took an action, compared to 57% in the EU.

### Investment Needs and Priorities

Most Bulgarian firms consider that they have taken good investment decisions over the past 3 years, but the share is lower than that in the EU. In the longer term, Bulgarian firms perceive much smaller effects on digitalization and greater negative effects on employment than their European peers.

### Innovation Activities

The share of Bulgarian firms that did not innovate is high and increased during the pandemic. Large firms and SMEs show similar levels of innovation but the share of firms who introduced innovations in the country or the global market is higher for SMEs.

### Drivers and Constraints

Bulgarian firms remain on balance pessimistic about the political and regulatory climate, in line with the EU average. Nevertheless, expectations for the overall economic climate have become positive again, as well as the perception of business prospects in the sector and availability of finance.

Availability of skilled staff is cited as the main long-term barrier to investment (81%), followed by uncertainty about the future (77%). Both of these barriers are in line with the EU averages. Compared to EU firms, Bulgarian firms are less likely to consider the lack of availability of digital infrastructure as an obstacle to investment (35% versus 45% respectively).

### Investment Finance

Access to finance conditions are slightly more worrisome than in the EU overall: the share of finance constrained firms in Bulgaria is 9%, which is in line with previous waves of EIBIS and remains above the EU average of 5%. Firms that used external finance in 2020 are on balance satisfied with the finance received. Collateral requirements and cost of finance are the two features of loan contracts that firms complain most about.

Around two in five firms (43%) have received financial support in response to the COVID-19 pandemic, lower than among EU firms (56%). The predominant mode of such support was in the form of subsidies that do not need to be paid back (35%).

### Climate Change and Energy Efficiency

Half of all firms in Bulgaria (50%) consider that climate change is having an impact on their business. While 63% of firms in Bulgaria see the transition to stricter climate standards and regulations as having no impact on their business, a higher share of firms see the transition as a risk rather than an opportunity for the business over the next five years (24% compared to 13%).

Firms in Bulgaria are less likely than EU firms to make climate- change related investments and investments in energy efficiency. Around a quarter of firms have made investments to tackle the impact of climate change, with a third planning to invest in the future, much lower than among EU firms (33% compared to 47% respectively). Around a quarter of firms reported investing in energy efficiency in 2020, which is a decline compared to 2019 and is less than the EU (28% compared to 37%, both in the EU and in 2019). Among other reasons, a lower share of Bulgarian firms than EU firms that set and monitored internal targets on carbon emissions and energy consumption might provide some explanation (37% compared to 46% respectively).

### Firm management, gender balance and employment

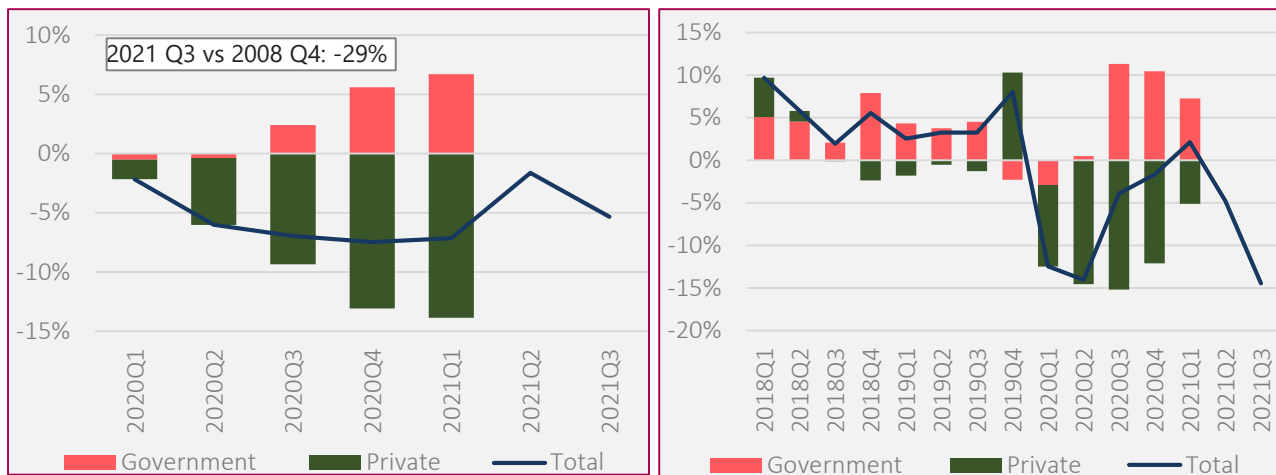
Asked about several management practices, three-quarters of firms in Bulgaria linked individual performance to pay and three-quarters strove for gender balance in 2020. These shares are slightly above the EU average. Around two fifths of firms also claim to have made use of strategic monitoring system, below the average for the EU. Overall, employment in Bulgarian firms did not react significantly to the economic effects of COVID-19 similarly to the pattern across the EU.

# Investment Dynamics and Focus

## INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

With the COVID-19 crisis abruptly affecting the economy, investment plunged at the beginning of 2020. The drop in investment was driven by the private sector, while government investment increased compared to the pre-crisis level.

After a small improvement in the second quarter of 2021, investment fell back to 5% below the pre-pandemic level in Q3 2021.

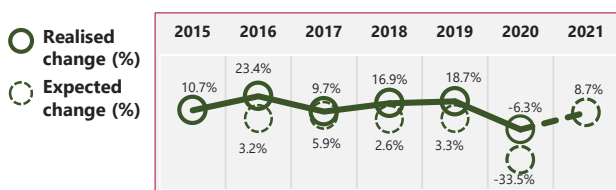


The graph on the left shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data are transformed into four-quarter sums, deflated using the implicit deflator for total GFCF. The four-quarter sum of total GFCF in 2019 Q4 is normalized to 0. Source: Eurostat  
The graph on the right shows the year-on-year growth of total gross fixed capital formation (in real terms); by institutional sector. The data are deflated using the implicit deflator for total GFCF. Source: Eurostat.

## INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

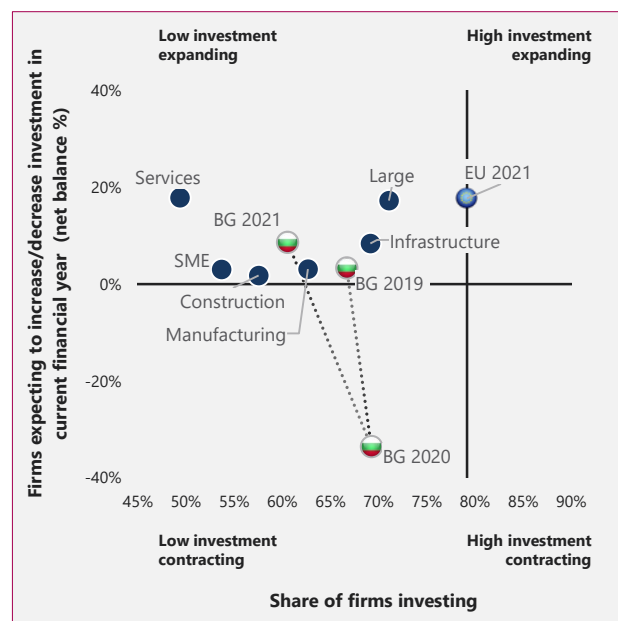
The share of Bulgarian firms investing in 2020 is 61%, the second lowest in the EU after Romania (60%). However, firms have become more optimistic for 2021, as more expect to increase rather than decrease investment (net 9%), remaining below the average EU levels.

Large firms and firms from the services sector are most likely to increase investment in the 2021. That said, the share of services sector firms investing in 2020 was just 49%.



'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms



Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for EIBIS 2021.

Base: All firms (excluding don't know/refused responses)

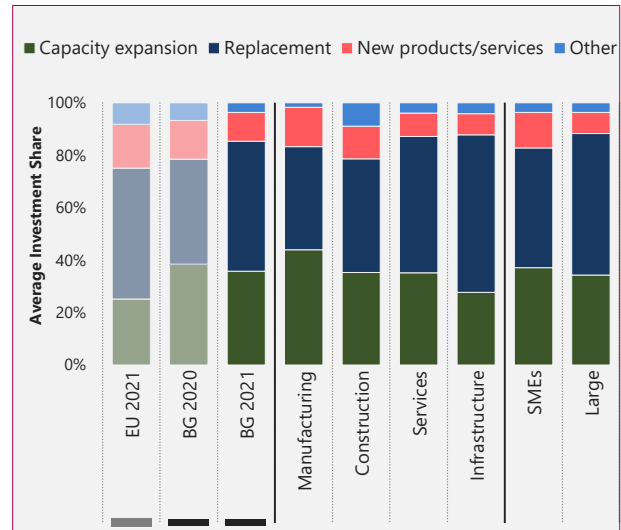
# Investment Dynamics and Focus

## PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

On average, firms across Bulgaria spent half (49%) of their investment in 2020 for the purpose of replacing buildings and equipment, an increase compared to what was reported for 2019 in EIBIS 2020 (40%), but similar to the EU average (50%). The share of investment in new products and services was much lower in Bulgaria (11%) than in the EU (17%).

The share of investment in replacements was higher for large firms compared to SMEs (54% versus 46%) and for infrastructure firms (60%) compared to firms in other sectors.

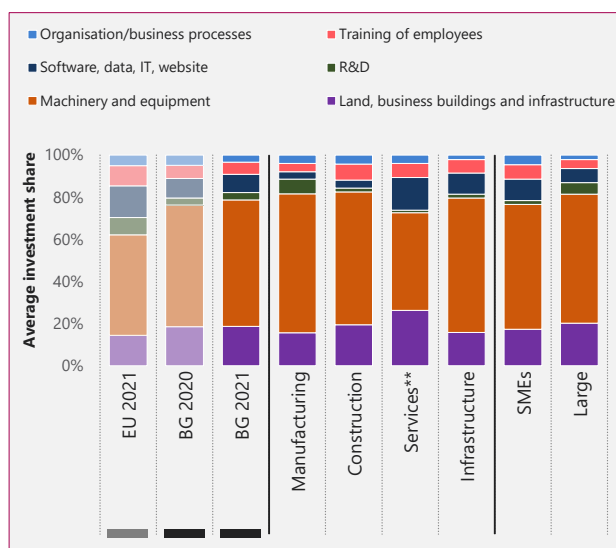
Unlike firms in other sectors, manufacturing businesses report highest share of investment for capacity expansion (44%) in 2020.



Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

## INVESTMENT AREAS



Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

\*\*Caution small base size

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Out of the six investment areas considered, the highest share of investment in 2020 was in machinery and equipment (60%), remaining higher than the EU average (48%). Land, business buildings and infrastructure seized the second largest share of investment in the country (19%). These patterns are broadly in line with the EIBIS 2020 findings.

Firms operating in services tended to allocate a larger share of their investment to land, business buildings and infrastructure (26%) compared to firms in other sectors (ranging from 16% to 19%). Firms in services also allocated a larger share of investments in software, data, IT and website (16% vs 3% to 10% for other sectors).

Investment in intangible assets in Bulgaria (21%) was substantially lower than the EU average (38%). Intangible assets are recognised as an important input in innovative activities and are positively related to firm productivity levels.

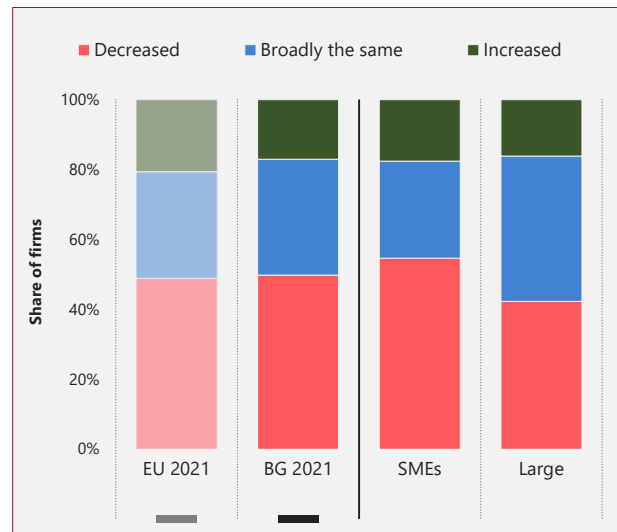
# Impact of COVID-19

## IMPACT OF COVID-19 ON SALES

COVID-19 hit firms in various ways. When asked about the impact on sales, a half of all Bulgarian firms (50%) report a decline in sales or turnover due to COVID-19 compared to the beginning of 2020 – in line with the EU average (49%).

17% of Bulgarian firms have experienced an increase in sales, a slightly lower share compared to the EU average (21%).

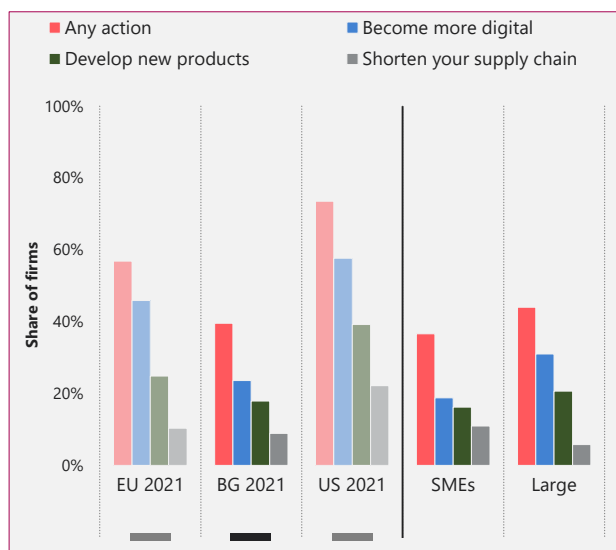
The impact on sales was greater among SMEs than large firms, with 55% of SMEs experiencing a decline in sales compared to 42% of large firms.



Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020?

Base: All firms (excluding don't know/refused responses)

## SHORT-TERM ACTIONS AS A RESULT OF COVID-19



Only 40% of firms in Bulgaria report having taken at least one short-term action due to COVID-19, a much lower share than the EU average (57%).

The most cited area of action or investment is to become more digital, as reported by 24% of firms in Bulgaria, a share below the EU average of 46%.

Large firms are more likely than SMEs to have taken actions or invested in order to develop new products or become more digital as a response to the crisis. Contrarily, SMEs were more likely than large firms to shorten their supply chain.

Q. As a response to the COVID-19 pandemic, have you taken any actions or made investments to...?

Base: All firms (excluding don't know/refused responses)

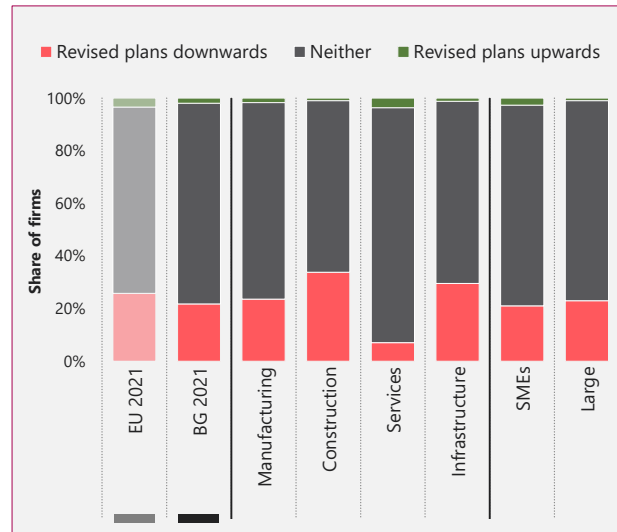


# Impact of COVID-19

## IMPACT OF COVID-19 ON INVESTMENT

When asked about whether they made any changes to their investment expectation during the pandemic, 76% of Bulgarian firms report no change, higher than the EU average (71%). Nevertheless, 22% of Bulgarian firms report revising plans downwards due to COVID-19, while only a few (2%) report revising them upwards. This is similar to the EU average (with 26% of firms decreasing and 3% increasing investment).

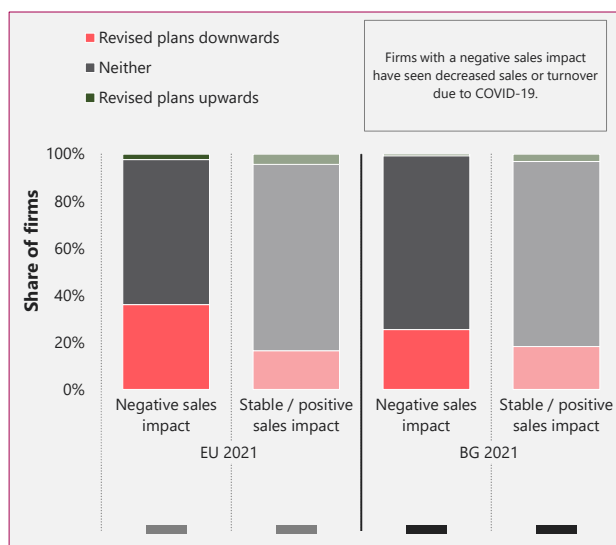
Construction sector firms are the most likely to have revised their investment plans downwards (34%) compared to firms in other sectors. The effect of the pandemic on investment plans was smallest in the services sector, as 89% of firms report that it had no effect on their investment plans. Large and small firms in Bulgaria reacted similarly to the pandemic, unlike in the rest of the EU, where a higher share of large firms revised plans downwards.



- Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?  
Q. You mentioned revising your investment plans due to the COVID-19 pandemic. Did you revise them upward or downward?

Base: All firms (excluding don't know/refused responses)

## DIFFERENCES IN IMPACT OF COVID-19 ON INVESTMENT



Overall, firms with negative sales impact caused by the COVID-19 crisis are more likely to revise their investment plans downwards compared to firms with stable or positive sales impact (25% compared to 18%).

- Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?  
Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020? Has it...?

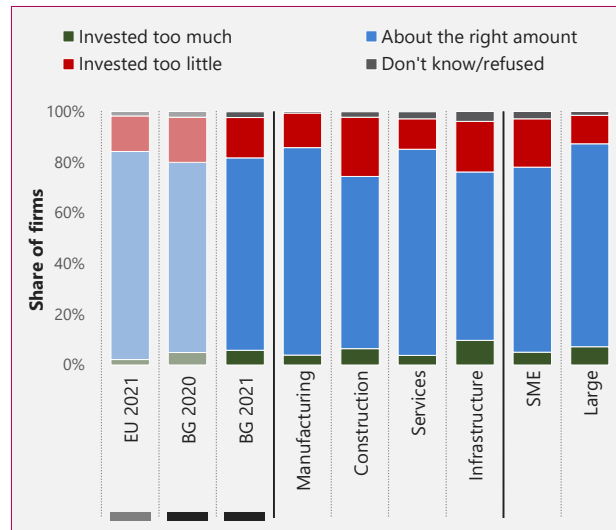
Base: All firms (excluding don't know/refused responses)

# Investment Needs and Priorities

## PERCEIVED INVESTMENT GAP

The majority of Bulgarian firms do not perceive gaps in their investment activities. In spite of the difficult circumstances, about three in four firms in Bulgaria believe that their investment over the last three years was about the right amount (76%). These results are similar to EIBIS 2020 (75%) and are below the EU average (82%).

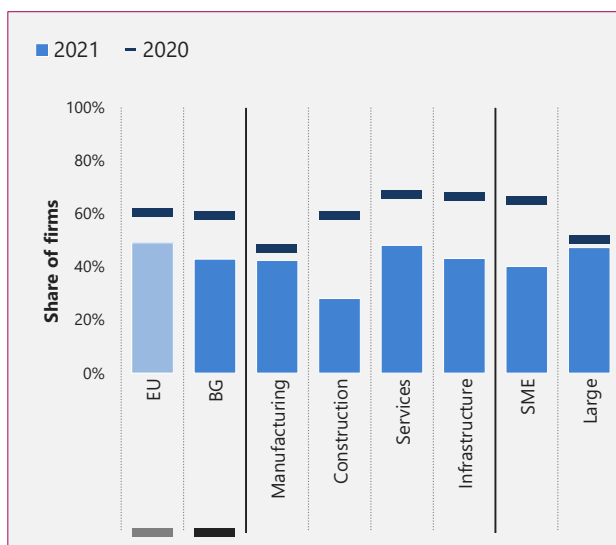
Overall 16% of Bulgarian firms believe they have invested too little and this perceived under-investment is highest among firms operating in construction (23%) and infrastructure (20%) sectors and among SMEs (19%).



Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

## SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



Full capacity is the maximum capacity attainable e.g. company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable?

Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

Only 43% of the firms report having operated at or above full capacity in EIBIS 2021, which is slightly below the EU average (49%) and significantly below the reported share in EIBIS 2020 (59%).

Following a large decline from EIBIS 2020, firms in the construction sector were the least likely to be operating at or above full capacity (28%) with other sectors ranging from 43% to 48%.

The share of SMEs operating at or above full capacity has also declined since EIBIS 2020 (40% from 65% at EIBIS 2020). Large firms, on the other hand, maintained a similar share of capacity utilisation as in EIBIS 2020.

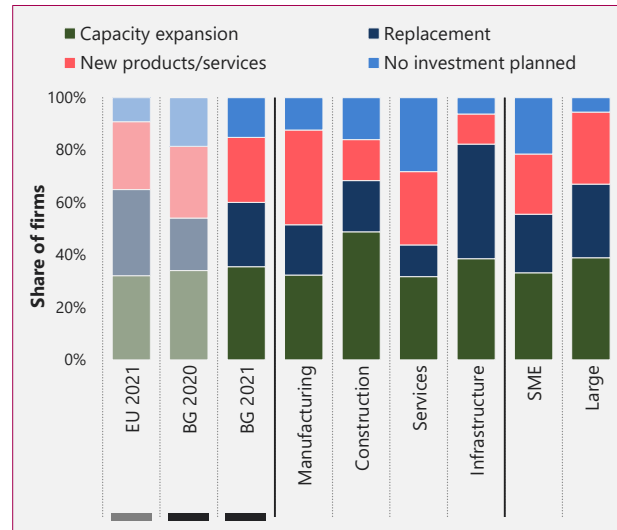
# Investment Needs and Priorities

## FUTURE INVESTMENT PRIORITIES (% of firms)

Expanding capacity for existing products/services is the most commonly cited investment priority for the next years (35%) among Bulgarian firms, followed by investment in new products/services (25%) and replacement of existing buildings, machinery, equipment and IT (25%).

Around 15% of firms in Bulgaria have no investment planned, more than across the EU (9%). Firms in the service sector (28%) and SMEs (22%) are the most likely to have no investment planned.

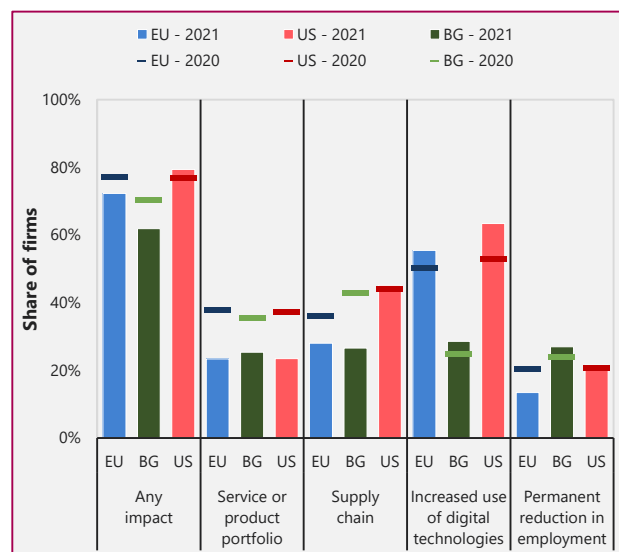
Construction firms are more likely than firms in other sectors to cite capacity expansion as an investment priority (49%). While manufacturing firms cite new products/services as their number one priority (36%), while replacement is the priority among infrastructure firms (44%).



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/refused responses)

## COVID-19 LONG-TERM IMPACT



COVID-19 will have a long-term impact on needs and priorities for more than half of the firms in Bulgaria (62%). This is slightly below the reported levels in EIBIS 2020 (70%) and below the EU average (72%).

In Bulgaria, 29% of firms expect the long-term impact of COVID-19 to be an increased use of digital technologies, a much lower share than across the EU as a whole (55%).

Firms in Bulgaria are more pessimistic about the employment situation than across the EU, with more than a quarter (27%) expecting a permanent reduction in employment compared to 13% across the EU.

The share of firms that perceive a long-term effect of the pandemic on their product portfolio is broadly the same as the average EU share and has declined since EIBIS 2020.

Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

Base: All firms

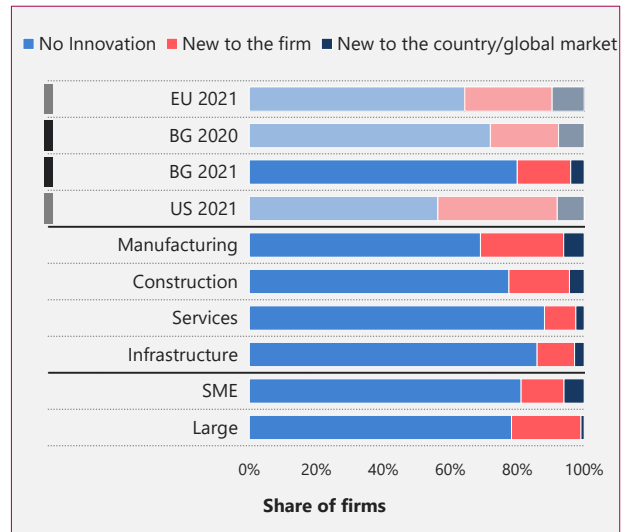
# Innovation Activities

## INNOVATION ACTIVITY

Overall, 20% of firms in Bulgaria developed or introduced new products, processes or services as part of their investment activities in 2020, including 4% who claim to have undertaken innovation that is new to the country or global market. This is lower than what was reported in EIBIS 2020 (28%) and below the average for the EU (36%).

Manufacturing firms were the most likely to innovate (31%) in 2020, while those operating in services were the least likely to do so (12%).

Bulgarian SMEs are more likely to have introduced innovation that was new to the country or global market (6%) than large firms were (1%).

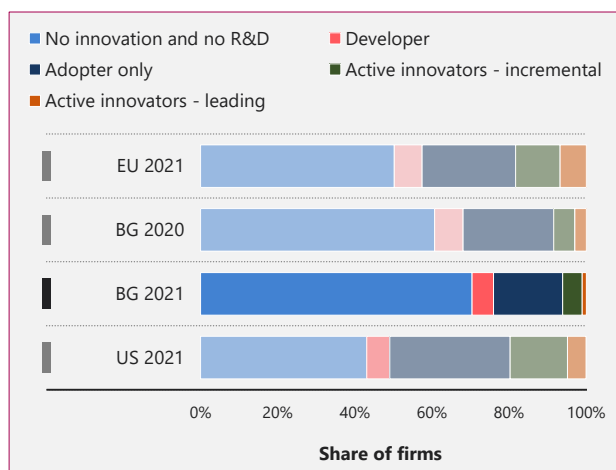


Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Base: All firms (excluding don't know/refused responses)

## INNOVATION PROFILE



Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

Base: All firms (excluding don't know/refused responses)

When firms' innovation and research and development behaviour is profiled more widely, only 6% of firms in the country can be classified as 'active innovators' and a further 6% of firms can be classified as 'developers'. This is significantly below the EU average where 18% of firms are classified as 'active innovators'.

The share of firms that had no innovation or R&D activity in 2020 (70%) has significantly increased compared to 2019, as reported in EIBIS 2020 (60%).

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators these are new to the country/world.

# Innovation Activities

## IMPLEMENTATION OF ADVANCED DIGITAL TECHNOLOGIES

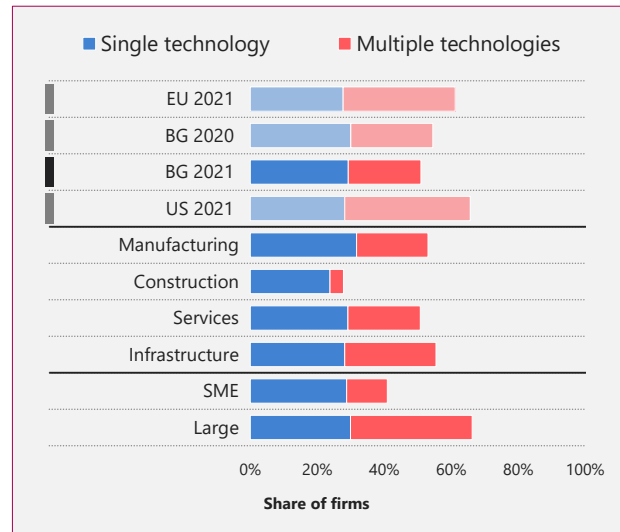
Overall, Bulgarian firms report a lower implementation of all the advanced digital technologies they were asked about compared to the EU average.

Half of all firms (51%) have introduced at least one of the advanced digital technologies they were asked about. This is similar to EIBIS 2020 (54%) but is below the EU average (61%). This difference is due to a lower share of firms in Bulgaria introducing multiple advanced digital technologies compared to the EU average.

Firms in the construction sector are the least likely to have implemented at least one advanced digital technology (28%).

In addition, large firms are also more likely than SMEs to have implemented multiple technologies (36% versus 12%).

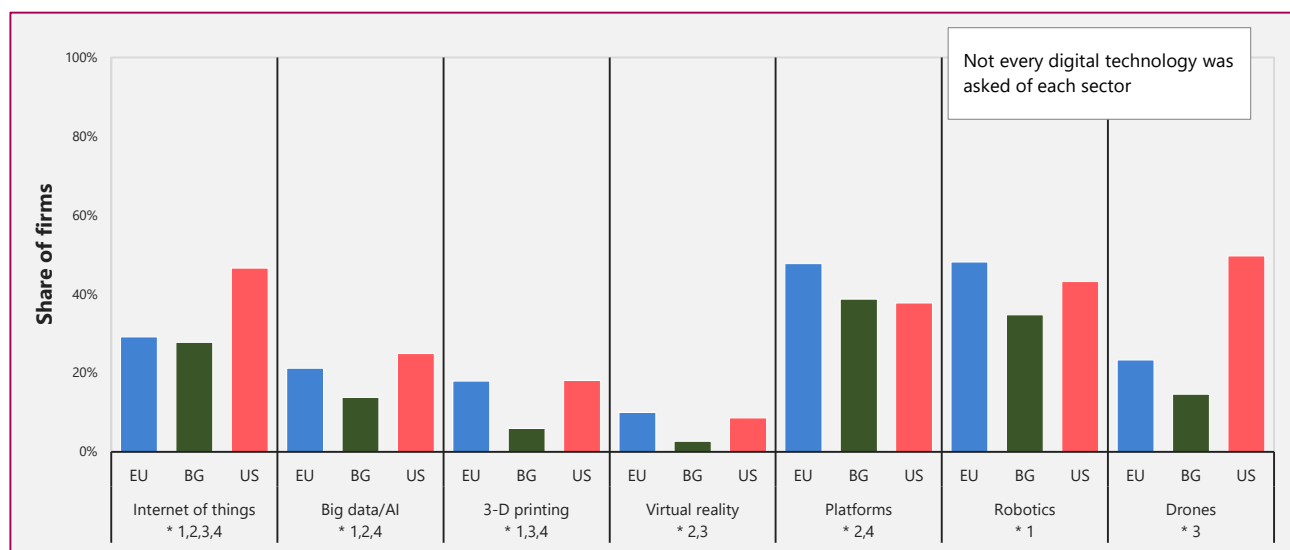
*Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?*



*Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'*

Base: All firms (excluding don't know/refused responses)

## ADVANCED DIGITAL TECHNOLOGIES



\* Sector: 1 = Asked of Manufacturing firms, 2 = Asked of Services firms, 3 = Asked of Construction firms, 4 = Asked of infrastructure firms

*Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?*

*Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'*

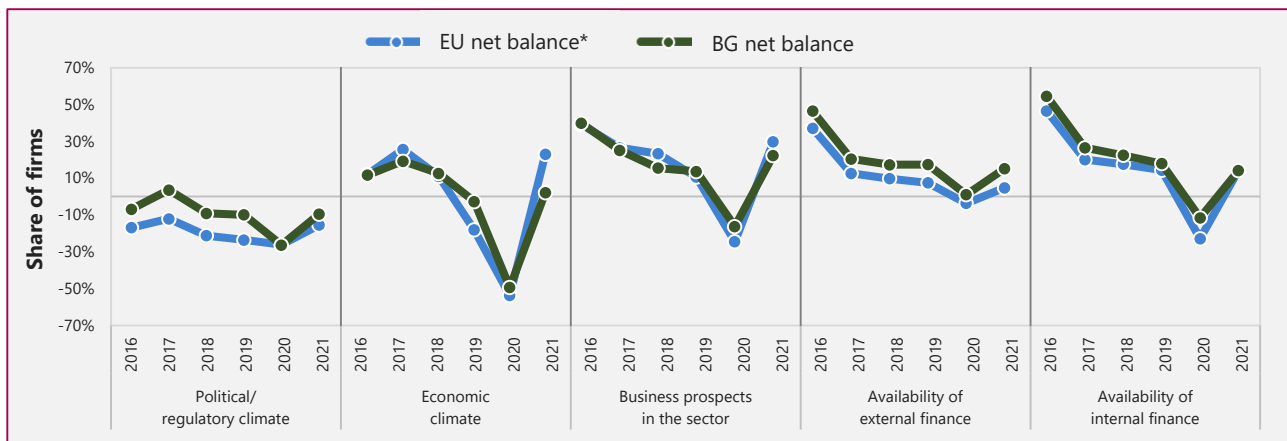
Base: All firms (excluding don't know/refused responses);  
Sample size BG: Manufacturing (137); Construction (115); Services (114); Infrastructure (108)

# Drivers And Constraints

## SHORT-TERM FIRM OUTLOOK

Bulgarian firms remain on balance pessimistic about the political and regulatory climate, in line with the EU average. That said, expectations for the overall economic climate have become positive again (rising from -51% to +4%) as well as the perception of business prospects in the sector

(rising from -16% to +26%), the availability of internal finance (rising from -10% to +17%) and availability of external finance (rising from +3% to +18%). The short-term outlook in the EU as a whole is very similar to that perceived by Bulgarian firms.

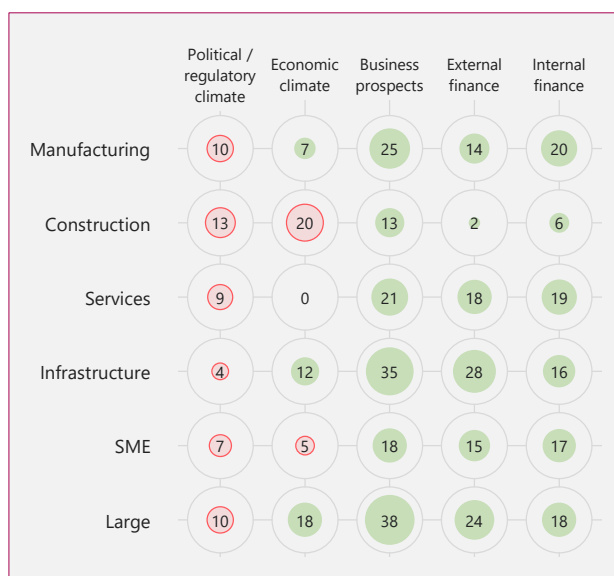


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

\*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

## SHORT-TERM FIRM OUTLOOK BY SECTOR AND SIZE (NET BALANCE %)



Please note: green figures are positive, red figures are negative

Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

Base: All firms

Firms are consistently more negative than positive about the political/regulatory climate in the country, but this perception is shared with firms across the EU.

SMEs and those in the construction sector are also most likely to be more negative than positive about the overall economic climate.

Large firms are more optimistic on balance about business prospects and the availability of external financing compared to SMEs firms.

The internal finance outlook is similar across sectors and size with the exception of the construction sector, where firms are markedly more pessimistic.

Firms operating in infrastructure are also most positive about their sector's business prospects and their availability of external financing compared to other firms, while the construction sector firms are least optimistic.

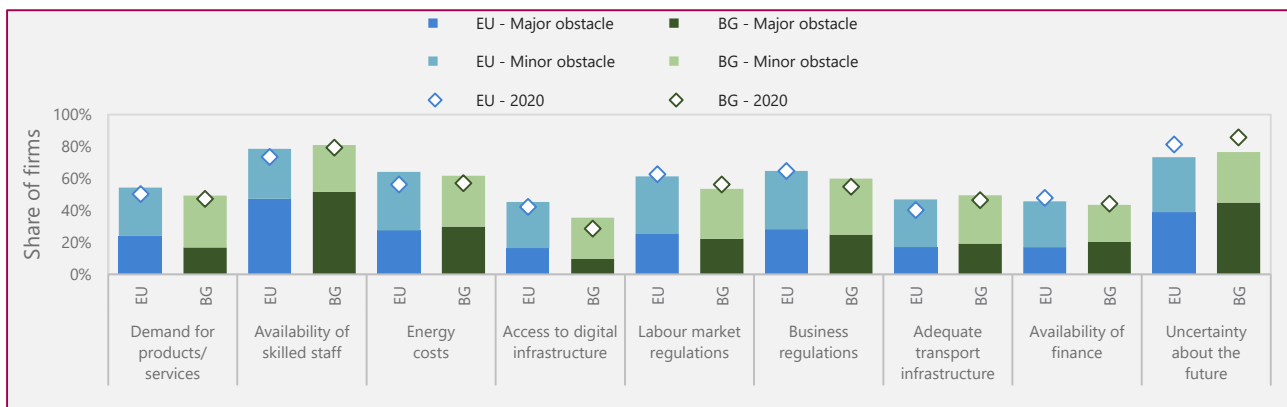
# Drivers And Constraints

## LONG-TERM BARRIERS TO INVESTMENT

Overall Bulgarian firms' perception of the obstacles to investment is similar to EIBIS 2020. The availability of skilled staff (81%) is the most cited long-term barrier to investment, followed by the uncertainty about the future (77%). Both of these barriers are in line with the EU averages. The share of firms seeing the uncertainty about the future as barrier has fallen in Bulgaria and across the EU since EIBIS 2020. Overall, uncertainty about the future is perceived as a more common barrier

by construction firms (91%) compared to other sectors (ranging from 71% to 79%).

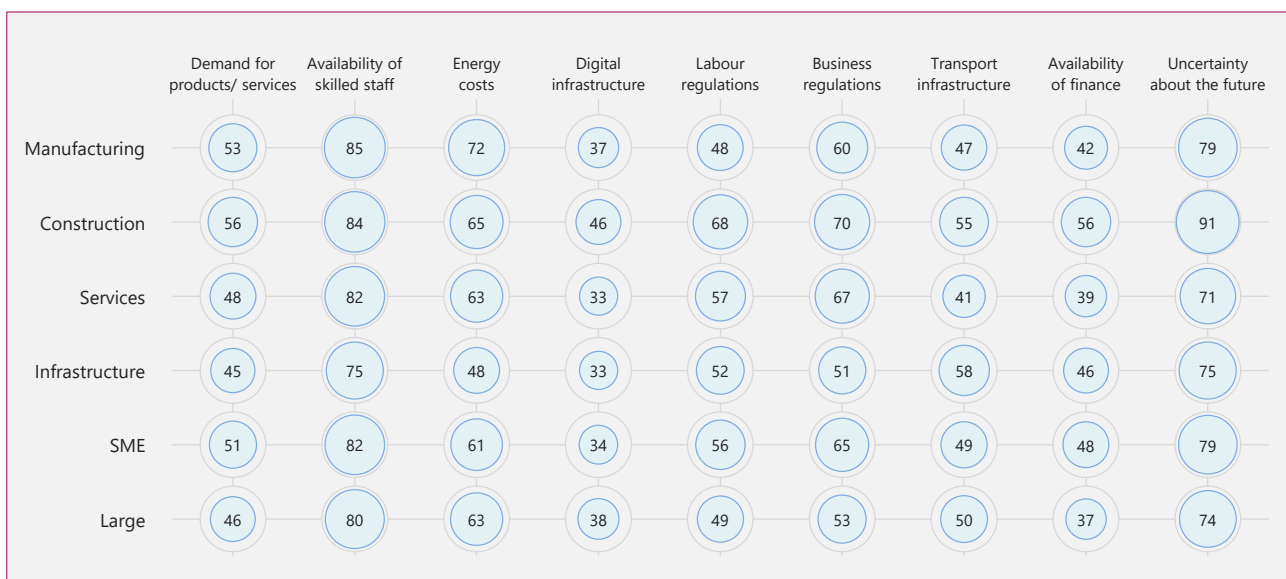
Bulgarian firms' perceptions about investment obstacles are in line with the EU average. Access to digital infrastructure is an exception with 35% of Bulgarian firms perceiving it as an obstacle to investment compared to 45% in the EU.



Q. Thinking about your investment activities in Bulgaria, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

## LONG-TERM BARRIERS BY SECTOR AND SIZE



Q. Thinking about your investment activities in Bulgaria, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Reported shares combine 'minor' and 'major' obstacles into one category

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

# Investment Finance

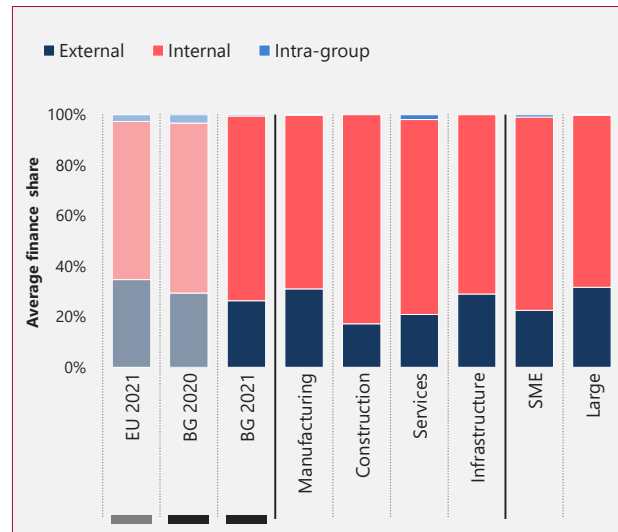
## SOURCE OF INVESTMENT FINANCE

Firms in Bulgaria financed the majority of their investment in 2020 using internal funds (73%), which is ~~was~~ higher than the EU average and what was reported in EIBIS 2020 (63% and 67% respectively).

Firms working in the construction sector report the largest share of investment to have been funded through internal funds (83%).

Moreover, external finance made up a quarter of the overall investment finance (26%), which is below the EU average of 35%.

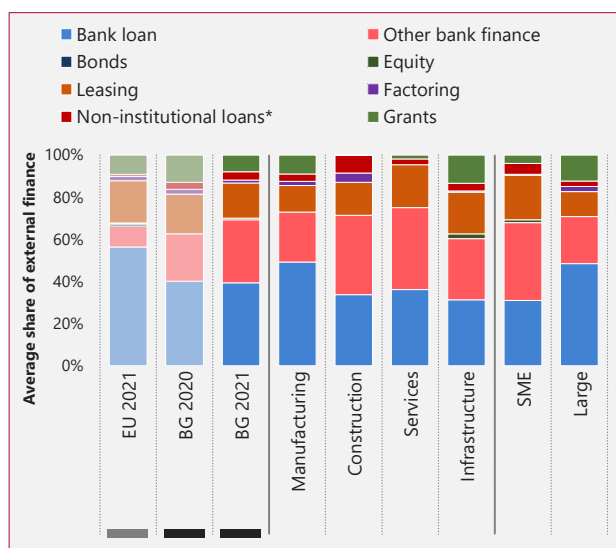
Large firms report a higher share of external financing than SMEs (32% vs 23% respectively).



Q. What proportion of your investment was financed by each of the following?

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

## TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



Bulgarian firms continued to fund the majority of their investments through bank loans (39%). This is in line with EIBIS 2020 (40%), but remains below the current EU average (56%). Other types of bank financing made up around one third (30%) of the external financing in the country. This share is above the average for the EU (10%).

A higher share of SMEs funded their investments through other bank finance compared to large firms (37% versus 22%). Similarly, more services and construction firms (39% and 38% respectively) funded their investments through other bank financing compared to infrastructure and manufacturing firms (29% and 24% respectively).

Q. Approximately what proportion of your external finance does each of the following represent?

\*Loans from family, friends or business partners

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

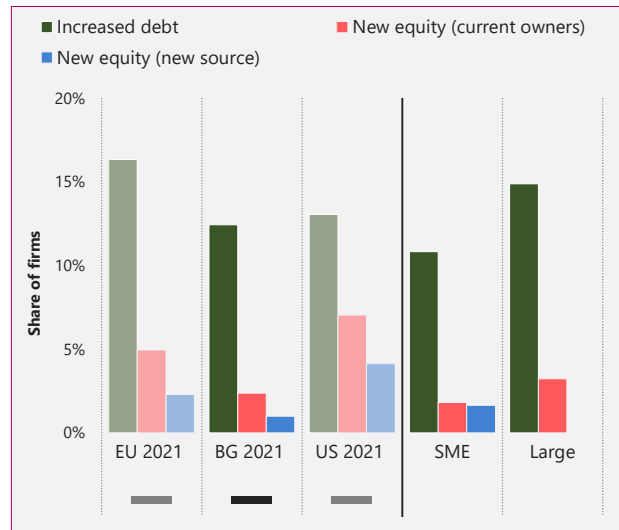


# Investment Finance

## ACTIONS TAKEN AS A RESULT OF COVID-19

In response to the pandemic, 12% of all firms in the country claim they have increased debt. This is slightly below the average for the EU (16%).

Large firms were slightly more likely to increase their debt positioning as a result of the COVID-19 pandemic (15%) than SMEs (11%).



Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

Base: All firms (excluding don't know/refused responses)

## SHARE OF FIRMS RECEIVING FINANCIAL SUPPORT IN RESPONSE TO COVID-19



43% of Bulgarian firms report having received financial support in response to the COVID-19 pandemic, fewer than across the EU as a whole (56%).

Large firms were more likely to receive some financial support than SMEs (51% vs 37% respectively).

Subsidies that do not need to be paid back were the main form of financial support in response to COVID-19, especially among large businesses (43% vs 29% for SMEs).

The share of subsidized or guaranteed loans taken by Bulgarian firms (3%) was substantially lower than what is reported by EU peers (17%).

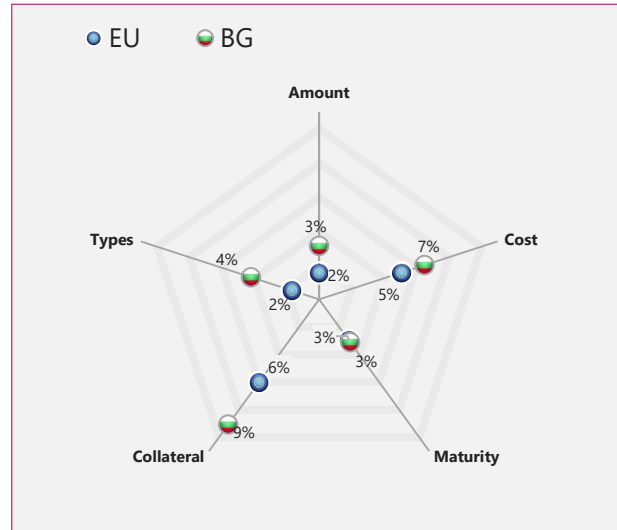
Q. Since the start of the pandemic, have you received any financial support in response to COVID-19? This can include finance from a bank or other finance provider, or government-backed finance

Base: All firms (excluding don't know/refused responses)

# Access To Finance

## DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms that used external finance in 2020 are generally satisfied with the finance received. The highest proportions of dissatisfaction are with the collateral requirements (9%) and cost of finance (7%), which is slightly above the dissatisfaction levels in the EU (6% and 5% respectively).



Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

## DISSATISFACTION BY SECTOR AND SIZE (%)



As mentioned above, overall dissatisfaction levels are low, with the highest levels of dissatisfaction mentioned regarding the collateral requirements and cost of financing especially among SMEs (both cited by 11% of all firms who used external finance in 2020). In comparison, large firms are much less worried about cost (1%) and collateral (6%).

Q. How satisfied or dissatisfied are you with ...?

\*\*Caution small base

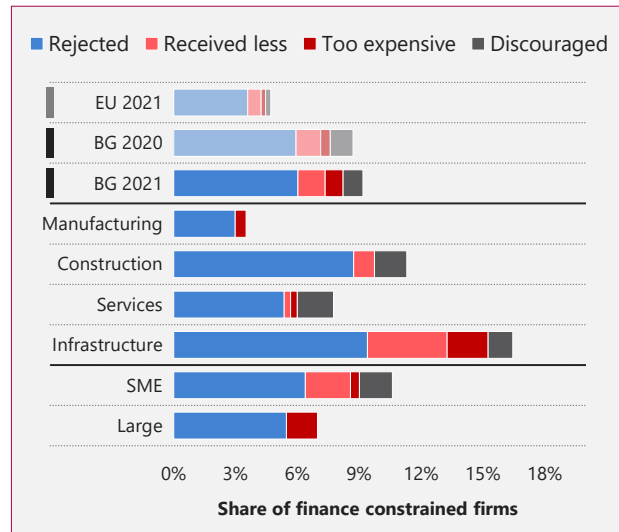
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

# Access To Finance

## SHARE OF FINANCE CONSTRAINED FIRMS

Remarkably, 9% of firms in Bulgaria can be considered financially constrained, in line with what was reported in EIBIS 2020 and above the EU average of 5%.

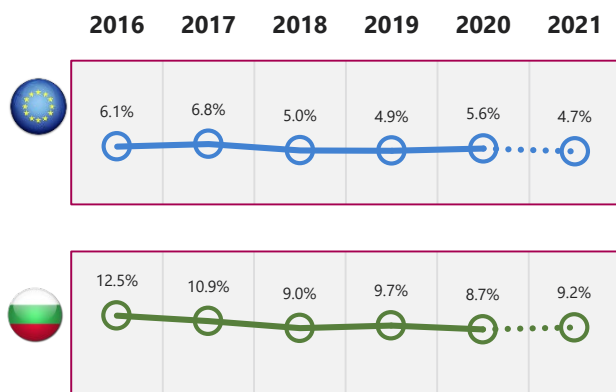
The infrastructure sector has the highest share of financially constrained firms (16%) while the manufacturing sector has the lowest (4%).



*Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)*

*Base: All firms (excluding don't know/refused responses)*

## FINANCING CONSTRAINTS OVER TIME



The share of Bulgarian firms experiencing financial constraints in terms of external finance is similar in EIBIS 2021 and EIBIS 2020. Over the last 6 waves of this survey, Bulgarian firms have constantly been – on average – more finance-constrained than EU firms.

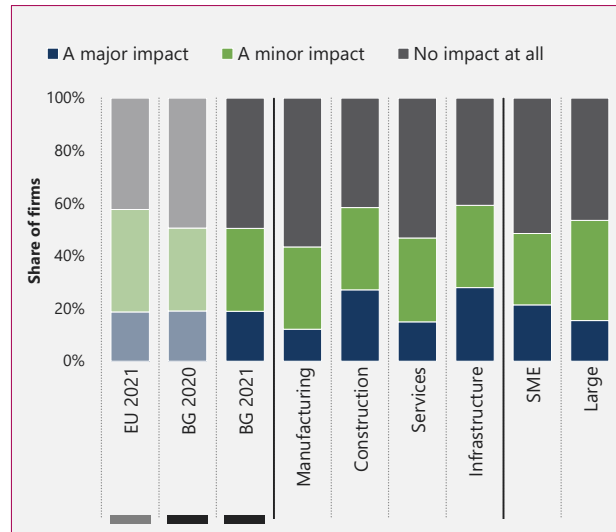
*Base: All firms (excluding don't know/refused responses)*

# Climate Change and Energy Efficiency

## IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

Half of all firms in Bulgaria (50%) say that climate change is currently having an impact on their business. This is in-line with what was reported in EIBIS 2020 and slightly below the EU average (58%).

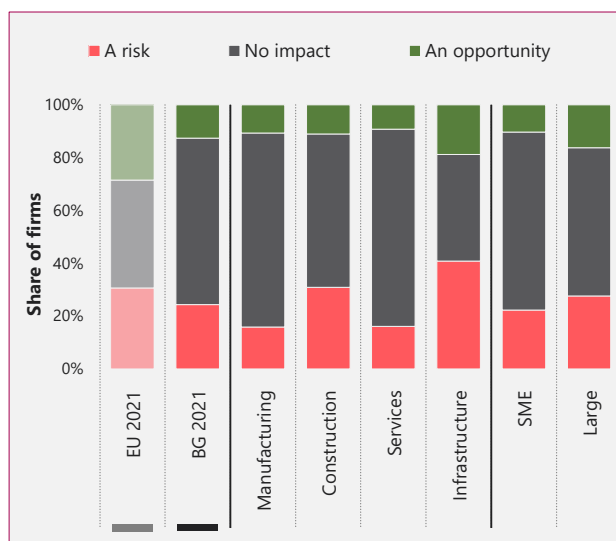
Nearly three fifths of infrastructure and construction firms say that weather events are having an impact on their business and more than a quarter in both sectors say it is having a major impact (28% and 27% respectively). There is no significant difference between large and small firms.



Q. Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

Base: All firms (excluding don't know / refused responses)

## IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS



63% of firms in Bulgaria think that the transition to a stricter climate standards and regulations will have no impact on their company over the next 5 years, which is higher than the EU average of 41%. However, firms that are starting to internalise the impact associated with the transition are more likely to see it as a risk rather than an opportunity (24% compared to 13%).

Infrastructure and construction firms are more likely to consider the transition to a net zero emission economy as a risk (41% and 31% respectively) than firms in the services and manufacturing sectors (both at 16%).

Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

Base: All firms (excluding don't know / refused responses)

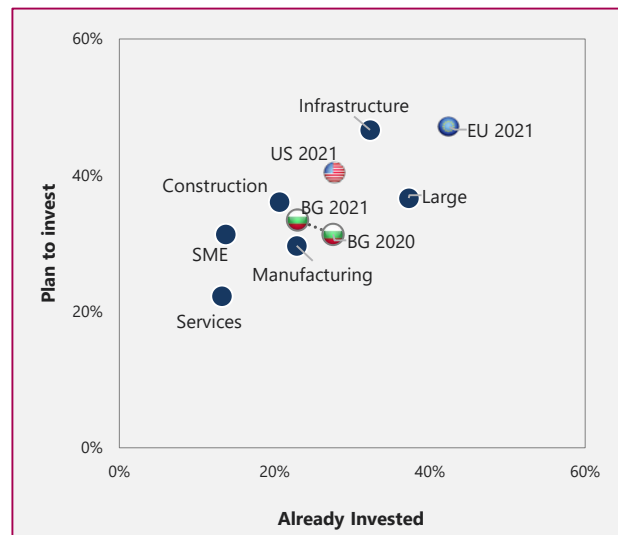
# Climate Change and Energy Efficiency

## INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Nearly a quarter (23%) of firms in Bulgaria have already made investments to tackle the impact of climate change and a third (33%) plan to invest in the future. These shares are well below the EU average shares, where 43% of firms have already invested and 47% plan to invest in the future.

Consistent with their perception of climate risks, infrastructure firms are more likely than other sectors to have already invested (32%) and to be planning to invest in measures that tackle climate change impact (47%).

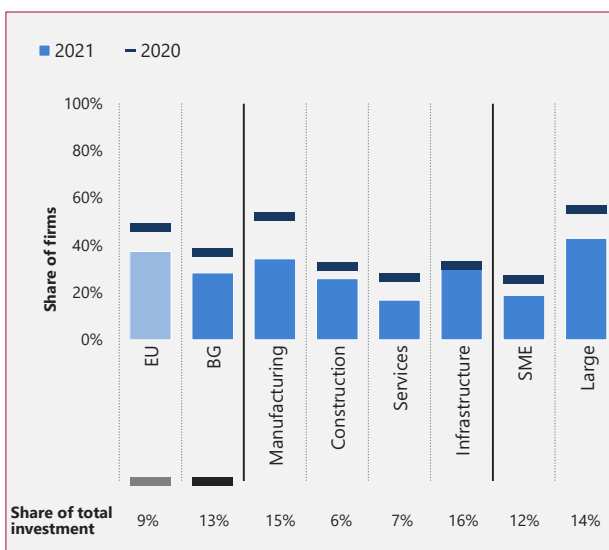
When comparing firms based on their size, 37% of large firms have already invested, while the share of SMEs is much lower (14%).



Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

Base: All firms (excluding don't know/refused responses)

## SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY AND SHARE OF TOTAL INVESTMENT



More than a quarter (28%) of Bulgarian firms invested in measures to improve energy efficiency in 2020, fewer than what was reported in EIBIS 2020 (37%) and below the EU average (37%). However, the share of total investments in Bulgaria (13%) is slightly above the share of investments in the EU (9%).

Large firms (43%) continued to be more likely than SMEs (19%) to invest in measures to improve energy efficiency, but the share of their total investments is similar (14% and 12% respectively).

Infrastructure and manufacturing firms invested a higher share (16% and 15% respectively) of their investment in measures to improve energy efficiency than construction and services firms (both at 7%).

Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms (for share of firms investing)

Base: All firms who have invested in the last financial year (excluding don't know/refused responses) (average share of investment)

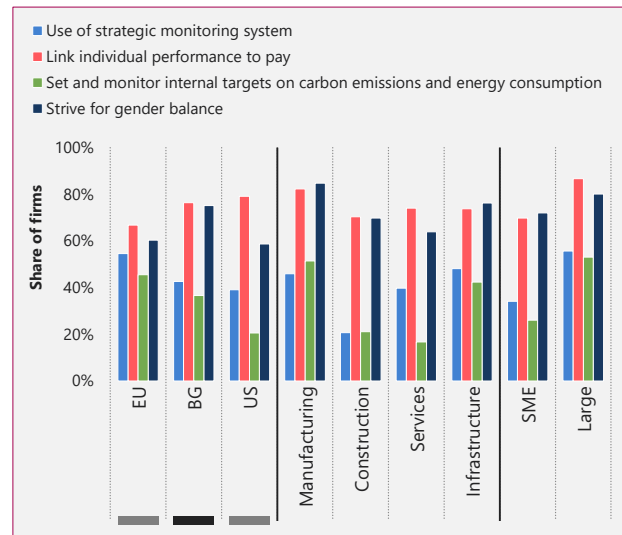
# Firm management, climate targets, gender balance and employment

## FIRM MANAGEMENT, CLIMATE TARGETS AND GENDER BALANCE

Three quarters of firms in Bulgaria linked individual performance to pay (76%) and strove for gender balance (75%) in 2020. These shares are slightly above the EU average (67% and 60% respectively).

In addition, 37% of firms set and monitored internal targets on carbon emissions and energy consumption in 2020, a share that is below the EU average (46%).

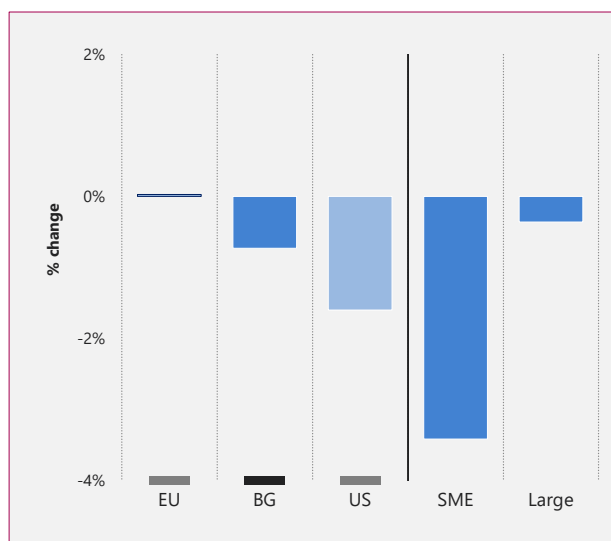
43% of firms in the country also claim to have used a strategic monitoring system, which is also below the average for the EU (55%).



Q. In 2020, did your company...?

Base: All firms (excluding don't know/refused responses)

## CHANGE IN EMPLOYMENT DURING COVID-19



Overall, firms in Bulgaria have not experienced a large change in employment as a result of COVID-19, similarly to the rest of the EU.

However, employment levels of SMEs were more affected than those of large firms: the number of employees in SMEs dropped by an average of 3% while there was no change for large firms.

Q. How many people does your company employ either full or part time at all its locations, including yourself?

Q. How many people did your company employ either full or part time at all its locations at the beginning of 2020, before the COVID-19 pandemic?

Base: All firms (excluding don't know/refused responses)

# EIBIS 2021 – Country Technical Details

## SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Bulgaria, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	BG	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs BG	Constr vs Manuf.	SME vs Large
	(11920)	(802)	(480)	(137)	(115)	(114)	(109)	(391)	(89)	(11920 vs 480)	(115 vs 137)	(391 vs 89)
10% or 90%	1.1%	3.5%	2.8%	4.6%	5.1%	5.7%	5.7%	3.0%	5.4%	3.0%	6.9%	6.2%
30% or 70%	1.7%	5.3%	4.3%	7.0%	7.8%	8.6%	8.6%	4.6%	8.3%	4.6%	10.5%	9.5%
50%	1.8%	5.8%	4.7%	7.6%	8.6%	9.4%	9.4%	5.0%	9.1%	5.0%	11.4%	10.3%

## GLOSSARY

<b>Investment</b>	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
<b>Investment cycle</b>	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
<b>Manufacturing sector</b>	Based on the NACE classification of economic activities, firms in group C (Manufacturing).
<b>Construction sector</b>	Based on the NACE classification of economic activities, firms in group F (Construction).
<b>Services sector</b>	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).
<b>Infrastructure sector</b>	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
<b>SME</b>	Firms with between 5 and 249 employees.
<b>Large firms</b>	Firms with at least 250 employees.

Note: the EIBIS 2021 country overview refers interchangeably to 'the past/last financial year' or to '2020'. Both refer to results collected in EIBIS 2021, where the question is referring to the past financial year, with the majority of the financial year in 2020 in case the financial year is not overlapping with the calendar year 2020.

# EIBIS 2021 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 480 firms in Bulgaria (carried out between March and July 2021).

## BASE SIZES *(\*Charts with more than one base; due to limited space, only the lowest base is shown)*

Base definition and page reference	EU 2021/2020	US 2021	BG 2021/2020	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 2, p. 6, p. 7, p. 10, p. 11	11920/11971	802	480/480	137	115	114	109	391	89
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11910/11949	802	480/480	137	115	114	109	391	89
All firms (excluding don't know/refused responses), p. 2	11620/11634	768	471/465	136	112	110	108	383	88
All firms (excluding don't know/refused responses), p. 4 (top)	11860/NA	800	479/NA	137	115	113	109	390	89
All firms (excluding don't know/refused responses), p. 4 (bottom)	11891/NA	802	480/NA	137	115	114	109	391	89
All firms (excluding don't know/refused responses), p. 5 (top)	11814/11971	768	476/480	137	114	111	109	387	89
All firms (excluding don't know/refused responses), p. 5 (bottom)	11760/0	766	475/0	137	114	110	109	386	89
All firms (excluding don't know/refused responses), p. 7 (top)	11765/11727	793	475/468	137	115	110	108	387	88
All firms (excluding don't know/refused responses), p. 8 (top)	11648/11720	779	477/479	137	114	114	108	389	88
All firms (excluding don't know/refused responses), p. 8 (bottom)	8780/9039	618	349/388	108	82	72	83	267	82
All firms (excluding don't know/refused responses), p. 9	11891/11938	802	479/479	137	115	114	108	390	89
All firms (excluding don't know/refused responses), p. 13 (top)	11882/NA	777	479/NA	137	115	113	109	390	89
All firms (excluding don't know/refused responses), p. 13 (bottom)	11857/NA	775	480/NA	137	115	114	109	391	89
All firms (excluding don't know/refused responses), p. 15	11518/11477	743	465/466	136	108	110	106	378	87
All firms (excluding don't know/refused responses), p. 16 (top)	11849/11898	798	473/478	133	114	113	108	386	87
All firms (excluding don't know/refused responses), p. 16 (bottom)	11384/NA	783	457/NA	133	108	110	101	372	85
All firms (excluding don't know/refused responses), p. 17	11659/11739	775	475/470	137	114	110	109	387	88
All firms (excluding don't know/refused responses), p. 18 (top)*	11616/NA	774	469/NA	134	112	110	105	381	86
All firms (excluding don't know/refused responses), p. 18 (bottom)	11664/11402	794	470/448	135	113	111	106	383	87
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (top)	9670/10138	674	360/406	111	87	73	84	277	83
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (bottom)	9523/9874	667	360/400	110	86	74	85	276	84
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	8675/9255	621	323/383	90	85	69	74	260	63
All firms who have invested in the last financial year (excluding don't know/refused responses)*, p. 17	11920/11971	802	480/480	137	115	114	109	391	89
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 12	4003/4354	284	132/162	43	34	22	32	98	34
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	3964/4310	281	132/159	44	33	22	31	98	33










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# Bulgaria

## Overview

# EIB INVESTMENT SURVEY

# 2022

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