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Bulgaria: Business Incubator for Vulnerable Groups, by the Bulgarian Red Cross

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Conversation with Ms. Stana Iliev, former expert in the Bulgarian Red Cross, about the [Business Incubator for Vulnerable Groups](#), a project featured as a good practice on the European Website on Integration (EWSI).

Interview by Bistra Ivanova from the Multi Kulti Collective – EWSI Country Coordinator for Bulgaria.

A business incubator was established at the Bulgarian Red Cross in 2012, accessible to all vulnerable groups, including migrants and refugees. The project ran in 2012 and 2013 with the objective to support vulnerable people interested in starting their own enterprise. The project aimed to help them enter the labour market through independent income strategies. Furthermore, the project facilitated dialogue and raised awareness on vulnerable communities amongst the public, through the involvement of student volunteers and private partners.

Pro bono staff conducted intensive workshops to train graduate volunteer students on how to advise and mentor beneficiaries willing to start their own business. Students and beneficiaries worked together to assess the proposed business ideas, to prepare professional documents and to conduct research for the start-ups. Consequently, the beneficiaries were to be able to register their business, to apply for state support and to receive microfinance support from a project partner. The project involved around 35 beneficiaries (30 migrants and 5 Roma), who were mainly men, 50 volunteer students (from Business Administration and Sociology), and 20 pro bono experts (business consultants, academics, etc).

In the end, the project helped 5 beneficiaries out of the 35 to prepare business plans, budgets, market studies and other professional documents for their small start-ups. All these activities were conducted despite the fact that the project had no budget at all. All the people involved were volunteers: each of the 20 pro bono experts worked around between 1 and 2 days for the project, each of the 50 volunteer students worked 20 days, and 5 volunteers from the Red Cross worked 1 to 2 days each.

Ms. Iliev, how did you come up with the idea of a business incubator for vulnerable groups?

I studied Business Administrations in Germany, where we have many employment policies to overcome social barriers and help integration. When I was a student, I was working in a regional employment facilitating organisation and I did an internship with a business incubator. I was also leading a competition of business plans for all universities in the region that I was studying in. When I came to Bulgaria and started working for the Red Cross, I saw that a lot of work could be done on these issues with the target groups of the Red Cross in Bulgaria, ie vulnerable groups. We wanted to start an integration pilot project that could be duplicated in other countries in the Balkans, because we were looking for expanding our capacities in other countries. We had no money at all, so we had to be creative.

Who were the beneficiaries and how did you approach them?

We were open to all “socially vulnerable people”. I was expecting poor people of certain age, mothers, women, etc., but the biggest target group that was actually in need for this business incubator turned out to be Roma people, migrants and refugees. We discovered that they had many needs in common and faced the same discrimination, barriers, and lack of access to institutional measures. The promotion of the business incubator was done by the social services of the Bulgarian Red Cross, which didn't work out as good as we wanted to. Luckily, the Refugee-Migrant Service in the Bulgarian Red Cross promoted the project very nicely and attracted some participants. But we mostly relied on our personal contact with activists working with Roma, migrants and refugees. The beneficiaries were mainly men, in particular Roma and migrants from Iraq, Iran and Afghanistan.

To what extent were partnerships important in making the project successful?

The partnerships were extremely important! We managed to attract all kinds of partners who were willing to participate in the project pro bono, since we had no budget at all. I contacted the Sofia University and managed to find students who gave us the know-how and offered their time as consultants. We also had partners from private enterprises, academics, entrepreneurs from small business start-ups, and a micro funding facility.

Please tell us more about the role of the student volunteers.

The students worked as consultants and helped the beneficiaries develop their business ideas and prepare all the professional documents such as business plan, budget, market research, etc. They were helping us for free, but they got University credits for participating in the project and they also learned on the way. So it was really a win-win situation. In 2012, the students were in the last semester of their Bachelor or Master in Business Administration. In 2013, I made it more diverse – we also invited Sociology students who could contribute significantly in terms of social skills required for this particular job. When meeting the beneficiaries for the first time, it is in fact important to make them feel comfortable, know how to approach them, how to explain the project, and not just talk in the business language.

We started with a whole week of intensive trainings for the students. We invited big auditing companies such as KPMG to tell them how bookkeeping works in practice for small start-ups, and to prepare them for the questions of the beneficiaries... Then we invited small entrepreneurs to whom students were able to ask questions such as: What was the scariest thing? What did you have problems with? What should we consider? And finally, we also had academic professors providing further information. We produced a lot of materials such as guidebooks, handbooks, checklists, manuals, etc. The students were highly educated, but of course once you do it in real life, it's different.

At the beginning, we had so much more students than beneficiaries. In the first year, we had 30 students and 1-2 beneficiaries usually had 5-6

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students who worked with them. They really worked together: the students were giving information to the beneficiaries, and then they were doing things together. Some students were specialized in finance, some were specialized in marketing, some knew how to do market research, some knew how to do credit applications, etc.

Did the beneficiaries speak Bulgarian?

Most of them knew Bulgarian. Some of them had been in the country for a long time, some had a bit of broken Bulgarian. Some of those who came spoke only English. We tried to translate for them, but then we realized that if you don't speak the language, you can't really run a business in the country, so the language became a minimum criteria.

There are so many specific legal terms, documents, procedures... Do you think that this was a difficulty for the migrants?

That's exactly the point! They have the intellectual capacity and they know how to do it but they have no access to our institutions and we tried to be a little bit of a bridge. The students explained the registration documents and where they had to go to obtain them. They also explained how the credit functions, etc. They sat down and calculated what would be a realistic budget, asking questions such as: What do you need? What kind of income do you have? What do you need to feed your family? What do you need to invest? How much do you think it will cost you to buy this machine? – all the little things that beneficiaries didn't really see in the beginning. The students just broke it down to normal language and explained this to the beneficiaries.

What were their business ideas?

Most were very realistic projects like bakeries, beauty salons, coffee shops, vegetable stands... There were some people who wanted to go freelancing, for instance to provide fitness training, etc.

Please tell me more about the financial opportunities for the beneficiaries.

Most of the beneficiaries were expecting to just get money. But as the Red Cross, we can't provide money. So we thought of a third funding source they could potentially get money from. The European Union was giving microfinance to the different member states, with the idea to help micro start-ups, to give microcredits to them, but to make it much easier to access the funding, by making the guarantees much lower and by providing better support. The only micro fund facility existing at the time in Bulgaria was willing to partner with us. They provided trainings on how to apply, how it works... And then we were helping beneficiaries by looking at whether their business idea was plausible, by helping them do the research and the prepare documents, by doing the registration, etc. And when they were finally ready to do the microfinance application, we also helped them.

Why did the project work so well? What were the key success factors?

The thing that was really good about the project was the whole dynamic. It was just fantastic, it was very easy getting pro bono supporters, it was very easy getting microfinance support, it was very easy for the students to be motivated and engaged. The synergy was happening from the very beginning! I think the whole win-win situation with the students profiting from it by getting practice and with the beneficiaries not having to deal with the frightening institutional life, was a very good thing. The beneficiaries were a bit timid at the beginning, they were scared to work with people that they usually don't socialize with, but when you put them together in a room, they instantly became best friends! Overcoming such barriers was one of the best things about the project!

If you had to start over again, what would you do differently?

The project was very successful, but at the same time, the numbers show it did not succeed as much as we hoped. Most of the beneficiaries did appreciate the help but we never got them to register and we didn't manage to help them get the microfinance. We had to look for funding sources providing the necessary guarantee to be able to receive micro credits and loans, but we could not find these guarantees. One of the beneficiaries, a tailor from Afghanistan, applied for microcredit and the big disappointment was that even though he was absolutely eligible and they would have given him everything he needed, they still wanted a guarantee. And even though the guarantee was minor – he needed somebody with an income of 300 EUR a month to vouch for him, we couldn't find anybody. So he didn't get the credit, which was just very sad, because he was incredibly good, he had done a lot of research, he had clients and everything... He's still working of course, but his business is not registered and he does not have the machines he needs. It would have been a great chance for him.

The second big problem was that we just didn't have the capacities... For the Roma target group, we should have got into the Roma neighborhoods using mobile units, because they weren't used to going to the city center. I also wish there were capacities for follow up activities, like alumni students who would continue to support the beneficiaries once they would have started their project. We also wanted to have students teaching the next generation of students. So we lacked this guarantee fund and we also lacked some time to do outreach, to promote the service of the business incubator, and to get beneficiaries. The need is there but it's hard to reach to these vulnerable groups. These things would make the project more successful. Because the concept itself is working.

What advice would you give to someone who wants to start the same project in a different city or country?

It's not the invention of the wheel and business incubators and microcredits are a normal thing. The concept is open for everybody. Whoever wants to copy it, please do!

Source: EWSI Country Coordinator for Bulgaria