



Bulgaria

Overview

EIB INVESTMENT SURVEY

2023

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EIB Investment Survey Country Overview 2023: 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 13 000 firms. It covers firms in all European Union Member States and also includes a sample of firms in 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 businesses face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States 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

These reports provide an overview of data collected for the 27 EU Member States and the United States. They 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.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at 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.

Main contributors to this publication

Atanas Kolev, Julie Delanote and Marco Zeppi.

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The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB. To accommodate scheduling limitations, the content of this publication has not been subject to standard EIB copyediting or proofreading.

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EIBIS 2023 – Bulgaria overview

KEY RESULTS

Investment dynamics and focus

Notwithstanding decelerating economic growth and tightening monetary policy, at the time of the interviews (April-July 2023), firms in Bulgaria remained on balance positive about their investment intentions for 2023. Asked about 2023 intentions, a small share of Bulgarian firms expected to increase rather than decrease investment (7% positive net). This is below the current EU average (14%). The investment outlook is now at a similar level to EIBIS 2021 (9%) but remains much higher than during the pandemic. Seventy per cent invested in the previous year.

Investment needs and priorities

Seven in ten Bulgarian firms (71%) believe they invested about the right amount over the last three years. This is the same as EIBIS 2022 (73%) and below the current EU average (82%). Looking ahead to investment priorities for the next three years, Bulgarian firms intend to invest in capacity expansion (32%) and capacity replacement (31%) over investment in new products or services (25%) by a small margin. Just over one in ten have no investment planned (12%). Future investment priorities for Bulgarian firms closely map the EU average.

Bulgarian firms remain pessimistic about the short-term outlook for the economy, despite a small improvement compared to the previous year. Net expectations for both the economic climate (a negative net balance of -14% rising from -38%) and the political and regulatory climate (-22% rising from -29%) have improved in EIBIS 2023 but remain negative. Net expectations for business prospects in the sector (8%) and the availability of external (5%) and internal finance (20%) are positive. Although still positive, the trajectory for availability of external finance has been downwards since EIBIS 2021 (a net balance of 18% in EIBIS 2021 and 5% in EIBIS 2023). These outlooks are broadly consistent with those expressed across the EU.

Energy market developments

The energy crisis hit Bulgarian firms strongly but to a smaller extent than firms across the EU. Bulgarian firms' biggest concerns are energy prices (86%) and uncertainty (85%). Energy prices are a major concern for a half of businesses (50%). Bulgarian firms are overall more optimistic than the average EU business about energy market developments.

Almost every Bulgarian firm (93%) adopted at least one strategy in response to the energy shock. Seven in ten tried to find energy savings and efficiencies (70%), while under a half passed on increased energy costs to customers (47%) or renegotiated their energy contract (46%). Three in ten stopped or reduced production of goods or services (30%). Bulgarian firms were less likely to have adopted a strategy than the EU average, except for stopping or reducing production of goods or services.

International trade

More than nine in ten Bulgarian firms (94%) faced some disruption to international trade and a majority changed their sourcing strategy or are planning to change it. Compared to the EU average, Bulgarian firms are less likely to be investing in increasing stocks and inventory (23% versus 31%).

EIBIS 2023 – Bulgaria overview

Climate change and energy efficiency

Climate change is a reality for more than half of Bulgarian firms. More than five in ten (56%) say weather events have impacted their business. This is higher than in EIBIS 2022 (44%) but below the current EU average (64%). Despite this, more Bulgarian firms regard transition to stricter climate standards and regulations as a risk (30%) than an opportunity (13%).

While three in ten (30%) Bulgarian firms have developed or invested in measures to build resilience to climate change risks, this is below the EU average (36%). They are more likely to buy insurance products to off-set climate related ones (17%), than they were to invest in solutions to avoid or reduce the exposure to physical risks (12%), or to adapt their strategy (10%).

Three-quarters Bulgarian firms (76%) are taking actions to reduce Greenhouse Gas (GHG) emissions, but only a minority (22%) set and monitor targets for their own emissions. Approximately two in five of Bulgarian firms are making investments in energy efficiency (44%) and waste minimization/recycling (38%). The figures for specific actions tend to be lower than the EU average.

A half of Bulgarian firms (51%) say they have invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions, higher than in EIBIS 2022 (34%). A similar share of Bulgarian firms (54%) has plans to invest in these areas in the next three years. This matches the EU average (54%).

Innovation activities

Around a quarter of Bulgarian firms (27%) developed or introduced new products, processes or services as part of their investment activities in 2022. Around one in ten (8%) report the development or introduction of products, processes or services new to either Bulgaria or global markets. These figures are similar to EIBIS 2022 (6%) but lower than the current EU average (13%).

More than a half of firms in Bulgaria (56%) used at least one advanced digital technology. They make more use of the Internet of Things (42%) and robotics (28%) than other digital technologies. Except for Internet of things, the share of firm using a particular technology is lower than the EU average.

Investment impediments

Bulgarian firms consider the availability of skilled staff (88%), uncertainty about the future (82%) and energy costs (77%) as the main long-term barriers to investment. The impact of energy costs is easing (77% versus 87% in EIBIS 2022). While the impact of the availability of skilled staff remains stable, it is higher than the EU average (88% versus 81%).

Access to finance

The current proportion of finance-constrained Bulgarian firms (7.9%) is almost identical to EIBIS 2022 (7.5%). Around one in ten Bulgarian firms (7%) are dissatisfied with the the cost of external finance, while 6% are unhappy with collateral requirements. Levels of dissatisfaction with external finance remain low and similar to those across the EU.

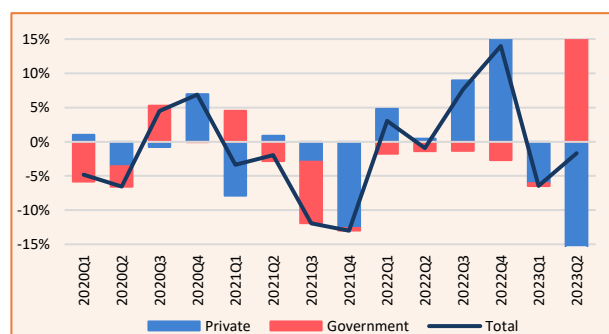
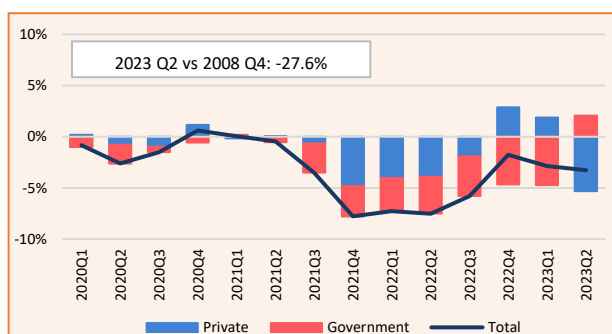
Note on how to read the results:

EIBIS 2023 overview presents the results of the survey run in 2023. Questions in the survey might point to “last financial year” (2022) or expectations for the current year (2023). The text and the footnote referring to the question will specify in each case which year is considered.

Investment dynamics and focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

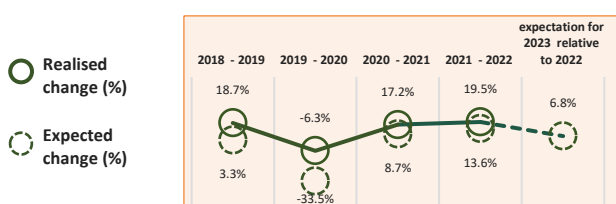
- Aggregate investment levels in Bulgaria have been on the decline since the start of the pandemic in 2020. Despite the moderate decline (2.6%) and subsequent rebound at the end of 2020, real investment in Bulgaria slipped again in 2021.
- The fall in aggregate investment continued throughout 2022, reaching nearly 8% below pre-pandemic levels. Government and private investment made similar contributions to this decline.
- In Q4 2022, private investment picked up again to exceed pre-pandemic levels, but government investment did not follow, thereby leaving real total aggregate investment below pre-pandemic levels. In Q2 2023, private investment collapsed, but an increase in government investment mitigated the effect on aggregate investment.
- Bulgarian investment has been stagnating at very low levels over the past 15 years. In Q2 2023 it was more than 27% below its level at the start of the global financial crisis in 2008.



The LHS chart shows the evolution of total gross fixed capital formation (GFCF) by institutional sector, in real terms and non seasonally nor calendar adjusted. The nominal GFCF source data was transformed into four-quarter sums and deflated using the implicit deflator for total GFCF (2015=100 euro). The four-quarter sum of total GFCF in 2019Q4 is normalised to 0. The RHS chart shows the y-o-y % change in total real GFCF by institutional sector. The implicit deflator for total GFCF (2015=100 euro) was used for deflating the nominal GFCF source data. Source: Eurostat, authors' own calculations.

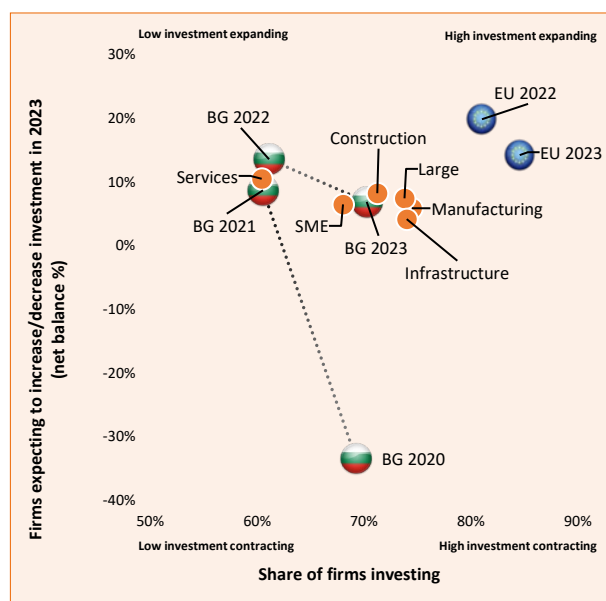
INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

- Firms in Bulgaria have a positive investment outlook. In 2023 a net balance of 7% is expecting to increase rather than decrease investment. This is below EIBIS 2022 (14%) and the current EU average (14%). The investment outlook is at a similar level to EIBIS 2021 (9%) and much higher than during the pandemic (-34%).
- Investment expectations are very similar across all sectors and size of firms.
- The share of Bulgarian firms that invested has increased from 61% in EIBIS 2021 to 70% in EIBIS 2023. However, this is below the current EU average (85%).



“Realised change” is the share of firms that invested more minus those that invested less. “Expected change” is the share of firms that expect(ed) to invest more minus those that expect(ed) to invest less.

Base for expected and realised change: All firms



Share of firms investing shows the percentage of firms with investment per employee greater than €500.

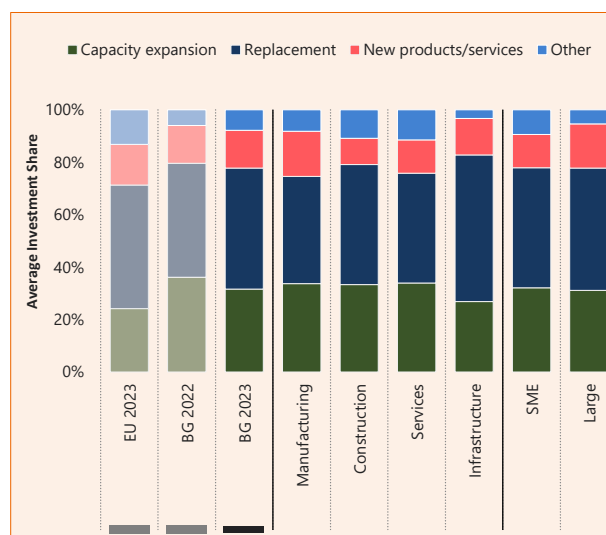
Base for share of firms investing: All firms (excluding don't know/refused responses)

Base for expected and realised change: All firms

Investment dynamics and focus

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

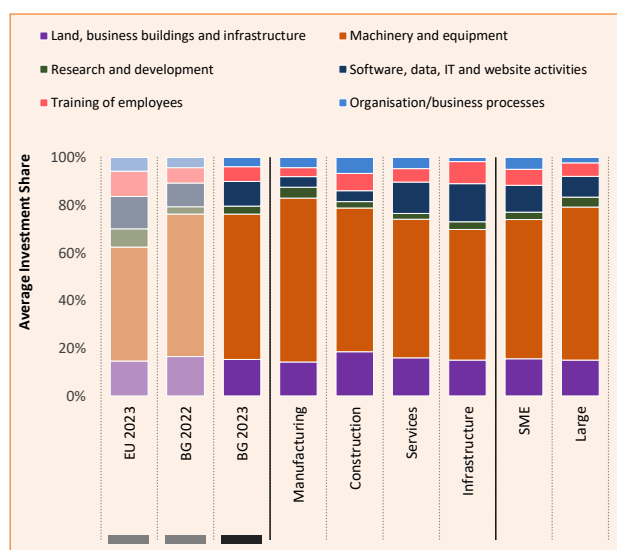
- On average, firms in Bulgaria spent 46% of their investment on replacement in 2022. This is similar to EIBIS 2022 (43%) and in line with the current EU average (47%).
- Investment in capacity expansion accounted for around a third of total investment (32%). This is also in line with EIBS 2022 (36%) but above the current EU average (24%).
- Investment in new products and services accounted for a lower share of the total expenditure (14%), although this was higher in the manufacturing sector (17%).
- Both Bulgaria's SMEs and large firms share similar investment priorities.



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

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

INVESTMENT AREAS



- In line with EIBIS 2022 (76%), Bulgarian firms directed 76% of their investment to tangible assets (land, buildings, infrastructure and machinery). Manufacturing firms directed the highest proportion of investment towards tangible assets (83%) while infrastructure invested the lowest share (70%).
- A quarter (24%) of Bulgarian firms' investment is directed towards intangible assets (R&D, software, training and business processes). This is identical to EIBIS 2022 (24%) but lower than the current EU average (38%).
- Investment activities varied depending on the sector. Infrastructure (30%) and services sector firms (26%) directed the highest share of investment towards intangible assets – particularly software, data, IT and website activities (16% and 13% respectively)
- The share of investment for Bulgaria's SMEs and large firms is very similar.

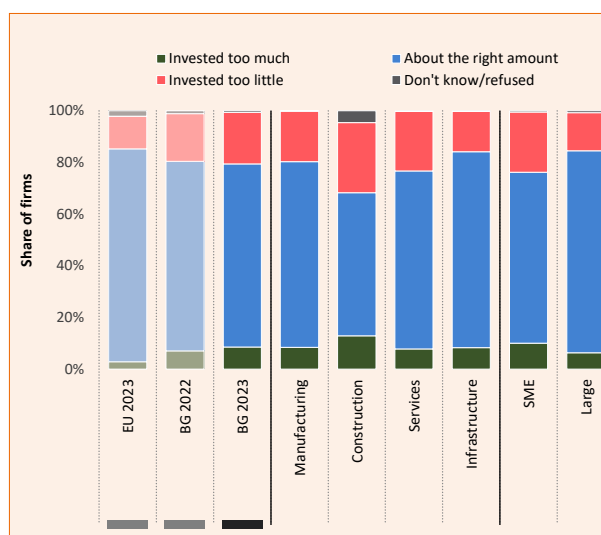
Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

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

Investment needs and priorities

PERCEIVED INVESTMENT GAP

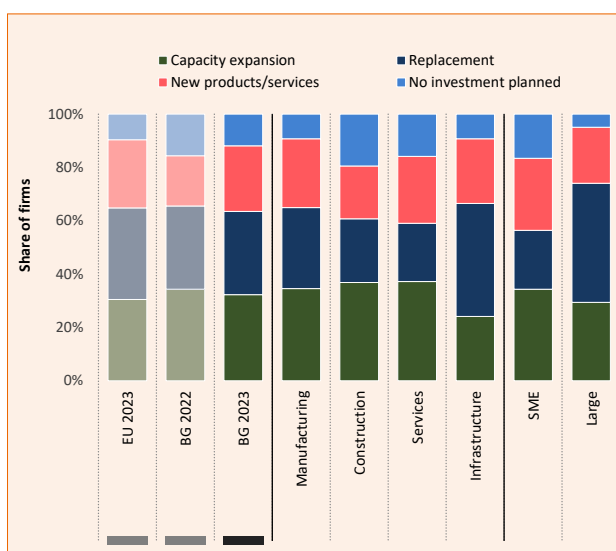
- Firms do not perceive major gaps in terms of investment. Seven in ten Bulgarian firms (71%) believe that their investment activities over the last three years were about the right amount. This share is the same as in EIBIS 2022 (73%) but lower than current EU average (82%).
- Almost matching the figure in EIBIS 2022, 20% of firms in Bulgaria believe they invested too little over the past three years. This is below the EU average (13%). Only 9% report too much investment, which is similar to EIBIS 2022 (7%) but higher than the EU average (3%).
- In Bulgaria, construction firms (27%) are the most likely to say they invested too little over the past three years.
- SMEs are more likely than large firms to say they have invested too little over the past three years (23% versus 15%).



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

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

FUTURE INVESTMENT PRIORITIES



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

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

- Over the next three years, Bulgarian firms will prioritise investment in capacity expansion (32%), very similar to capacity replacement (31%). Additionally, a significant proportion (25%) of firms expect to focus on new product/service development.
- The proportion of firms prioritising capacity replacement remains unchanged since EIBIS 2022 (31%). However, there has been an increase in the number of firms looking to focus on new product/service development (19% versus 25%).
- Around one in ten Bulgarian firms have no investment planned (12%). This consistent with EIBIS 2022 (16%) and the current EU average (10%).
- The future investment priorities of Bulgarian firms are closely aligned to the EU average.
- Approximately, two in five infrastructure firms (42%) expect to invest in replacement, while construction (19%) has the highest proportion of firms with no investment planned.
- Three times as many SMEs (17%) as large firms (5%) have no investment planned.

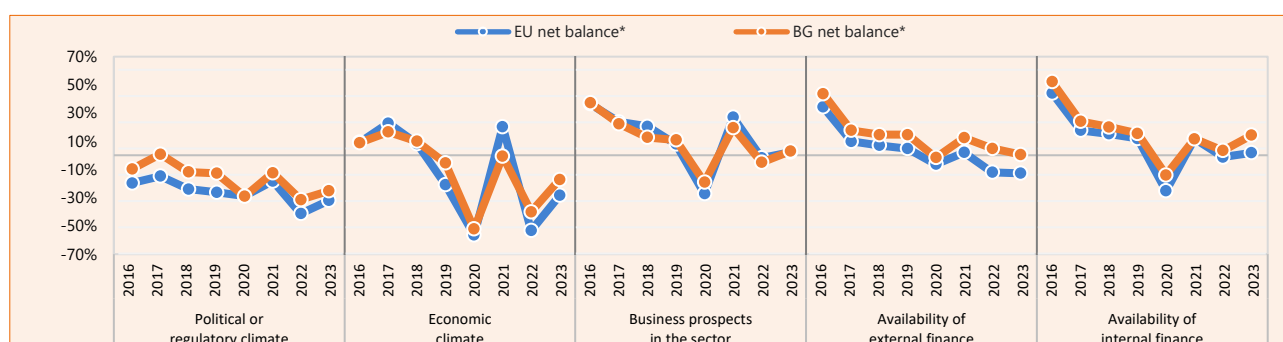
Investment needs and priorities

SHORT-TERM DRIVERS AND CONSTRAINTS

- Bulgarian firms are slightly more optimistic about investment conditions for the year ahead compared to EIBIS 2022. Net expectations for both the economic climate (-14% rising from -38%) and the political and regulatory climate (-22% rising from -29%) have improved in EIBIS 2023 but remain negative.
- Expectations for business prospects in the sector and the availability of external and internal finance are now positive with more firms expecting these to improve

rather than deteriorate. However, while net expectations for business prospects and availability of internal finance have risen since EIBIS 2022, the trajectory for availability of external finance has been, on balance, downwards since EIBIS 2021 (18% EIBIS 2021 and 5% EIBIS 2023).

- Overall, the upward trend in sentiment aligns with the data from the EU, except for external finance where Bulgarian firms are not as pessimistic.



Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

*Net balance is the share of firms expecting an improvement minus the share of firms anticipating a deterioration.

Base: All firms

SHORT-TERM DRIVERS AND CONSTRAINTS BY SECTOR AND SIZE (net balance %)

	Political / regulatory climate	Economic climate	Business prospects	External finance	Internal finance
Bulgaria	22%	14%	8%	5%	20%
Manufacturing	15%	19%	17%	7%	25%
Construction	29%	23%	2%	2%	17%
Services	30%	23%	5%	2%	14%
Infrastructure	21%	4%	13%	8%	21%
SME	25%	16%	4%	8%	18%
Large	18%	10%	15%	2%	23%

Please note: green figures represent a positive net balance,, while red figures represent a negative net balance.

- Across all sectors and for both SMEs and large businesses, a balance ranging from 18% to 30% has a negative outlook on Bulgaria's political and regulatory climate. The outlook on the economic climate is also negative among firms of every size and sectors, except for infrastructure (4%).
- Companies still expect an overall improvement in business prospects. However, on balance construction and service sector firms are pessimistic about sectoral business prospects (-2% and -5% respectively).
- The two areas where Bulgarian firms are consistently optimistic are access to internal and external finance. Overall, firms tend to be more optimistic about internal finance than external finance (20% versus 5%). Construction and service firms (both 2%) have the lowest levels of optimism about external finance.

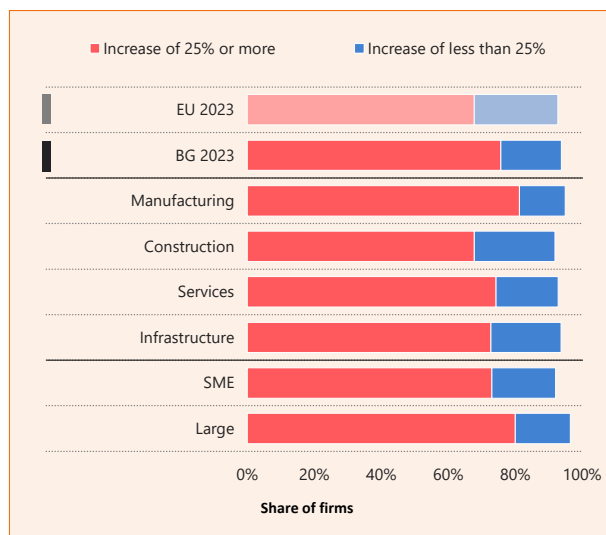
Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

Base: All firms

Energy market developments

INCREASED SPENDING ON ENERGY

- Firms in Bulgaria were as likely as those across the EU to have faced increases in energy costs (94% vs 93%). However, they were more likely than firms across the EU to have experienced an increase of 25% or more in their energy bills (76% versus 68%).
- The proportion of firms facing increased energy costs is relatively consistent across sectors. However, manufacturers were the most likely to have faced an increase of 25% or more, with 81% of them reporting this. On the other end, 68% of firms within the construction sector reported the same.
- Almost 80% of large firms reported an increase in energy spending, compared to 73% of SMEs.



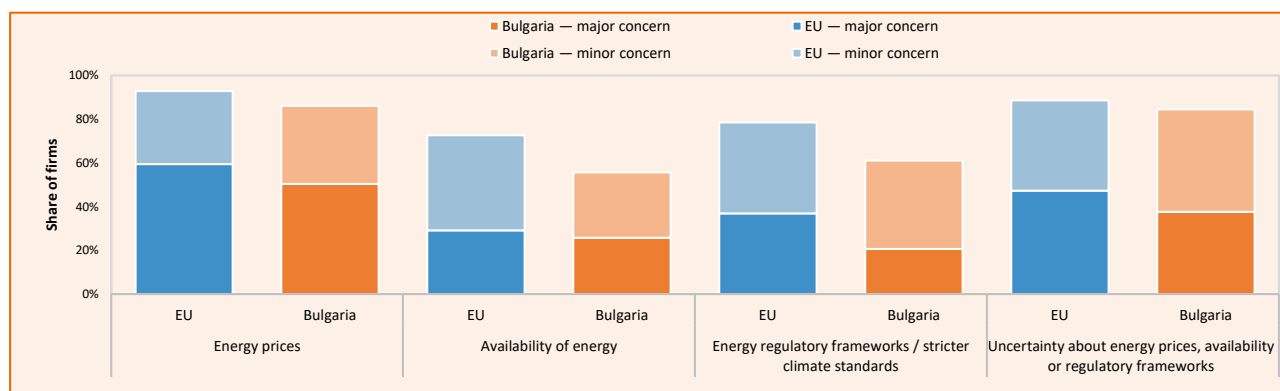
Q. Since the beginning of 2022, by how much has your company's spending on energy (including gas, electricity, oil) changed on average?

Please note: Responses of 'spending on energy stayed about the same' and 'spending on energy decreased' not shown on chart.

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

IMPACT OF ENERGY SHOCK

- The energy crisis hit Bulgarian firms strongly but to a lesser extent than those across the EU.
- As for EU firms in general, the main concerns for Bulgarian firms were energy prices (86%) and uncertainty (85%). Energy prices were a major concern for a half of Bulgarian firms (50%).
- While energy prices are the main worry for most firms, the regulatory framework is a major concern for less than 21% of them.



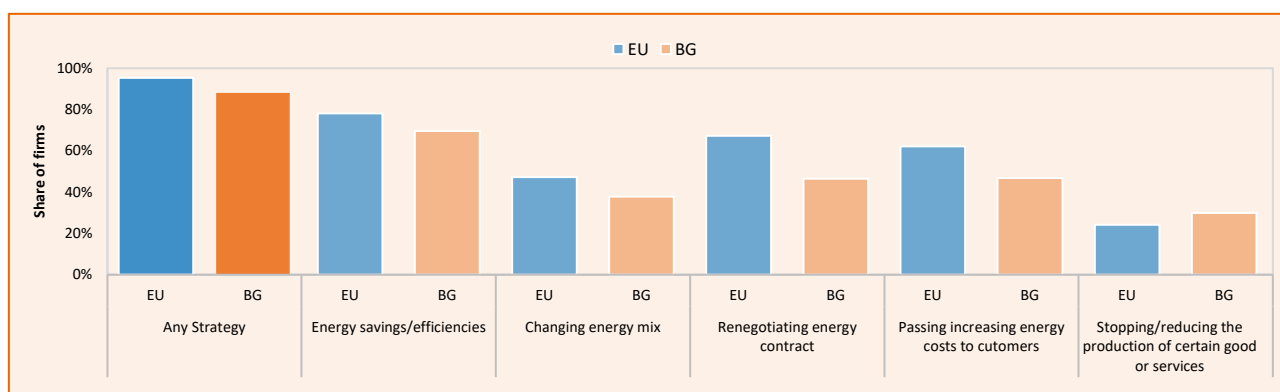
Q. Thinking about the energy shock, to what extent is your company concerned about ...?

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

Energy market developments

STRATEGIES TO DEAL WITH THE ENERGY SHOCK

- Compared to the EU, fewer Bulgarian firms adopted at least one of the proposed strategies to deal with the energy shock (88% versus 95%).
- In Bulgaria, the most common strategy was to seek energy savings/efficiencies (78%). The least common strategy was to stop or reduce the production of certain goods or services (30%).
- Except for stopping or reducing the production of certain goods or services, Bulgarian firms are less likely than the EU average to be adopting a particular specific strategy.

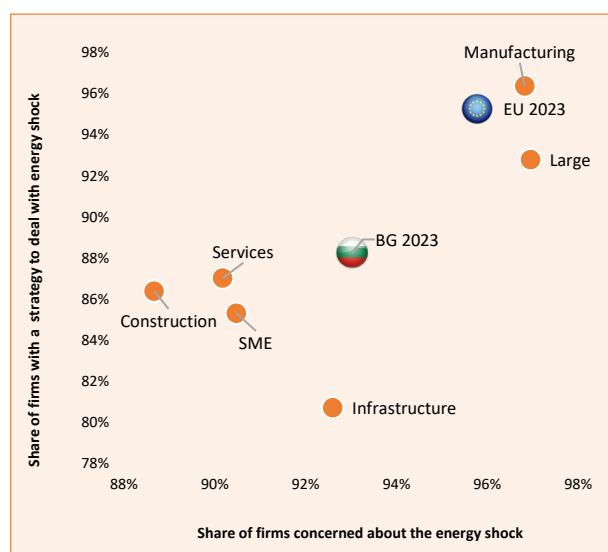


Q. Which, if any of the following, are your priorities/strategies to deal with the recent developments in the energy market?

Base: All firms for 'share of firms concerned about the energy shock'

IMPACT AND STRATEGIES TO DEAL WITH ENERGY SHOCK

- The proportion of firms in Bulgaria concerned about the energy shock is slightly lower compared to the EU average (93% versus 96%).
- In Bulgaria, concern was at a similar levels for firms in all sectors, ranging from 89% in the construction sector to 97% among manufacturing firms. Levels of concern were very high among both large firms and SMEs (97% and 90%, respectively).
- Nearly all manufacturing firms (96%) had adopted strategies in response to the energy shocks. The infrastructure sector had the lowest share of firms adopting strategies (81%). A higher proportion of large firms than SMEs adopted strategies to deal with the recent developments in the energy market (93% versus 85%).



Q. Which, if any, of the following, are your priorities/ strategies to deal with the recent developments in the energy market?

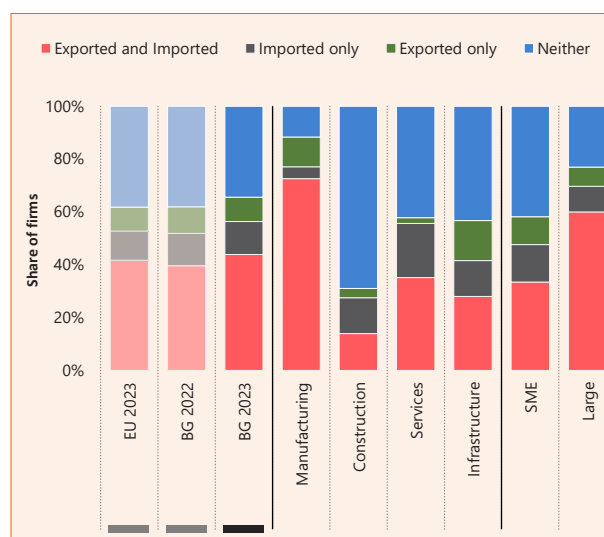
Q. Thinking about the energy shock, to what extent is your company concerned about ...

Base: All firms (excluding don't know/refused responses) for 'share of firms with a strategy to deal with the energy shock'

International trade

ENGAGEMENT IN INTERNATIONAL TRADE

- Overall, 66% of Bulgarian firms engaged in international trade. This figure is slightly higher than EIBIS 2022 (62%) and the current EU average (62%).
- While the majority of manufacturing (88%), services (58%) and infrastructure (57%) firms in Bulgaria are trading internationally, this accounts for a minority of construction firms (31%).
- Almost three-quarters of manufacturers (73%) are both exporters and importers of goods and/or services.
- Large firms are more likely than SMEs to be engaged in international trade overall (77% versus 58%) and in particular they are more likely to be both exporting and importing (60% versus 33%).

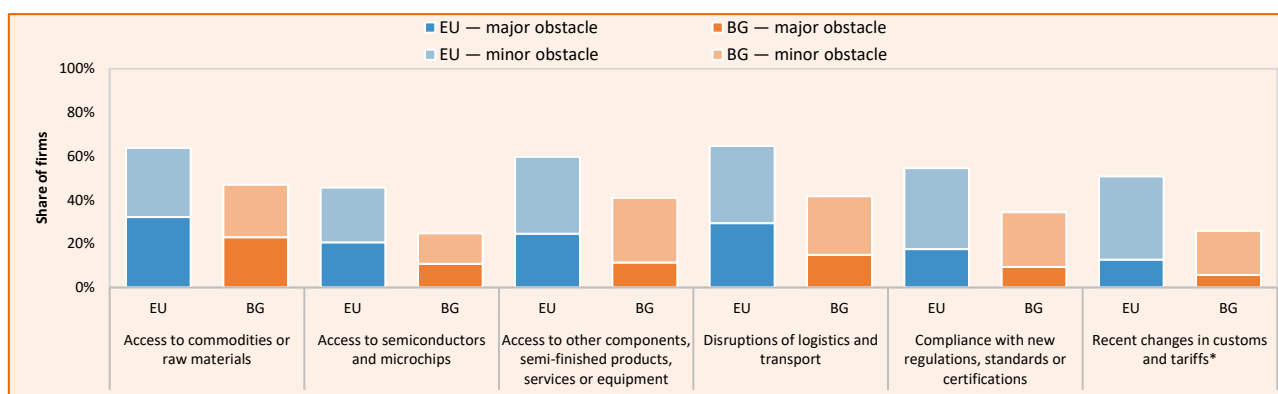


Q. In 2022, did your company export or import goods and/or services?

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

DISRUPTIONS RELATED TO INTERNATIONAL TRADE

- A minority of Bulgarian firms were impacted by the obstacles to international trade covered in the survey. Access to commodities or raw materials (47%) and disruption to logistics and transport (42%) were the largest obstacles. Access to semiconductors and microchips and recent changes in customs and tariffs had the lowest share of firms reporting that they were an obstacle (25% and 26% respectively).
- In general, obstacles were experienced by Bulgarian firms far less than by those across the EU as a whole, with the difference reaching its maximum with the recent changes in customs and tariffs – almost twice less (26% versus 51%).



Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

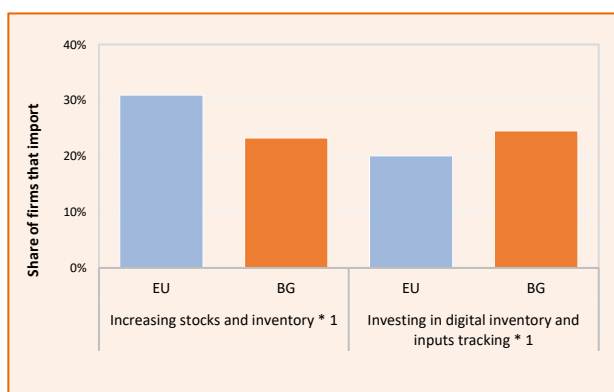
Base: All firms (excluding don't know/refused/not applicable responses)

*Base: All importers and exporters (excluding don't know/refused/not applicable responses)

International trade

SOURCING STRATEGY

- Asked about potential changes to their sourcing strategy, firms in Bulgaria are as likely as those across the EU to be investing in digital inventory and inputs tracking (25% versus 20%) but they are less likely to increase stocks and inventory (23% versus 31%).



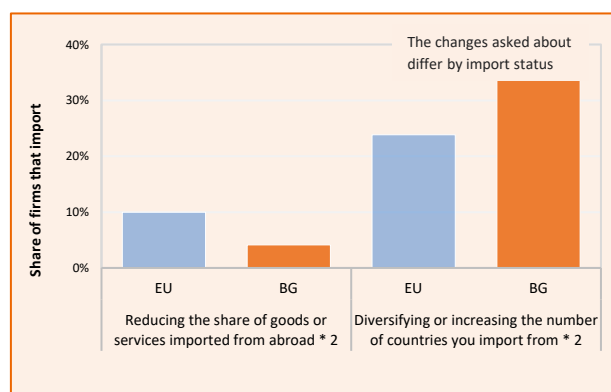
* 1 = Asked to all, 2 = Asked to all importers

Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

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

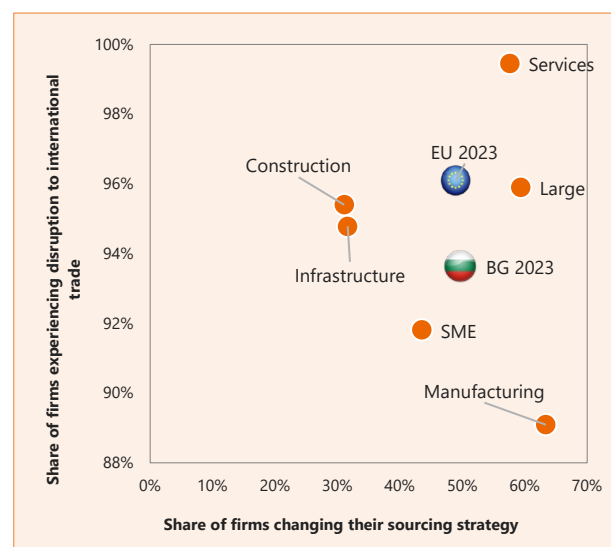
Base: All firms that import (excluding don't know/refused responses)

- Bulgarian importers are less likely than those across the EU to have reduced the share of goods or services imported from abroad (4% versus 10%) but are far more inclined to diversify or increase the number of countries they import from (35% versus 24%).



DISRUPTIONS AND SOURCING STRATEGY

- While almost all Bulgarian firms faced at least one of the disruptions to international trade asked about (94%), half (50%) have changed their sourcing strategy or are planning to change it. The proportion of firms changing or planning to change their sourcing strategy is very similar to the EU average (50% versus 49%).
- Manufacturing and large firms are most likely to have changed or have plans to change their sourcing strategy (63% and 59%, respectively). Construction firms (31%) and infrastructure (32%) are the least likely.



Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

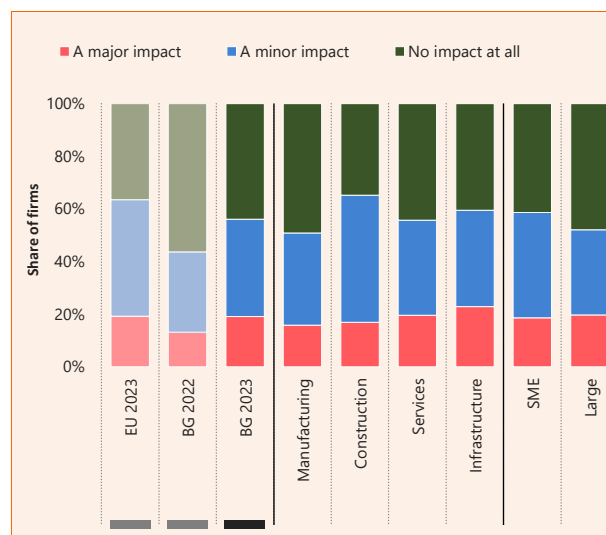
Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

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

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

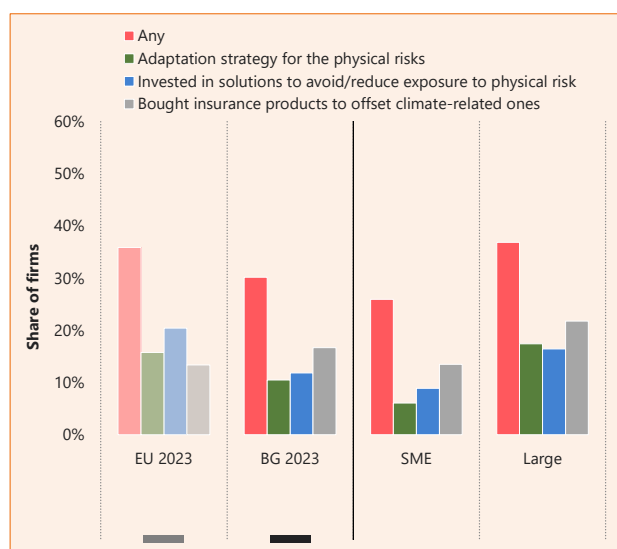
- Climate change is increasingly being perceived as a reality by Bulgarian firms with over half (56%) reporting weather events as having an impact on their business. This is higher than EIBIS 2022 (44%) and lower than the EU average (64% in 2023).
- The figures are broadly consistent across all sectors, although the manufacturing sector is less likely than others to have concerns about weather events as having an impact on their business (51%).
- Almost six in ten SMEs (59%) say weather events have impacted their business while the figure is lower among large firms (52%).



Q. Thinking about the impact of climate change on your company, such as losses due to extreme climate events, including droughts, flooding, wildfires or storms or changes in weather patterns due to progressively increasing temperature and rainfall. What is the impact, also called physical risk, of this on your company?

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

BUILDING RESILIENCE TO PHYSICAL RISK



- Three in ten (30%) Bulgarian firms have developed or invested in any measures to build resilience to the physical risks to their company caused by climate change. This is lower than the EU average (36%).
- Bulgarian firms were more likely to buy insurance products to offset climate related ones (17%), than they were to invest in solutions to avoid or reduce the exposure to physical risks (12%), or to adapt their strategy (10%).
- Large firms are more likely than SMEs to have invested in any solutions to build resilience to physical risks (37% versus 26%).

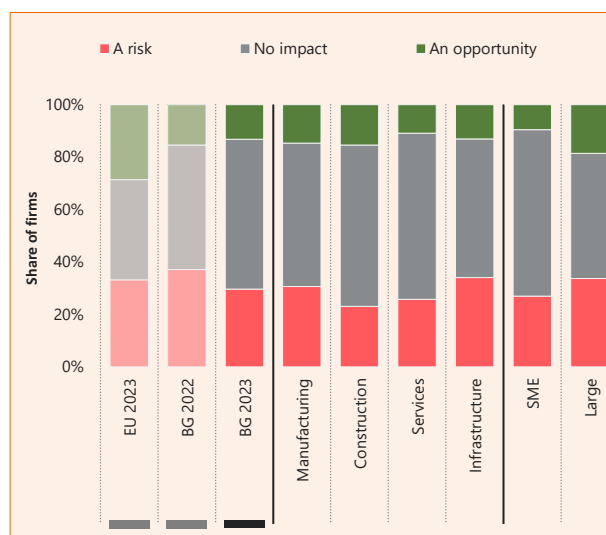
Q. Has your company developed or invested in any of the following measures to build resilience to the physical risks to your company caused by climate change?

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

Climate change and energy efficiency

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

- The share of Bulgarian firms seeing the transition to stricter climate standards and regulations as a risk is higher than the proportion regarding it as an opportunity (30% and 13%, respectively).
- Compared to EIBIS 2022, fewer firms now perceive the transition as a risk (30% versus 37%).
- A similar proportion of firms in each sector regards the transition to a net zero emission economy over the next five years as an opportunity. It ranges from 15% among manufacturers and construction to 11% in the service sector. Infrastructure (34%) and manufacturing (31%) have the highest share of firms thinking that the transition is a risk to their business.
- Large firms are far more likely than SMEs to think the transition represents an opportunity (19% versus 10%).

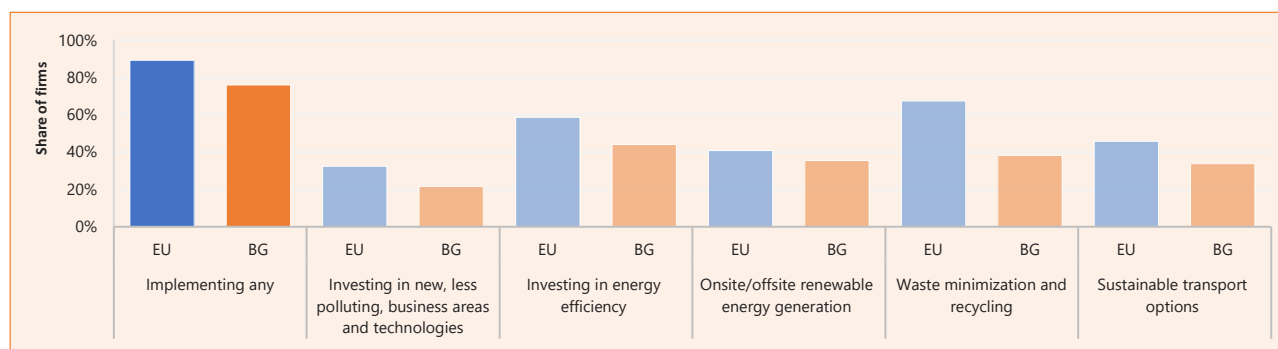


Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

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

ACTIONS TO REDUCE GREENHOUSE GAS EMISSIONS

- Three-quarters of Bulgarian firms (76%) are taking actions to reduce Greenhouse Gas (GHG) emissions. This compares to 89% across the EU.
- The main action taken by Bulgarian firms are to invest in energy efficiency (44%), followed by waste minimization and recycling (38%) and renewable energy generation (35%).
- The figures for specific actions tend to be lower than the EU average, the biggest differences being in waste minimization and recycling (38% versus 67%).



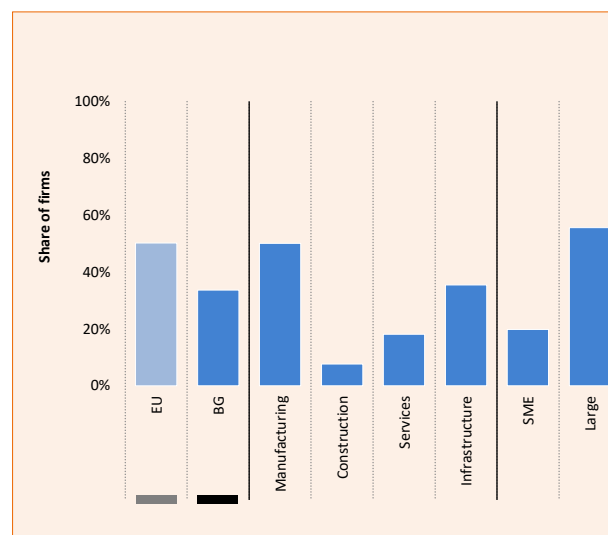
Q. Is your company investing or implementing any of the following, to reduce greenhouse gas (GHG) emissions?

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

Climate change and energy efficiency

ENERGY AUDIT

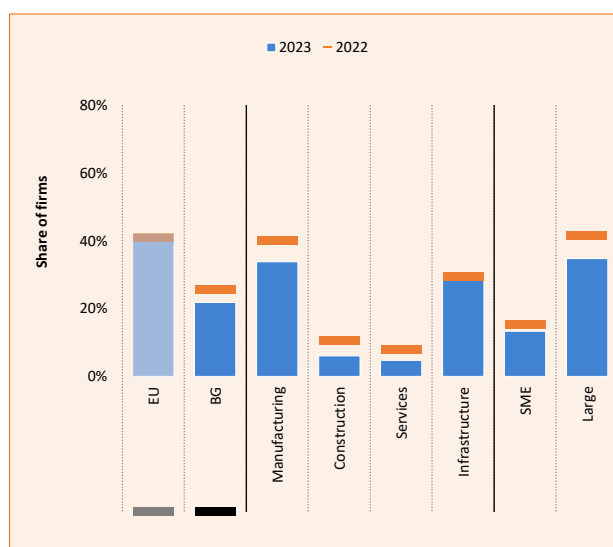
- One third (34%) of Bulgarian firms have had an energy audit in the past three years. An energy audit is an assessment of the energy needs and efficiency of their company's building or buildings. In comparison with the EU as a whole (50%).
- In Bulgaria, manufacturers (50%) and infrastructure firms (35%) are the sector most likely to have had an energy audit, while relatively few services (18%) or construction (8%) firms have taken this action.
- A majority of large firms (56%) have had an energy audit in the past three years. This proportion is almost three times higher than for SMEs (20%)



Q. In the past three years, has your company had an energy audit (i.e. an assessment of the energy needs and efficiency of your company's building or buildings)?

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

CLIMATE CHANGE TARGETS FOR OWN GREENHOUSE GAS EMISSIONS



- Little more than one out of five firms in Bulgaria (22%) report that they set and monitor targets for their own GHG emissions. This is similar to EIBIS 2022 (26%) and nearly half the current EU average (42%).
- Manufacturing (34%) and infrastructure firms (28%) are the most likely to set and monitor these targets. Fewer than one in ten construction and service firms set and monitor targets (6% and 5%).
- Large firms are almost three times as likely as SMEs to say they set and monitor targets for their own GHG emissions (35% versus 13%).

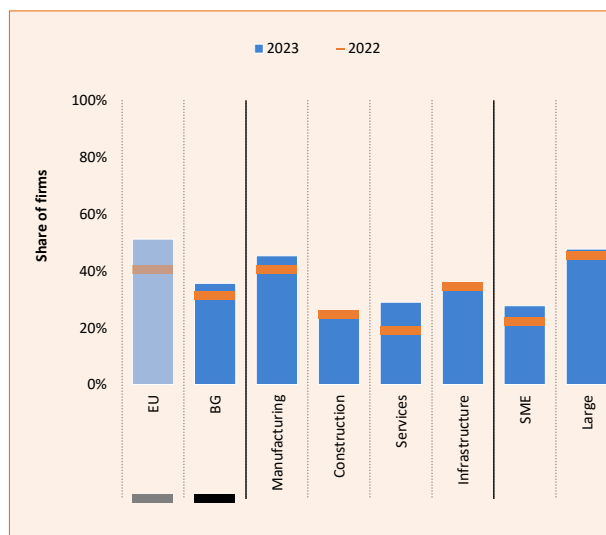
Q. Does your company... sets and monitors targets for its own greenhouse gas (GHG) emissions?

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

Climate change and energy efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- Over a third (36%) of Bulgarian firms invested in measures to improve energy efficiency in 2022. This is below the EU average of 51%.
- Manufacturing firms in Bulgaria (45%) were the most likely to be investing in energy efficiency, while construction firms were the least likely to be doing so (24%).
- Among SMEs and large firms, the proportion investing in measures to improve energy efficiency is now far higher among large firms than SMEs (48% versus 28%).

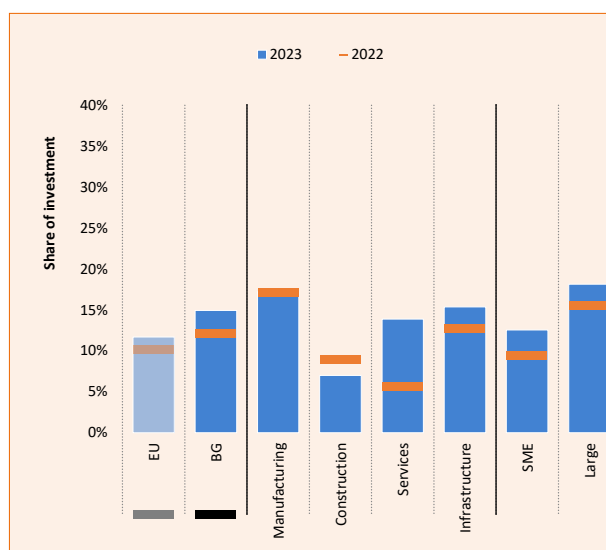


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- An average of 15% of the investment made by firms in Bulgaria was directed towards measures to improve the organisation's energy efficiency. The proportion is consistent with EIBIS 2022 (12%) and higher than the current EU average (12%).
- Manufacturing (17%) and infrastructure firms (15%) have the largest share of their total investment to improve energy efficiency. Construction (7%) is using less than a tenth of their total investment on measures to improve energy efficiency.

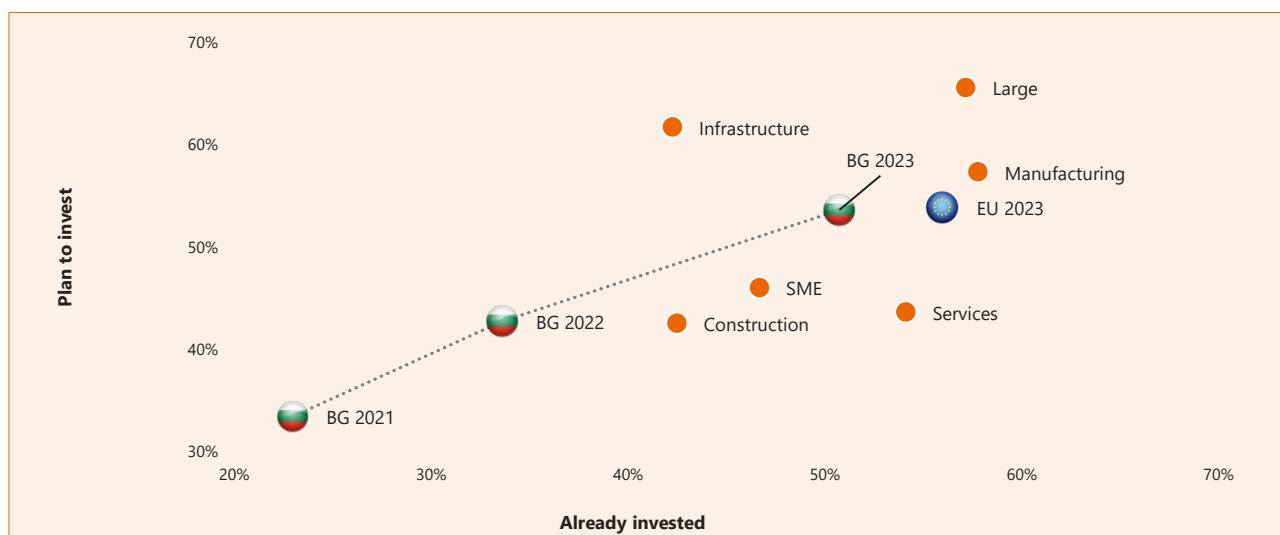


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

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

Climate change and energy efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT



EIBIS 2022/2023:

Q. Which of the following applies to your company regarding investments to tackle the impacts of weather events and to help reduce carbon emissions?

Please note: question change and an additional answer option was included in 2022, this may have influenced the data. Treat comparison to 2021 with caution.

EIBIS 2021:

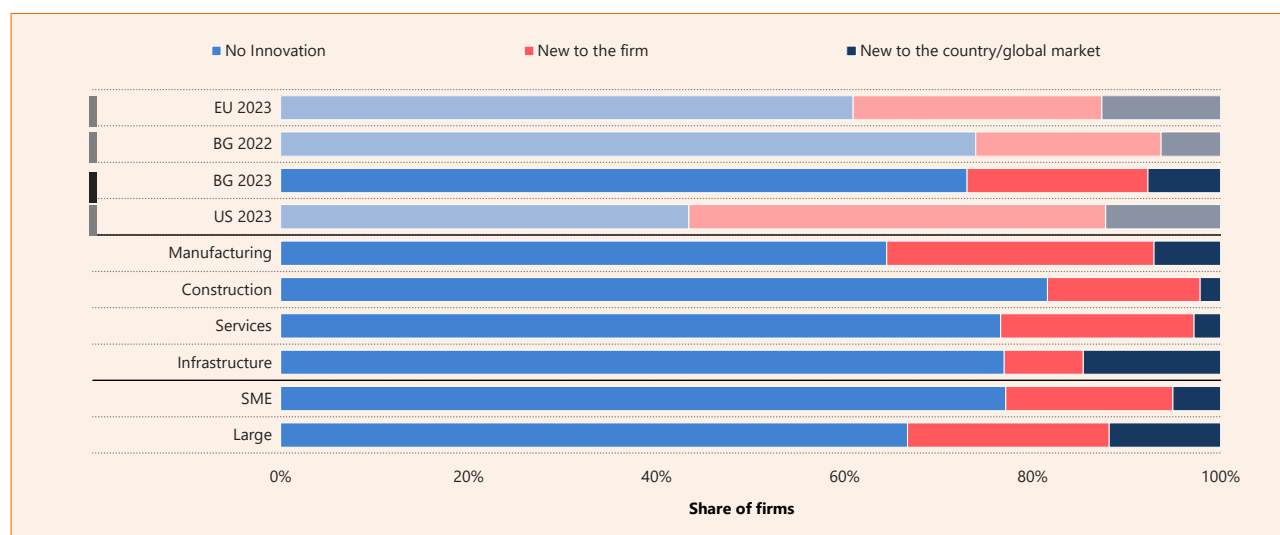
Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

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

- In Bulgaria, 51% of firms have already invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions. This is a large increase compared to EIBIS 2022 (34%) and is closer to the current EU average (56%).
- Just over half (54%) of Bulgarian firms have plans to invest in these areas in the next three years. This is also significantly higher than EIBIS 2022 (43%) and identical to the EU average (54%).
- Large firms are more likely than SMEs to have already invested (57% versus 47%) and to have plans to invest (66% versus 46%).
- Manufacturing has the highest share of firms that have already invested to tackle the impacts of weather events (58%). While infrastructure has the highest proportion that plans to invest (62%).

Innovation activities

INNOVATION ACTIVITY



Q. What proportion of total investment in the last financial year was for developing or introducing new products, processes or services?

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

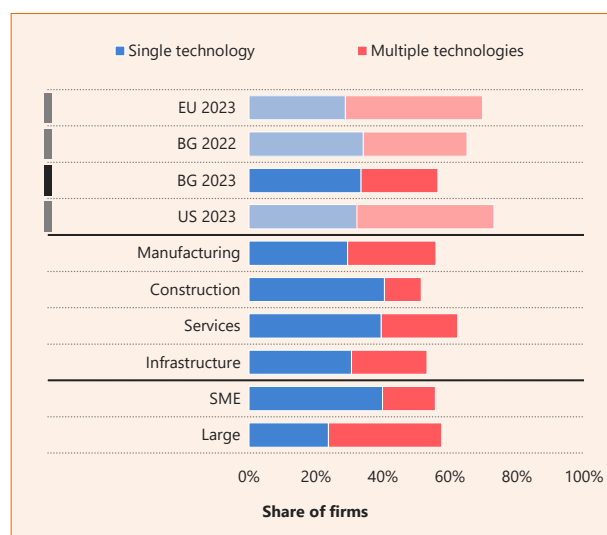
Base: All firms (excluding don't know/refused responses)

- Around three in ten (27%) Bulgarian firms developed or introduced new products, processes or services as part of their investment activities in 2022, almost the same as in EIBIS 2022 (26%) but below the EU average of 39%. By contrast, more than half of US firms (57%) developed or introduced new products, processes or services.
- Only 8% in Bulgaria report the development/introduction of products, processes or services new to either the country or global market. This is almost the same proportion seen in EIBIS 2022 (6%) and lower than the current EU average (13%).
- Manufacturing (36%) has the highest proportion of firms investing in innovation. The lowest proportion is seen in the construction sector (18%).
- More large firms invested in innovation than SMEs (33% versus 23%), with 12% of the bigger businesses saying they developed or introduced products, processes or services that were new to either the country or global market

Innovation activities

USE OF ADVANCED DIGITAL TECHNOLOGIES

- Overall, 56% of firms in Bulgaria used at least one advanced digital technology. This is below both the EU average (70%) and the EIBIS 2022 (65%).
- Service firms (62%) are the most likely to have adopted at least one advanced digital technology. The construction sector (51%) has the lowest share of firms using any digital technologies, followed by infrastructure (53%).
- Large firms and SMEs have almost similar proportions in adopting such technologies (58% versus 56%). Large firms are much more likely to use multiple technologies than SMEs (34% versus 16%).
- Firms in Bulgaria make more use of Internet of Things (42%) and robotics (28%) than other digital technologies. Except for Internet of things, the share of firm using a particular technology is lower than the EU average.



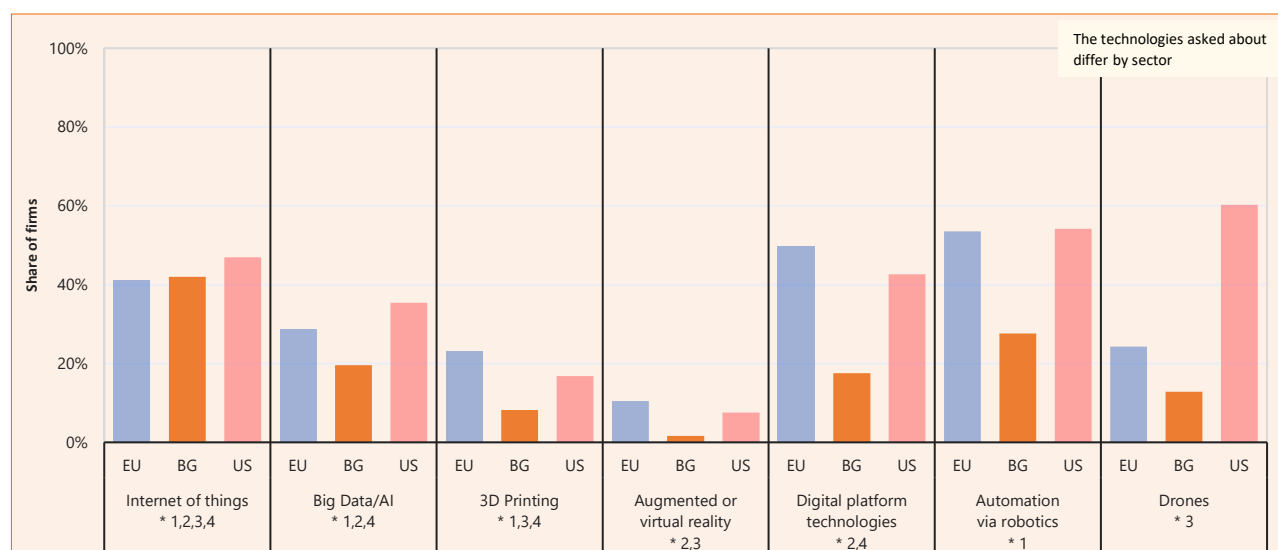
Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business.

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

Reported shares combine "implemented" the technology "in parts of business" and "entire business organised around it."

Single technology is where firms have used one of the technologies asked about. Multiple technologies is where firms have used more than one of the technologies asked about.

ADVANCED DIGITAL TECHNOLOGIES



* Sector: 1 = Asked to manufacturing firms, 2 = Asked to services firms, 3 = Asked to construction firms, 4 = Asked to infrastructure firms

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business.

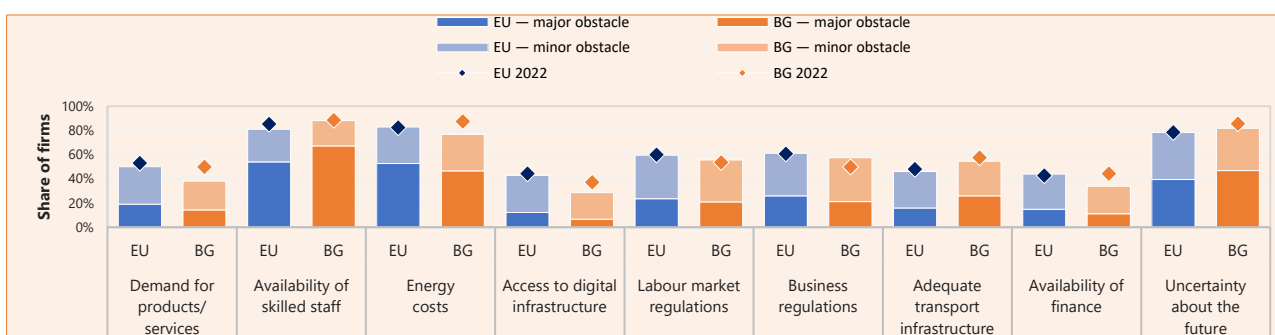
Base: All firms (excluding don't know/refused responses);
Sample size BG: Manufacturing (165); Construction (99); Services (105); Infrastructure (105).

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

Investment impediments

LONG-TERM BARRIERS TO INVESTMENT

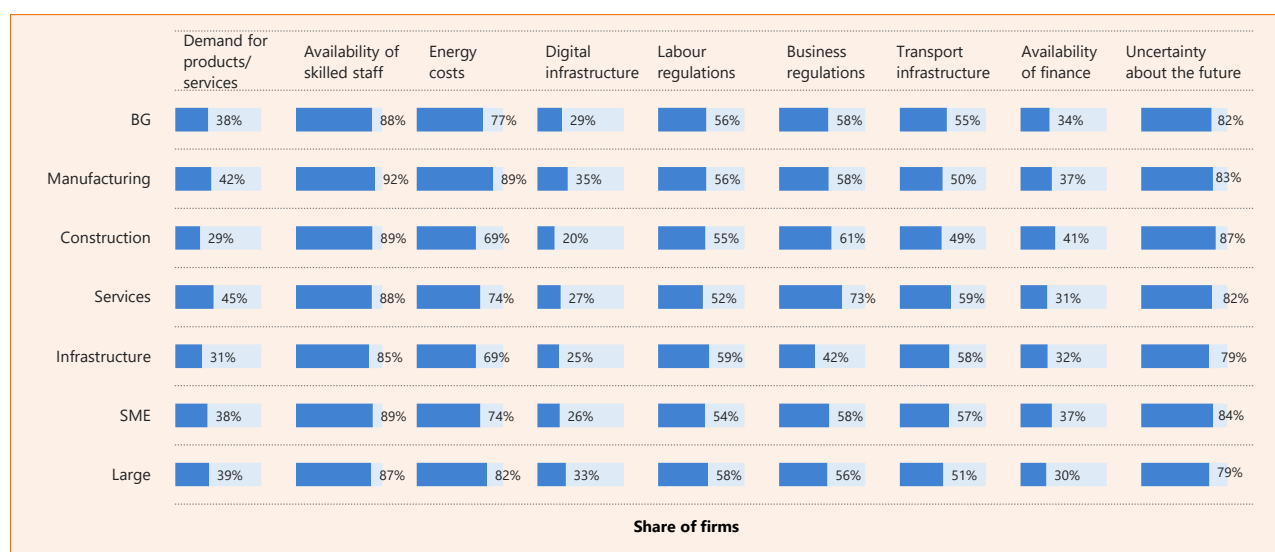
- As in EIBIS 2022, the most frequently mentioned long-term barriers to investment in Bulgaria are the availability of skilled staff (88%), uncertainty about the future (82%) and energy costs (77%). These are also the main barriers for firms across the EU.
- Compared to EIBIS 2022, the impact of some of the barriers appears to be easing. This is the case for demand for products or services (38% versus 50%), energy costs (77% versus 87%), availability of finance (34% versus 44%) and access to digital infrastructure (29% versus 37%).
- Firms in Bulgaria are less likely than firms across the EU to report that energy costs (77% versus 83%) and access to digital infrastructure (29% versus 43%) are an obstacle to their investment activities. The reverse is true for availability of skilled staff where 88% of Bulgarian firms say this is an obstacle compared with 81% of firms across the EU.



Q. Thinking about your investment activities, 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 that said not an obstacle at all/don't know/refused)

LONG-TERM BARRIERS BY SECTOR AND SIZE



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

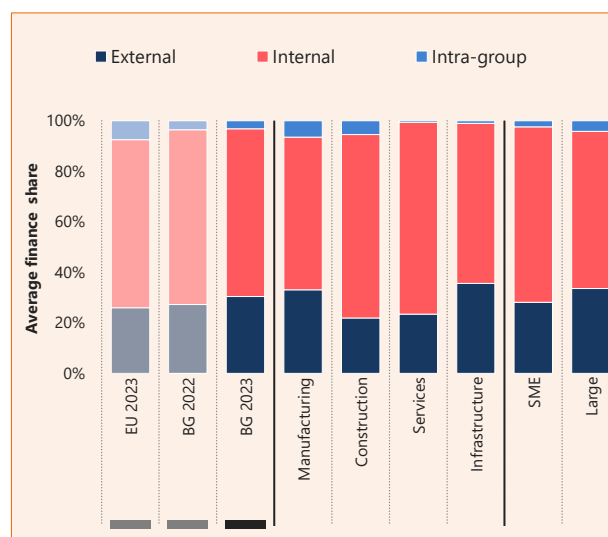
Q. Thinking about your investment activities, to what extent is each of the following an obstacle?
Is it a major obstacle, a minor obstacle or not an obstacle at all?

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

Access to finance

SOURCE OF INVESTMENT FINANCE

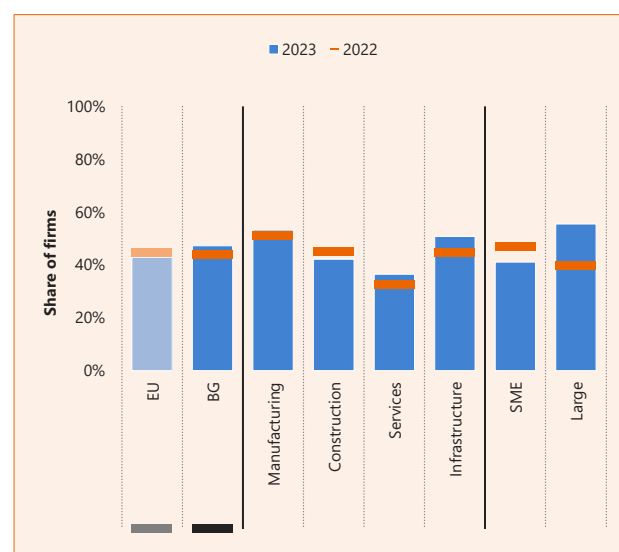
- Internal sources account for the largest share of investment finance for firms in Bulgaria (66%), followed by external finance (31%). The remainder (3%) comes from intra-group financing. All proportions are similar to EIBIS 2022.
- Firms in Bulgaria relied more heavily on external finance than in the EU overall (31% versus 26%).
- In all sectors, at least 61% of investment finance comes from internal sources. It rises to 76% for service firms. Around a third of manufacturing (33%) and infrastructure (36%) firms' investment is financed from external sources.
- SMEs and Large firms had a similar pattern of investment finance.



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

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

USE OF EXTERNAL FINANCE



Q. Approximately what proportion of your investment in the last financial year was financed by each of the following

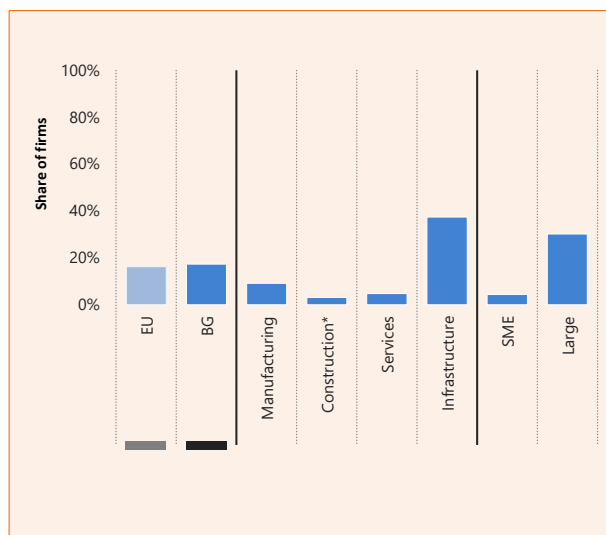
Base: All firms that invested in the last financial year (excluding don't know/refused responses)

- The proportion of investments of the Bulgarian firms financed by external sources is almost the half of all investments (47%). This is consistent with EIBIS 2022 (44%) and the EU average (43%).
- Around a half of manufacturing (53%) and infrastructure (51%) firms use external finance. Firms in the service sector (37%) are the least likely to have secured investment finance from external sources.
- Four out of ten firms in SMEs (41%) obtained investment finance from external sources. The figure for large firms is 56%.

Access to finance

SHARE OF FIRMS WITH FINANCE FROM GRANTS

- Fewer than two in ten firms received grants in 2022 (17%), consistent with the EU average (16%).
- Nearly four in ten (37%) infrastructure firms have obtained finance through grants..
- Three in ten large firms (30%) financed some of their investment through grants. This compares to just 4% of SMEs.

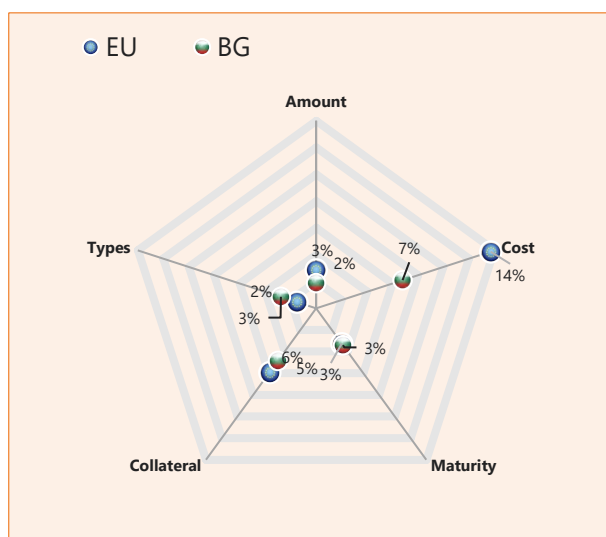


Q. What proportion of your total investment in your last financial year was financed by grants?

Base: All firms using external finance (excluding don't know/refused responses)
*Caution very low base less than 30

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED (% of firms)

- The firms in Bulgaria are most dissatisfied with the cost of the external finance obtained (7%), followed by collateral (6%). For the other three aspects included in the survey, the dissatisfaction is 2% to 3%.
- Nevertheless, there has been a slight increase in the share of firms in Bulgaria that are dissatisfied with the cost of finance (up from 2% in EIBIS 2022 to 7%). However, the level of dissatisfaction is half of the EU average (14%).
- In general, the other levels of dissatisfaction in Bulgaria are similar to the EU average.



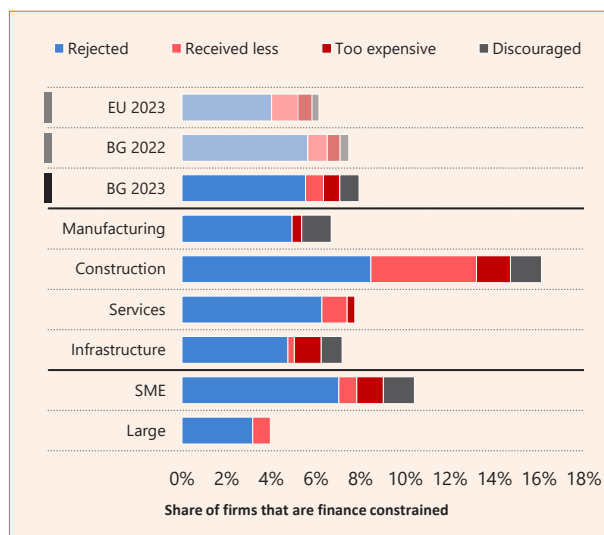
Q. How satisfied or dissatisfied are you with ...?

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

Access to finance

SHARE OF FINANCE-CONSTRAINED FIRMS

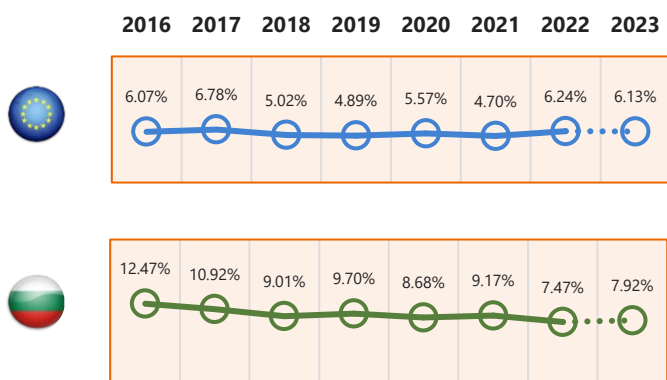
- The share of financially constrained firms in Bulgaria (7.9%) is marginally higher than the EU average (6.1%).
- The share of finance-constrained firms in Bulgaria is highest in the construction (16.1%). It is also higher among SMEs than large firms (10.41% versus 3.95%).
- As in EIBIS 2022, the main constraint reported by firms in Bulgaria is rejection (5.5%), followed by discouraged (0.9%).



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 that 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

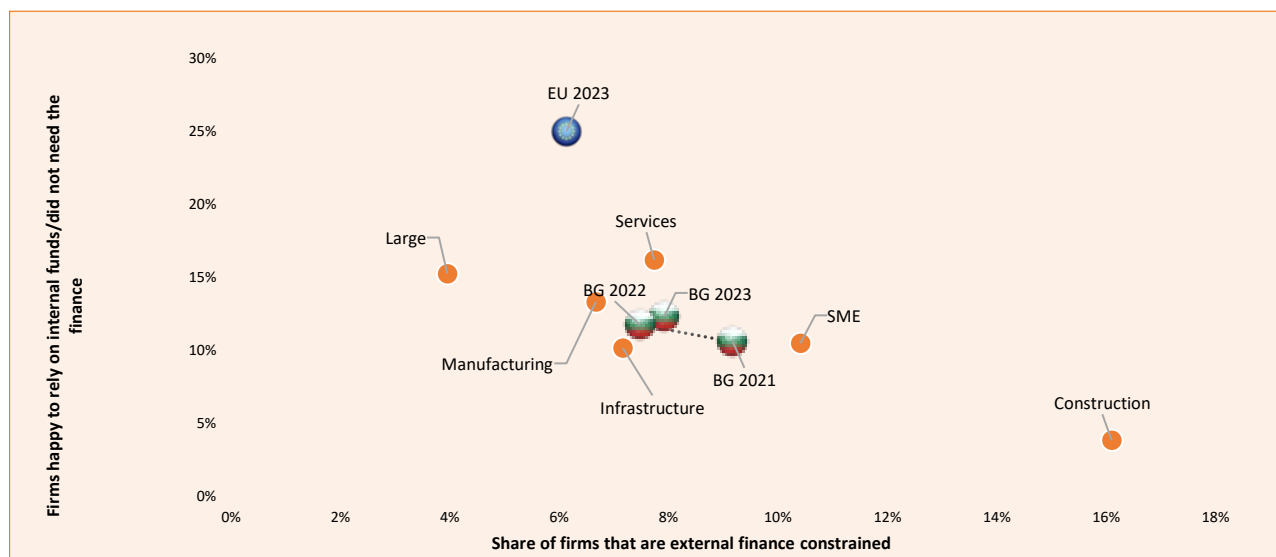


- The proportion of Bulgarian firms that are finance constrained is almost identical to EIBIS 2022 (7.9% and 7.5%) and is keeping the generally negative trend seen since 2016.
- The proportion of financially constrained firms in Bulgaria is again slightly higher than EU average (7.9% versus 6.1%).

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

Access to finance

FINANCING CROSS



Data derived from the financial constraint indicator and firms indicating main reason for not applying for external finance was 'happy to use internal finance/didn't need finance'

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

- While 7.9% of Bulgarian firms can be considered external-finance constrained in EIBIS 2023, slightly more (12.3%) were happy to rely on internal finance.
- Bulgarian firms are slightly more financially constrained than their EU peers on average (7.9% versus 6.1%), and they are also less happy to rely on internal finance (12.3% versus 25%).
- In Bulgaria, the construction sector firms are the most likely to be financially constrained (16.1%) and least likely to be happy about relying on internal finance (4%). Meanwhile, SMEs are far more constrained than large firms (10.4% versus 4.0%) and are slightly less happy to rely on internal finance (11% versus 15%).

EIBIS 2023 – 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	Manuf vs Constr	SME vs Large
	(12030)	(802)	(481)	(165)	(100)	(105)	(107)	(411)	(70)	(12030 vs 481)	(165 vs 100)	(411 vs 70)
10% or 90%	1.1%	3.9%	3.0%	4.7%	6.2%	6.0%	6.3%	2.9%	6.3%	3.2%	7.8%	6.9%
30% or 70%	1.8%	6.0%	4.6%	7.1%	9.5%	9.2%	9.6%	4.4%	9.6%	4.9%	11.8%	10.5%
50%	1.9%	6.5%	5.0%	7.8%	10.4%	10.1%	10.5%	4.8%	10.5%	5.4%	12.9%	11.5%

GLOSSARY

Investment	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.
Investment cycle	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.
Manufacturing sector	Based on the NACE classification of economic activities: firms in group C (Manufacturing).
Construction sector	Based on the NACE classification of economic activities: firms in group F (Construction).
Services sector	Based on the NACE classification of economic activities: firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).
Infrastructure sector	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).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

Note: the EIBIS 2023 country overview refers interchangeably to 'the past/last financial year' or to '2022'. Both refer to results collected in EIBIS 2023, where the question is referring to the past financial year, with the majority of the financial year in 2022 in case the financial year is not overlapping with the calendar year 2022.

EIBIS 2023 – Country technical details

The country overview presents selected findings based on telephone interviews with 481 firms in Bulgaria (carried out between April and July 2023).

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

Base definition and page reference	EU 2023/2022	US 2023	Bulgaria 2023/2022	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 5 (bottom left), p. 8 (top), p. 8 (bottom), p. 16 (top)	12030/12021	802	481/483	165	100	105	107	411	70
All firms (excluding don't know/refused responses), p. 5 (bottom right)	11624/11682	776	473/479	164	98	103	104	406	67
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 6 (top)	10147/9704	692	392/382	136	84	84	87	326	66
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 6 (bottom)	9948/9501	704	396/382	136	85	86	87	330	66
All firms (excluding 'Company didn't exist three years ago' responses), p. 7 (top)	12015/12005	802	481/483	165	100	105	107	411	70
All firms (excluding don't know/refused responses), p. 7 (bottom)	11880/11814	794	479/472	165	100	103	107	409	70
All firms (excluding don't know/refused responses), p. 9 (top)	11812/NA	782	476/NA	165	100	103	104	408	68
All firms (data not shown for those that said not an obstacle at all/don't know/refused), p. 9 (bottom)	12030/NA	802	481/NA	165	100	105	107	411	70
All firms (excluding don't know/refused responses), p. 10 (top)	11739/NA	786	473/NA	162	98	104	105	404	68
All firms (excluding don't know/refused responses), p. 10 (bottom)	11739/NA	786	473/NA	162	98	104	105	404	68
All firms (excluding don't know/refused responses) p. 11 (top)	11978/11975	800	479/481	165	99	105	106	409	70
All firms (excluding don't know/refused/not applicable responses), p. 11 (bottom)	6692/NA	284	250/NA	86	23	44	55	198	44
All firms (excluding Don't know/refused responses), p. 12 (top left)	11918/NA	797	479/NA	165	100	105	105	410	69
All firms that import (excluding don't know/refused responses), p. 12 (top right)	6151/NA	240	222/NA	108	24	46	44	171	51
All firms (excluding don't know/refused responses), p. 12 (bottom)	10139/NA	717	328/NA	124	70	60	73	268	60
All firms (excluding Don't know / refused responses) p. 13 (top)	11930/11911	797	478/478	163	100	104	107	409	69
All firms (excluding Don't know / refused responses), p. 13 (bottom)	11944/11909	789	477/481	163	99	104	107	409	68
All firms (excluding don't know/refused responses), p. 14 (top)	11433/11172	771	453/448	153	96	99	101	386	67
All firms (excluding don't know/refused responses), p. 14 (bottom)	11956/11964	800	479/483	165	98	105	107	409	70
All firms (excluding don't know/refused responses), p. 15 (top)	11549/NA	766	468/NA	163	96	100	105	401	67
All firms (excluding don't know/refused responses), p. 15 (bottom)	11836/11712	791	476/472	162	100	104	106	406	70
All firms that have invested in the last financial year (excluding don't know/refused responses), p. 16 (bottom)	10210/9752	707	393/376	135	85	85	86	327	66
All firms (excluding don't know/refused responses), p. 17	11721/11685	770	470/474	160	99	103	104	403	67
All firms (excluding don't know/refused responses), p. 18	11738/11735	780	475/480	164	98	104	105	406	69
All firms (excluding don't know/refused responses), p. 19 (top)	12009/11980	801	480/483	165	99	105	107	410	70
All firms (excluding don't know/refused responses), p. 19 (bottom)	11916/11844	800	478/480	165	99	105	105	408	70
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 20 (top)	12030/12021	802	481/483	165	100	105	107	411	70
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 20 (bottom)	12030/12021	802	481/483	165	100	105	107	411	70
All firms who invested in the last financial year (excluding don't know/refused responses), p. 21 (top)	10517/10051	697	393/383	135	83	85	88	326	67
All firms who invested in the last financial year (excluding don't know/refused responses), p. 21 (bottom)	10517/10051	697	393/383	135	83	85	88	326	67
All firms using external finance (excluding don't know/refused responses), p. 22 (top)	4269/4107	265	166/168	66	29	33	38	128	38
All firms that used external finance in the last financial year (excluding don't know/refused responses), p. 22 (bottom)	4184/3988	264	161/165	64	28	33	36	126	35
All firms (excluding don't know/refused responses), p. 23 (top)	11544/11504	729	472/482	163	97	103	105	404	68
All firms (excluding don't know/refused responses), p. 23 (bottom)	11544/11504	729	472/482	163	97	103	105	404	68
All firms (excluding don't know/refused responses), p. 24	11544/11473	729	472/481	163	97	103	105	404	68



**European
Investment Bank**

Economics Department

economics@eib.org

www.eib.org/economics

Information Desk

+352 4379-22000

info@eib.org

European Investment Bank

98-100, boulevard Konrad Adenauer

L-2950 Luxembourg

+352 4379-1

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