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Published in November, 2017

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Regional profile

Bulgaria

1 Introduction

The CrowdStream project

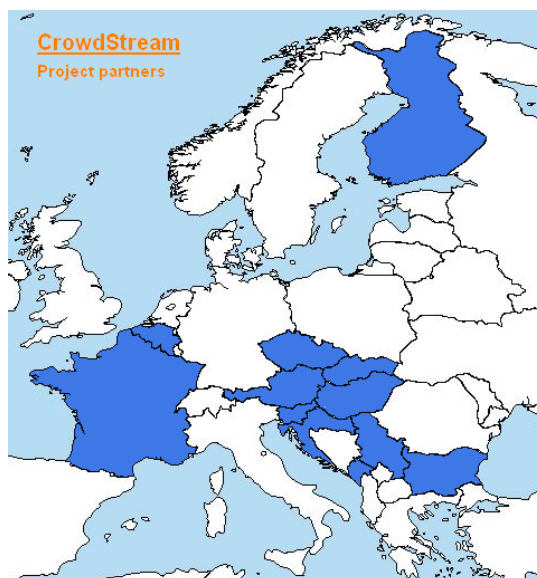
CrowdStream's main objective is to improve the effectiveness of public/private business-support for innovative spin-offs & social enterprises to access qualitative alternative financing (crowdfunding). The main project result will be improved cooperation between business-support-organisations and enterprises to guarantee a qualitative access to crowdfunding in the Danube region.

Crowd Stream outputs:

- ✓ Strategies for alternative finance (crowdfunding) in the Danube Region
 - Regional Action Plans
 - Policy recommendations for the region
- ✓ Quality tools for crowdfunding
- ✓ Capacity building for innovative small and medium enterprises (SMEs) and business support organizations
- ✓ Pilot actions

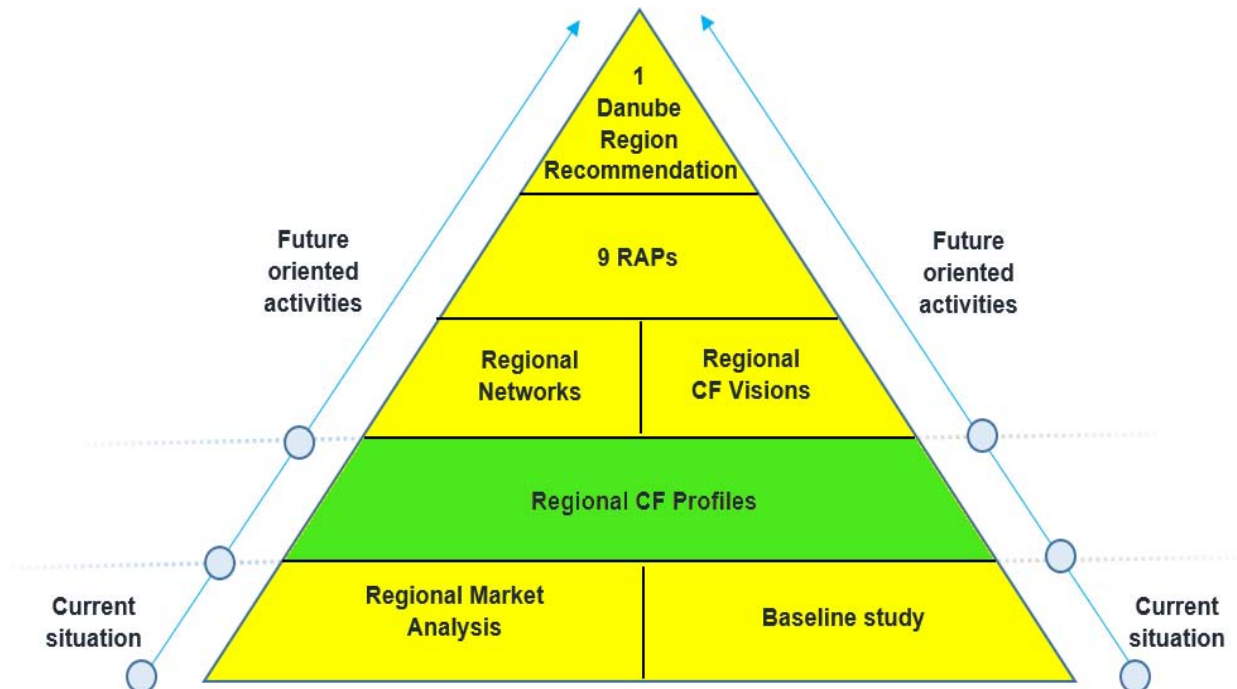
Who we are:

In this partnerships **16 organisations coming from 10 regions** aim at improving framework conditions for the development of alternative financing sources for SMEs in the Danube Region.



How we work:

The regional profiles will guide the project partners towards including relevant stakeholders in regional networks for developing the Regional Action Plan and the long-term targets on CF in their region (Regional CF visions). Those visions will enable the stakeholder groups to work jointly on the development and implementation of the RAPs and recommendations.



2 The regional profiles:

- ✓ Describe the current situation of alternative finance in the partner regions
- ✓ Identify, inform and involve relevant stakeholders
- ✓ Support the development of common visions, Regional Action Plans (RAPs) and policy recommendations for the region

3 Crowdfunding basics

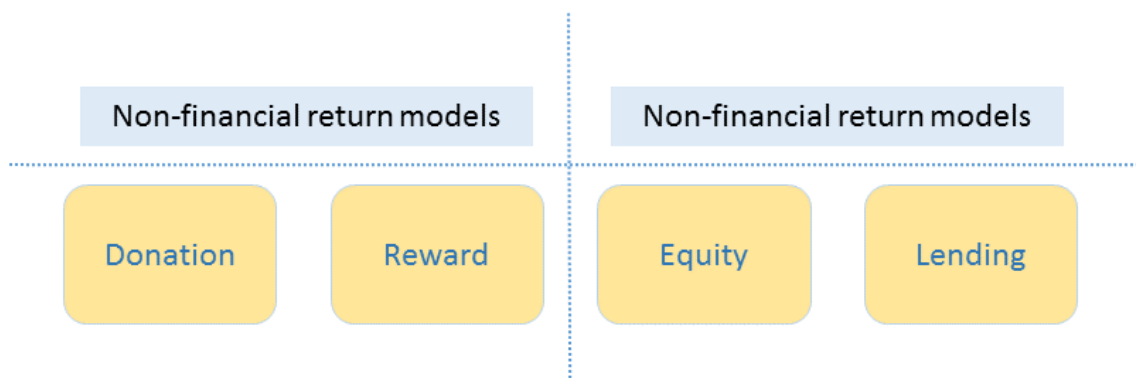
Types of Crowdfunding

Crowdfunding represents an effort from many individuals by offering a small contribution to support a project or a company in raising capital (*European Crowdfunding Network*).



Source: Crowdfunding
Explained to small and
medium sized
enterprises

In the case of **non-financial return crowdfunding models** individuals support a project because of emotional aspects of the campaign (donation-based) or they receive a symbolic award (reward model), which is not proportionate to the actual donation (*European Commission, Crowdfunding Innovative ventures in Europe*). The main advantages in the reward model can be attraction of first customers and a fast feedback on the commercial potential.



Financial return crowdfunding models provide an opportunity for the public to invest in start-ups or to offer loans with the expectation of a financial return while accepting some risks. The crowd could invest in early-stage companies (equity-based) or offer loans to SMEs under certain legal conditions (lending-based).

4 Black sea region Bulgaria - general information

4.1 Regional characteristics and economic situation

- Innovative sectors (e.g. RIS3)

The Republic of Bulgaria is a Member State of the European Union since 2007, 12th in terms of population, 16th in number of population and in 22nd place in GDP in 2012 and 2013. The country is in a currency board regime (Binding the national currency to the EUR) and is characterized by an industrialized, open market economy, a medium-sized private sector and a relatively small domestic market. Bulgaria is the Member State with the lowest corporate income tax (10%), with the lowest corporate income tax (10%) and is among the first countries with the lowest VAT rates (20%). Such a business environment is oriented towards actively attracting FDI and developing entrepreneurship. The strength of Bulgarian entrepreneurship is the result of a relatively favorable business environment in terms of obtaining credit, protecting investors and starting a business. However, Bulgaria has serious weaknesses in terms of contract implementation, bankruptcy issues, cross-border trade, building permits and production / access to electricity that hamper the effective development of entrepreneurship.

The current policy of the government is to encourage investment in high-tech industries and services, to discover high-productivity jobs and the regions with the highest unemployment:

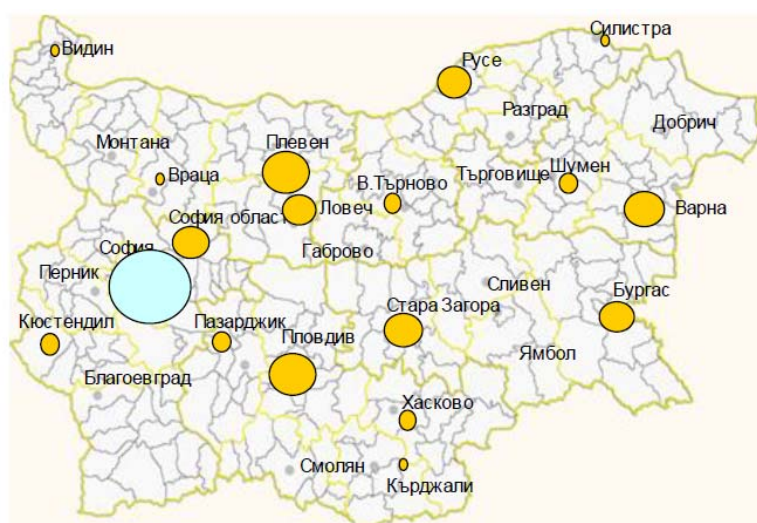
- machine building, electronics and electrical engineering, automotive, medical equipment, optical products, medicines, etc .;
- information and communication technologies (ICT) and research;
- Technology and industrial parks for high-tech production and innovation.

Employment in industry amounted to 617 thousand, and only in manufacturing 525 thousand. Approximately 1 million people are involved in the service sector. Twice as much as those employed in the manufacturing industry. From the point of view of the technological intensity of the economic activities, employment is concentrated in medium

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and low-tech activities (82%) and in the provision of less scientific-intensive services (81%); In the high-tech manufacturing and service sectors, 18-19% of those employed in the manufacturing and services sector are engaged. The share of high-tech exports is 5.6% (2012). It is equally responsible for the production of computer and communication equipment, electronic and optical products and the production of medicinal substances and products. The export of medium- and low-tech products (71%) predominates, with 65.3% being the result of production and export specialization, which provides competitive advantages of Bulgarian products on international markets

Regional specialization of the leading innovation activity looks like - Scientific research in the field of natural, medical, agricultural and technical sciences. The estimates show that 73% of employment in this economic activity is concentrated in Sofia, but the map shows that there is a potential for specialization in other regions and cities. Thus, the potential of Plovdiv and Stara Zagora is roughly equal to that in Plevan and Varna, followed by Rousse and Burgas, etc. Regional concentration of companies, in this case, institutions, centers, etc. Is analogous.



In this way, it is planned to progressively build regional capacity for smart specialization through European support and to create prerequisites for natural clustering, which in the future could lead to Regional Intelligent Specialization Strategies in Bulgaria:

North-East region

Varna. The economic structure of the area is diverse. It is primarily connected with port activities, shipping, shipbuilding, ship repair, tourism, chemical industry, machine building, textile, food, furniture, construction and agriculture. The available scientific potential in the field of innovation focuses on the maritime industry, information technology, tourism, services and energy. It is in these economic activities that new high-tech productions are created, creating high added value, attracting investments in scientifically productive activities. A "Black Sea Energy Cluster" operates in the area. This available innovation capability guides the area's intelligent specialization to two of ISIS's thematic areas - "Industry for Healthy Life and Bio-Technology" and "New Technologies in Creative and Recreational Industries".

Dobrich. The available capacity for smart specialization leads to the thematic area "Healthy Living and Bio-Technology Industry" and "New Technologies in Creative and Recreational Industries" - a Dobrudja Agricultural Institute, which produces conventional grain seeds, highly valued in many countries, bio- Products (lavender for pharmacy and cosmetics purposes), an international college that prepares highly qualified tourism cadres,

South-eastern region

Bourgas. The capacity for intelligent field specialization is in product and technological niches such as Tourism (ecological, health, cultural, etc.) and wellness; Chemical products and technologies; Information and Communication Technologies, Services and Telecommunications; Marine biology, aquaculture and fish farming; Biotechnologies, organic food and bio

products; Manufacture of motor vehicles and electric vehicles; Energy technologies and biofuels; Manufacturing and Light Industry. The established office for the transfer of innovative technologies in the South-eastern region helps to improve the innovation infrastructure, industrial capacity, export profile and competitiveness of enterprises in the South-eastern region of Bulgaria, assisting them in the process of seeking and introducing new services and innovative solutions in the sphere of information technologies and their applications. The priority areas of work are Information Technologies, Eco and Energy Saving Technologies and Economic Analyses and Assessments. As a university and research centre, interests are in the fields of ICT, materials and materials science, environmental and water protection, renewable energy, biomedicine, molecular modelling related to eco-toxicology. As a result, the priority thematic areas for smart specialization are "Mechatronics and Clean Technologies" and "Industry for Healthy Life and Bio-Technology".

4.2 General investment situation

- Country profiles (EC, World Bank)

Country Profile Bulgaria				
	1990	2000	2010	2015
World view				
Population, total (millions)	8.72	8.17	7.40	7.18
Population growth (annual %)	-1.8	-0.5	-0.7	-0.6
Surface area (sq. km) (thousands)	111.0	111.0	111.0	111.0
Population density (people per sq. km of land area)	78.8	73.9	68.1	66.1
Poverty headcount ratio at national poverty lines (% of population)	..	..	22.2	22.0
Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population)	0.1	2.0	1.9	2.0
GNI, Atlas method (current US\$) (billions)	19.58	13.53	51.12	53.69

GNI per capita, Atlas method (current US\$)	2,25	1,66	6,91	7,48
GNI, PPP (current international \$) (billions)	41.64	50.77	108.35	128.36
GNI per capita, PPP (current international \$)	4,78	6,21	14,65	17,88
People				
Income share held by lowest 20%	10.5	7.1	6.3	6.2
Life expectancy at birth, total (years)	72	72	74	74
Fertility rate, total (births per woman)	1.8	1.3	1.6	1.5
Adolescent fertility rate (births per 1,000 women ages 15-19)	70	44	42	37
Contraceptive prevalence, any methods (% of women ages 15-49)	..	63	69	..
Births attended by skilled health staff (% of total)	99	100	100	100
Mortality rate, under-5 (per 1,000 live births)	22	21	13	10
Prevalence of underweight, weight for age (% of children under 5)	..	..	..	..
Immunization, measles (% of children ages 12-23 months)	99	89	97	92
Primary completion rate, total (% of relevant age group)	99	97	105	98
School enrollment, primary (% gross)	95.1	104.3	103.6	97.2
School enrollment, secondary (% gross)	99	93	90	99
School enrollment, primary and secondary (gross), gender parity index (GPI)	1	1	1	1
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..
Environment				
Forest area (sq. km) (thousands)	33.3	33.8	37.4	38.2
Terrestrial and marine protected areas (% of total territorial area)	1.5	3.3	..	31.5
Annual freshwater withdrawals, total (% of internal resources)	35.7	31.4	27.2	26.0

Improved water source (% of population with access)	100	100	100	99
Improved sanitation facilities (% of population with access)	85	86	86	86
Urban population growth (annual %)	-1.3	-0.2	-0.2	-0.2
Energy use (kg of oil equivalent per capita)	3,237	2,277	2,417	2,478
CO2 emissions (metric tons per capita)	8.69	5.33	5.97	5.45
Electric power consumption (kWh per capita)	4,759	3,674	4,56	4,709
Economy				
GDP (current US\$) (billions)	20.63	13.15	50.61	50.20
GDP growth (annual %)	-9.1	5.0	0.1	3.6
Inflation, GDP deflator (annual %)	26.2	7.2	2.6	2.2
Agriculture, value added (% of GDP)	17	13	5	5
Industry, value added (% of GDP)	49	26	27	28
Services, etc., value added (% of GDP)	34	62	68	67
Exports of goods and services (% of GDP)	33	36	50	64
Imports of goods and services (% of GDP)	37	42	53	64
Gross capital formation (% of GDP)	26	19	23	21
Revenue, excluding grants (% of GDP)	47.2	33.1	29.3	31.3
Net lending (+) / net borrowing (-) (% of GDP)	..	..	..	..
States and markets				
Time required to start a business (days)	..	39	25	25
Domestic credit provided by financial sector (% of GDP)	118.5	17.1	67.0	60.3
Tax revenue (% of GDP)	23.8	17.5	18.1	18.5
Military expenditure (% of GDP)	3.8	2.7	1.8	1.3
Mobile cellular subscriptions (per 100 people)	0.0	9.2	138.0	129.3
Individuals using the Internet (% of population)	0.0	5.4	46.2	56.7
High-technology exports (% of manufactured exports)	..	3	8	8
Overall level of statistical capacity (scale 0 - 100)	..	..	91	84

Global links				
Merchandise trade (% of GDP)	49	87	91	110
Net barter terms of trade index (2000 = 100)	..	100	110	112
External debt stocks, total (DOD, current US\$) (millions)	10,89	12,009	50,635	37,492
Total debt service (% of exports of goods, services and primary income)	19.4	17.5	16.1	31.6
Net migration (thousands)	-356	-83	-50	-50
Personal remittances, received (current US\$) (millions)	..	58	1,333	1,495
Foreign direct investment, net inflows (BoP, current US\$) (millions)	4	1,002	1,843	1,85
Net official development assistance received (current US\$) (millions)	..	..	..	..

Source: World Development Indicators database

Data from database: World Development Indicators

Last Updated: 06/01/2017

4.3 Financing of innovation

Bulgaria received support in setting up Technology Transfer Centres and through Phare with the amount of contracted funds: BGN 495 259,35 (grant - BGN 371 048,00 and co-financing - BGN 124 211,34). 9 centres were established, with the financial support of public and private organizations, mainly in universities in cities such as Sofia, Rousse, Varna, Burgas, Plovdiv, Gabrovo, Veliko Tarnovo, Pleven and Lovech.

Programs to support research

The National Science Fund, which is a legal entity of the Ministry of Education and Science. It encourages research initiatives at national, regional and international level. Six permanent expert committees are working in NFIs reflecting research priority areas: Mathematics and

Informatics, Natural Sciences, Biology and Medical Sciences, Agricultural Sciences, Technical Sciences, Social Sciences and the Humanities.

The priority directions for the development of the research 2020 are:

1. Energy, energy efficiency and transport. Development of green and eco-technologies;
2. Health and quality of life, biotechnology and ecologically clean foods;
3. New materials and technologies;
4. Cultural heritage, social economic development and governance;
5. Information and Communication Technologies

The National Innovation Fund (NIF) has been operating at the Ministry of Economy since 2005, promoting private investment in the development of a competitive, knowledge-based industry in Bulgaria. The direct objective of the Fund is to encourage the implementation of R & D and technical feasibility projects to develop new or develop existing products, processes or services to increase economic efficiency, improve innovation potential and the technological level of enterprises and promote the dynamics of innovative processes.

Financing enterprise innovation activity

Among the state programs supporting small and medium-sized enterprises is Bulgarian Development Bank AD (BBR AD). The main focus of BDB is SMEs, project funding for export-oriented enterprises, as well as investment banking and public projects of national importance. BDB has its own banking group for achieving its goals:

- Bulgarian Development Bank (BDB)
-

- National Guarantee Fund (NGF)
- Capital Investment Fund (ICF)

JEREMIE

In Bulgaria, the JEREMIE Holding Fund (HFD) is funded by the European Regional Development Fund, co-financed at 15% of the state budget under the OPC. The budget is € 199 million. The main objective is to improve access to finance for SMEs through various financial engineering instruments. Among the various financial instruments are:

"Guarantees covering losses on a portfolio of loans"

"Instrument for promoting entrepreneurship and providing initial funding"

Two funds were created: Eleven and Launch Hub. Eleven runs a 12 million-euro fund to make about 200 investments in innovative start-ups. The investment in one company from the portfolio of the fund is between 25,000 and 200,000 euros. The other selected manager, LAUNCHub, runs a 9m-euro fund with a focus on information and communication technology. The goal is to make about 120 investments over the next four years. It is expected that each of them will be between EUR 30,000 and EUR 200,000 to invest in start-ups from Bulgaria and the region. Over the past two years, the start-up funds Eleven and Launchub have invested nearly 6m euros in 92 companies. Eleven already have 57 projects and 150 founders funded with their resources, and Launchub has invested 35 projects in total.

OPC Venture Capital Fund - the main objective of the instrument is to make investments in start-up SMEs, registered and with a main place of business in Bulgaria. The total budget of the instrument is 30 million, of which EUR 9 million is private funding.

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Mezzanine Fund - with a budget under OPC 60 million euro of which EUR 30 million private funding. The purpose of the instrument is to invest primarily in enterprises registered and having their principal place of business in Bulgaria. The instrument is combined for private equity and loans.

Risk Sharing Finance Facility - The objective of the facility is to support SMEs through lending, with a 50% effective interest rate cut on the loan and a reduction in fees, commissions and collateral related to loans. The total budget of the instrument is EUR 300 million, of which EUR 150 million is private funding.

5 Regional Analysis on crowdfunding

5.1 CF actors (platforms, initiatives, intermediaries etc.)

<https://bithope.org/> The BitHope Foundation is the first Bulgarian non-governmental organization (NGO) in the public benefit that uses ONLY cryptocurrency to accumulate funds for the campaigns that are hosted on the BitHope.org platform. What the Foundation and the platform do is actually convert your bitcoins into tangible good for the people, animals, and the environment.

The BitHope Foundation provides you with a place in the virtual ocean, where you can find a cause that you personally can associate with and help fund it, using the fairest form of money that ever existed. With your help we will support established NGOs in their efforts to promote their causes internationally and accumulate additional funding for their charitable initiatives. Also, the Foundation will encourage businesses in the nascent Bitcoin industry to divert small amounts of their bitcoin profits to socially

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valuable causes and, thus, help improve the image of cryptocurrencies worldwide.

<http://cleantech.bg/> Cleantech Bulgaria supports sustainable development, introduction and integration of clean technologies and innovative products, services and solutions in the businesses. The organization is active in different social and economic fields, including business, education, science, technology, innovation and entrepreneurship. The Climate-KIC Accelerator is Europe's largest cleantech accelerator for early stage startups. It is focused upon getting startups ready for their first investors and customers and helps them scale their business.

Early-stage startups and entrepreneurs are now able to apply for the accelerator programme, focusing on business model validation and acquiring first customers, in the following countries: Bulgaria, Cyprus, Latvia, Malta, Portugal, Romania, Serbia and Slovenia.

You can also apply if you are located in any of these regions: Albania, Bosnia & Herzegovina, Croatia, Greece, Moldova or Montenegro.

The accelerator offers workshops, mentors, coaches and pitch training and also financial support (from €15,000 to €25,000 for stage 2) to further develop your business.

<http://www.green-innovations.bg/> The project is part of the Green Industry Innovation Program in Bulgaria, which is funded by the Norwegian Financial Mechanism 2009-2014 and aims to increase the competitiveness of "green" enterprises, including "greening" existing productions, "green" innovations and "Green" entrepreneurship. CEED in partnership with Innovation Norway will organize:

- 1.Full 2-day training
 2. Generate ideas
-

<http://www.interreg-danube.eu/approved-projects/crowdstream>

3. Participate in the Green Demo Day

4. Travel to Norway for exchange of experience

<https://www.chivas.com/bg-bg/the-venture> In October 2014, Chivas Regal launched a global search to find and support the world's most promising social entrepreneurs. Chivas The Venture seeks to find and connect innovative thinkers. We are focused on supporting high potential social businesses to accelerate and scale their impact.

<http://www.11.me> Elevant is a fund manager based in Sofia, focusing on projects with high growth potential in Central and Eastern Europe. We have invested in more than 100 companies since 2012, with teams from 38 countries around the world. Most of our projects are B2B software and SaaS, hardware products, and marketplace. Our investment focus is on companies with initial traction and proven concept looking for partners and resources to help them grow. We provide pre-seed and seed financing, access to our network, and direct support to the teams we invest in. Normally, we provide staged funding against a minority stake in capital.

<http://www.launchub.vc/> LAUNCHub Ventures is a seed stage Venture Capital firm based in Sofia investing in early stage startups in Bulgaria and the wider Southeastern Europe region. Founded in 2012, the first LAUNCHub fund of 9M EUR, was actively investing until the end of 2015 and has been deployed in pre-seed tickets up to 200K EUR. The former fund backed 62 startups which have attracted more than 20M EUR in follow-up funding. The second 18M EUR LAUNCHub Ventures fund, announced in December 2016 expands into the seed space with investments in the range of 300K to 700K EUR, expandable up to 2M EUR per company.

5.2 Available types of CF

Non-financial return models – donation, reward, pre-selling

Financial return models – equity, Lending

5.3 CF volume of investment

From 15000 EUR to 1 000 000 EUR

5.4 Existing Regulation Framework

There are not Existing Regulation Framework

6 SWOT analysis of regional CF potential

STRENGTHS

- Existence of high growth enterprises
- Accumulated experience and investment in mechatronics and related economic activities
- Higher share of graduates
- Tradition in fundamental research, including biotechnology
- Highly qualified researchers in the fields of physics, chemistry, computer technology and biotechnology
- High growth rate of cultural and creative industries

REGIONAL WEAKNESSES

- Limited innovation dynamics demonstrated by global patenting and high-tech exports
- Insufficient education system and shortage of qualified workforce (despite the high share of university graduates)
- Low share of GERD / GDP27
- Low share of BERD / GDP 28
- Low tendency for SMEs to join the innovation network
- Limited cooperation between the business community and the academic community
- "Brain drain"
- Low entrepreneurial and innovative culture

OPPORTUNITIES

- The development of strengths can make investment in leading high-tech sectors attractive
- Improving innovation through the use of competitive EU funds and reserves
- Broad implementation of innovation and improvement of the entrepreneurial culture of the younger generation
- Active use of Bulgarian diaspora scientists - potential for brain movement
- Increasing research collaboration in global trends

THREATS

- Aging of highly qualified lecturers and researchers
- Opportunities for qualified researchers to work abroad under better conditions
- Rapidly changing environment

7 Regional development demand

7.1 Investment and business environment

In 2016, the Bulgarian economy continued its recovery from the global economic and financial crisis. Although the estimated real gross domestic product (GDP) grew 0.2% slower than the previous year, 3.4% compared to 3.6% in 2015, the economy continued to show stability. The fast GDP growth is based on the real estate, energy, outsourcing and IT sectors, while professional services and government spending increased slightly compared to the 2015 levels. Foreign direct investments (FDI) in the country slumped to EUR 701.7 million in 2016, which represents a 72% decrease compared to the 2015 levels of EUR 2,534.8 million and far from the peak level of EUR 6,728 million in 2008. The Currency Board has a key role in sustaining the macroeconomic stability in the country.

The Encouragement of Investment Act (EIA) provides for equal treatment of local and foreign investors in the Republic of Bulgaria. Foreign investors in Bulgaria can obtain the same assistance and use the same privileges and opportunities as granted by the law to local investors.

In order to benefit from the resources under the state aid scheme, investors must apply for a special certificate for class A investment, class B investment or a priority project with the Bulgarian Investment Agency. The required minimum investment amounts for projects implemented in the industrial sector are:

- For class A investments – BGN 10 million
- For class B investments – BGN 5 million.

The required minimum investment amounts for projects implemented in the services sector are:

- For class A investments – between BGN 2 – 3 million depending on the services sector
- For class B investments – between BGN 1 – 1.5 million depending on the services sector.

Lower minimum investment amounts are envisaged in the case of investments in the industrial sector in economically disadvantaged regions and in high technology activities in the industrial and services sectors. Establishment of new business entities or acquisition of shares in existing entities The Bulgarian law provides for the establishment of entities with foreign participation or for the acquisition of shares in existing local entities. Such

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companies must take the form of entities under the Bulgarian Commercial Act. There is no limitation on the share participation of foreign legal entities and individuals. Under the Bulgarian Commercial Act, the following entities may be set up and have foreign investor participation:

- Unlimited partnerships
- Limited partnerships
- Limited liability companies (solely owned limited liability companies)
- Joint-stock companies (solely-owned joint-stock companies)
- Limited partnerships with shares
- Sole proprietors.

Generally, no prior permission from governmental institutions is required for the establishment of an entity of the above types, except for cases involving banking or insurance activities, investment funds, management companies or investment intermediaries, or special concession rights and others.

Taxation - Corporate tax

The basic principles for the taxation of business profits are detailed in the Corporate Income Tax Act (CITA). The current taxes and levies imposed by the CITA are:

- Corporate income tax
- Lump sum tax levied on certain types of expenses accrued by local tax residents
- Withholding tax.

According to the provisions of the CITA currently in effect, the corporate income tax rate is 10%. Corporate entities, including subsidiaries of foreign companies incorporated under the Bulgarian Commercial Act, are considered Bulgarian tax residents.

Tax regime and place of supply of goods

The location of goods at the time of the supply determines the VAT treatment. If the goods are located in Bulgaria, then the supply is subject to 20% Bulgarian VAT. However, if goods are dispatched or transported, the place of supply is the place where the goods are located at the time when dispatch or transport of the goods to the customer begins. Special rules

apply for the supply of electricity, gas, heat or cooling energy which are treated as goods for VAT purposes.

Exports

The export of goods to customers outside the EU is zero-rated, provided that certain transportation and documentation requirements are fulfilled.

Imports

The import of non-Community goods from outside the EU is subject to Bulgarian VAT and is payable by the importer to the customs authorities. Under specific conditions, import VAT may be “reverse charged” if the importer is granted authorization to apply such a regime in connection with the implementation of an investment project.

7.2 Innovation

One of the main strategic goals Bulgaria has set in the process of her accession to the European Union is enhancing the competitiveness of Bulgarian industry and improving its ability to withstand the competitive pressure of the European and world markets. The Innovation Strategy provides the exact measures to achieve these goals based on the understanding that the industry's competitive advantage could be achieved by developing, implementing and disseminating innovation, providing leading competitive position in the international markets, meeting in advance new needs of national and international consumers. The draft Innovation Strategy of the Republic of Bulgaria and its implementing measures has been developed with the support of the Government of the Netherlands under the PSO Pre-accession Programme. The Innovation Strategy is the result of extensive research and analyses of a huge volume of information:

Inventory of the Bulgarian national innovation system;

Review of the regulatory framework, national strategy and policies on scientific and technological development and innovation;

Scientific, technical and innovation potential of the national industry for the period 1998-2000 (a result of a survey);

The Innovation Strategy sets out ten measures for its implementation, organized into two main groups: Financial and Non-financial instruments for impact. Pending is the development of a new Innovation Strategy.

7.3 Regulation framework

Business Start Up Costs in Bulgaria

Cost of setting up a company in Bulgaria

Average cost of setting up a private limited liability company is around 500-800 Euros. Normally the registration process takes about 2-3 weeks to be fully completed. Investors wishing to register a limited liability company must open a bank account with a local bank and deposit the required company capital of 1 Euro.

Cost of hiring an accountant in Bulgaria

Accountants charge a minimum of 200 Leva per month for simple accounting activities. All companies in Bulgaria, regardless of whether they are operational or not are required to file a yearly tax return with the tax administration.

Cost of opening a bank account in Bulgaria

Investors wishing to register a limited liability company must open a bank account with a local bank and deposit the required company capital of 1 Euro. The banks normally charge around 20-50 Euros for the account opening procedures and for the issuing a confirmation letter certifying that the money has been deposited

Cost of translation service in Bulgaria

As Bulgarian is the only language that is accepted by the Bulgarian courts, oftentimes investors want their incorporation paper to be translated in

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English so they can understand their content. Approximate cost of this service is around 5-15 Euros per page.

Cost of VAT registration in Bulgaria

Companies with turnover of more than 50,000 Leva a year are required to register for VAT. This procedure takes about 2-3 weeks to complete and costs around 300 Leva.

8 Good practice examples

Three good practice examples from the respective region are described below.

Box 1

< Sea Harmony >

- Company: "Seaharmony" Ltd
- CF platform used: Chivas The Venture
- Topic: Cleaning sea water
- Amount of money raised: Up to now 6 055.88 USD



Short description

Sea Harmony is developing vertical reef mussel-farming technology. Our unique farms are made from durable materials that do not emit pollutants into the water. They can be placed in the open sea, so they do not disturb boat traffic, and this, along with their vertical orientation, allows Sea Harmony's method of farming to yield maximum harvest. Most importantly, they bring marine life back to the "Dead" zones, restoring the food chain and all of its participants: mussels, shrimps, and fish.

Recent influence

Buildup 4 mussels pillars in Black sea.

Box 2

< TICKEY >

- **Company:** Tickey Mobile Solutions Ltd
- **CF platform used:** Elevant, . Seed Round
- **Topic:** the main purpose to make the public transportation more convenient and attractive, so that more people will prefer to use it instead of their cars.
- **Amount of money raised:** USD 1 230 000



Short description

Developer of an urban transport ticketing application. The company provides an application that allows users to pay for their tickets while traveling by a bus, tram, trolley and metro. It connects the passengers with the municipalities and public transport authorities.

Recent influence

The system is currently working in Sofia (subway stations Serdika, Sofia University, Sofia Business Park, NDK, Vitosha, Lyulin, Konstantin Velichkov, Central Railway Station) and Bourgas (trolleybuses T1 and T2).

List of reference documents

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5. National Guarantee Fund (NGF) - <http://www.ngf.bg/en>
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8. The BitHope Foundation - <https://bithope.org/>
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- InvestBulgaria Agency (IBA) - <http://www.investbg.government.bg/en/pages/about-82.html>
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