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MAYOR’S ADDRESS

In recent years, Sofia has become a very attractive place to invest. The pace of work we have set brought Sofia to leading positions in both national and international rankings in terms of employment, infrastructure security, quality of life, good education, successful business endeavors and tourist growth. Investors are attracted by Sofia’s location, good connectivity, but most of all, by the qualified and highly-educated population of the city.

Sofia provides the highest standard of living in the country. For the past 10 years, Sofia has been one of the European cities with the highest GDP per capita growth. The GDP of the city makes up 40% of the total GDP for Bulgaria. Sofia’s GDP per capita is twice the national average and is gradually approaching the EU average.

By the end of 2018, Sofia attracted half of the foreign investments in Bulgaria, totaling EUR 12.4 billion, or EUR 9,800 per resident - three times the average for the country. A big share of the investment is directed towards high value-added sectors. Sofia aims to encourage projects in the fields of R&D, biotech, creative industries, high value-added manufacturing and technologies for sustainable city development. The city is currently building 4 new industrial zones located in the northern territories, suitable for strategic investors.

The technology sector is one of the main engines of the city economy and 90% of the IT companies are located in Sofia. In 2019, fDi Intelligence placed Sofia in the Fintech Locations of the Future ranking. Financial Times declared Sofia an important part of Southeast Europe’s Silicon Valley. Sofia absorbed nearly 1/3 of the total amount of funds, allocated under various Operational Programs. Funds paid out in both program periods on the territory of Sofia amount to BGN 4.151 billion.

The average salary in Sofia exceeds the country’s average by 38%, approaching the EU average. Given the concentration of highly educated working-age population, Sofia has the highest employment rate in Bulgaria - 76% for 2018. Furthermore, the city has the lowest unemployment rate in country, 2.1%.

The city’s financial stability was affirmed by the Standard and Poor’s international rating agency, which in 2019 once again increased Sofia’s investment rating to BBB, with positive outlook.
Sofia is no longer only a business destination. Due to the systematic investments in the city’s urban environment and cultural sites, Sofia is becoming an increasingly attractive tourist destination. The key to this success is the unveiling of the cultural and historical heritage in recent years. Sofia was among the five European cities with the highest growth of foreign tourists for the period 2009 – 2017, with an average growth of 9% per year.

Our efforts are focused on implementing innovative solutions in the city governance and urban development. Sofia is changing and the most important thing is that more and more citizens are taking part in this change. The city develops with a consistent focus on one strategic priority - the improvement of the quality of life of its citizens.

In January 2020 we created a new municipal department for Digitalization, Innovation and Economic Development that will facilitate the digitalisation and adoption of new technologies by the Municipality, as well as the process of “opening” the city to the technology companies.

Availability of financial resources and the strong traditions in education are our main strengths that will help us to further develop a favourable environment for technologies and innovation. We owe the achievements in these areas to the educated and enterprising people of Sofia – they are the city’s most valuable asset. The future of Sofia is to develop as a green and innovative city and to transform into a digital capital of new markets.
Sofia is developing rapidly. The city has a mature IT and technological ecosystem. Many of the IT companies in the city develop products and conduct R&D activities in the city. The dynamic growth of the automotive sector in the city facilitates the development of new industrial zones. We aim to enhance Sofia’s innovative and industrial potential to ensure its global competitiveness. Sofia is on the global map when it comes to creative industries such as game development and film. Sofia is also one of the most vibrant start-up ecosystems in CEE.

In 2015, Sofia Municipality launched Sofia Investment Agency with the goal to support investors in setting up their operations in Sofia and to assist local companies in finding new markets and partners abroad. The city reached out to other cities in Europe, Asia and North America to build partnerships and collaborations, to help Sofia-based companies find new markets as well as to introduce Sofia as an investment destination to other markets.

Sofia became a part of many global city networks and is present at fairs and expos worldwide. We are working on Sofia’s brand as a digital and innovative city of great talent. In 2019, the city completed the Digital Transformation Strategy for Sofia. The Strategy outlines the next steps towards digital transformation through turning the city into a market for local companies.

In 2020, Sofia Municipality announced the creation of a Digitalisation, Innovation and Economic Development Department which will consolidate and guide all of the city’s digital and smart city projects and will continue to support high-tech and R&D investors in Sofia.

It is my great honor to be the first Deputy Mayor for Digitalisation, Innovation and Economic Development of Sofia.

VLADIMIR DANAILOV
Deputy Mayor of Sofia for Digitalisation, Innovation and Economic Development
The “Digitalisation, Innovation and Economic Development” department of Sofia Municipality was established in 2020 to support Sofia’s development as a smart, digital, innovative, and technologically advanced city.

The new Department will consolidate and guide all of the city’s digital and smart city projects and will continue to support high-tech and R&D investors in Sofia. It will focus on increasing the number and quality of municipal e-services, open data and smart city projects implementation.
Supporting Sofia’s development as a digital and smart city. Ensuring high quality of life for citizens and the creation of new business opportunities.

Turning Sofia into a platform for innovation and the development and adoption of new digital services and smart solutions.

Turning Sofia into a market for digital products and services created by Sofia-based companies. Identifying or creating markets for digital services at local, national or global levels, and facilitating the access to these markets.

Increasing the number and quality of municipal e-services. Reducing the administrative burden and optimising administrative processes.

Engaging different stakeholder groups.

Facilitating contacts and networks with potential international and local partners, public authorities, research and educational institutions.

Providing information and analyses on Sofia’s digital and smart city development and economic environment.
Invest Sofia is the investment promotion and business development agency of Sofia. Our mission is to support local and foreign businesses in building their success story in Sofia.

Invest Sofia is part of Sofia Municipality.
Our services are free of charge.
Tailor-made solutions for locating your project, business or research activities in Sofia.

Information and analyses about the business climate, investment incentives, business costs, urban development, etc.

A comprehensive opportunity and benchmarking service.

Facilitating contacts and networks with potential partners, public authorities, research and educational institutions.

Practical assistance in setting up a business in Sofia.

Aftercare programme to grow your business once you are here.
BULGARIA: AN OVERVIEW

Area: 110 993.6 km²
Population: 7 000 039
Capital: Sofia
Largest city: Sofia (Population: 1 678 041 incl. the surrounding region)
Language: Bulgarian
Time Zone: EET (UTC+2)

EU member since 2007
NATO member since 2004
<table>
<thead>
<tr>
<th>Currency</th>
<th>EUR 1 = BGN 1.9558 fixed exchange rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bulgarian National Bank</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GDP</th>
<th>EUR 56.1 billion (USD 62.9 billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bulgarian National Bank (2018)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GDP per capita</th>
<th>EUR 7 984 (USD 8 948)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>National Statistical Institute (2018)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GDP Annual Growth</th>
<th>3.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bulgarian National Bank (2018)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sofia’s share of the national GDP</th>
<th>40%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sofia Investment and Economic Profile, 2019</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GDP Sofia</th>
<th>EUR 22.7 billion (USD 25.1 billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>National Statistical Institute (2018)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GDP per capita Sofia</th>
<th>EUR 17 097 (USD 18 889)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>National Statistical Institute (2018)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporate tax</th>
<th>10%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Personal income tax</th>
<th>10%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Doing Business rank</th>
<th>61 out of 190 countries</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Economic Freedom Index</th>
<th>37 out of 180 countries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Heritage Foundation (2019)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Global Competitiveness Index</th>
<th>49 out of 140 countries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>World Economic Forum (2019)</td>
</tr>
</tbody>
</table>

In 2020, fDi Intelligence ranked Sofia the 6th Eastern European Region of the Future. The city also ranked 3rd among the Major European Cities of the Future for FDI strategy.
WHY SOFIA
Here are 10 great reasons to start and grow your business in Sofia.

REGIONAL TALENT HUB

Highly-skilled work force.

Over 50% of the population has a university degree.

Over 50,000 people employed in the IT sector.

43,000 people employed in the BPO and SSC sector, working in over 30 languages.

23 universities, 100,000+ university students, 63 research centres, 30+ independent IT schools.

5% of the professionals are employed in the creative industries sector.

High level of language fluency in English, Russian, German, Spanish and French.

COMPETITIVE BUSINESS COSTS

The lowest overall labor cost per hour in the EU.
Low office space costs - €13.5 average price for Class A.
One of the lowest industrial energy prices in the EU.

LOW CURRENCY RISK

The Bulgarian lev (BGN) is pegged to the Euro. Investors will avoid additional risk of local currency exchange rate fluctuations, present in other non-Eurozone countries.

GLOBAL R&D ICT LEADERS ARE ALREADY IN SOFIA

Sofia is a regional ICT center with over 50,000 people employed in the ICT sector.
Global leaders like SAP Labs, VMWare, IBM, CISCO, Bosch, Coca-Cola, Financial Times, Uber and many others already operate large R&D centers employing, educating and developing thousands of highly-qualified professionals.
STRATEGIC BUSINESS LOCATION
Use Sofia as your gateway into the markets of Europe and Asia, while setting operations in a EU-member country, part of a 550-million consumer market.

WELL-CONNECTED
One to three-hour flight to most EU capitals.
Sofia – over 7 million passengers @ Sofia Airport.
Well-developed network of public transport, including 40 km of expanding underground metro.

EASY TO START AND GROW YOUR BUSINESS
- Capital requirement of 1 Euro.
- 2-3 business days to register a company.
- Low fees to register a company.

BUSINESS-FRIENDLY TAX RATES
10% One of the lowest corporate taxes in the EU. The lowest personal income tax in the EU.

EU FUNDING OPPORTUNITIES
Companies registered in Bulgaria have access to EU funds on both national and EU level.

GREAT DIGITAL INFRASTRUCTURE
One of the highest average connection speeds in Europe and the world in both download and upload, with 24 and 21 mbps registered in October 2019.
SOFIA: AN OVERVIEW

Sofia is one of the oldest cities in Europe. Its history dates back several millennia. In 1879, after a close vote by the Parliament, Sofia became the capital of the newly independent Bulgaria.

Today Sofia is Bulgaria’s capital, its largest city, the centre of the legislative, executive and judiciary power in the country (National Assembly, Presidency, Council of Ministers and all Ministries), the financial, educational, cultural, business and commercial centre and the biggest city-economy in Bulgaria.

Sofia’s population exceeds 1.3 million, 1.6 million with the surrounding region, over an area of 492m², making it the 15th largest city in the European Union.

The city’s economy is growing at a rapid pace. Sofia accounts for 40% of the nation’s GDP and 1/3 of the country’s export. Sixteen percent of the city’s exports are produced by the growing ICT sector in the city.

Sofia has one of the most vibrant start-up and entrepreneurial ecosystems in Central and Eastern Europe. The capital available to local startups has played an instrumental role in positioning Sofia on the entrepreneurial map of Europe.

Sofia acts as a magnet for talent. Twenty-three of Bulgaria’s 51 universities are located in Sofia, with over 100 000 students.

A developed transport infrastructure, with bus, tram and underground public transport, makes Sofia a well-connected city. Sofia Airport, the largest international airport in the country, is just 20 min. from downtown Sofia.
THE PEOPLE OF SOFIA

Total Population
Population of Sofia and the surrounding region

- Sofia: 1,328,120 people
- Surrounding region: 349,921 people
- Total: 1,678,041 people

Source: NSI

- 23% of Bulgaria's population
- 25% of the total labour force in Bulgaria

Total population of Sofia

Source: NSI
LABOUR FORCE

Sofia is the largest city in Bulgaria in terms of population. It is also one of the few cities in the country experiencing population growth and benefiting from overall favourable demographic trends. The population growth in Sofia is supported by the continuing influx of young people to the city, which provides diversity and easy access to workforce. The labour force in the city increased by 26% in the period from 2003 to 2018, or by a total of 149,600 people, and currently amounts to 716,000 people. Sofia, together with the broader Sofia region (<60 km), has a total workforce of over one million people.

Sofia: workforce by year

![Graph showing the workforce in Sofia by year from 2011 to 2018.](image)

The age group distribution of the population in Sofia is also favourable.

Age group distribution of the population in Sofia, aged 15-64, in %

![Bar chart showing the age distribution in Sofia and Bulgaria.](image)
EMPLOYMENT

Sofia has the highest labour participation rate in Bulgaria, above the EU average, and the lowest unemployment rate in the country. The data on employment by economic activity shows the ongoing restructuring of Sofia’s economy due to the rapid growth of the ICT and business service industries. The number of employed in these sectors increased by over 60 000 people between 2008 and 2018 and now accounts for more than 20% of the total employment in Sofia.

Number of employed by sector of economic activity in Sofia (2018)

<table>
<thead>
<tr>
<th>Sector of Economic Activity</th>
<th>Number of Employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and repairs</td>
<td>180 491</td>
</tr>
<tr>
<td>Creation and distribution of information &amp; creative products, telecommunications</td>
<td>85 146</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>71 183</td>
</tr>
<tr>
<td>Transport, storage and post</td>
<td>69 576</td>
</tr>
<tr>
<td>Administrative &amp; supporting activities</td>
<td>69 506</td>
</tr>
<tr>
<td>Professional activities &amp; scientific research</td>
<td>65 028</td>
</tr>
<tr>
<td>Construction</td>
<td>49 826</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>36 357</td>
</tr>
<tr>
<td>Human healthcare and social work</td>
<td>30 461</td>
</tr>
<tr>
<td>Real estate operations</td>
<td>16 951</td>
</tr>
<tr>
<td>Generation &amp; distribution of electricity, heating and gas</td>
<td>13 429</td>
</tr>
<tr>
<td>Other activities</td>
<td>12 698</td>
</tr>
<tr>
<td>Culture, sport, entertainment</td>
<td>11 493</td>
</tr>
<tr>
<td>Water supply and sewerage, waste management</td>
<td>9 958</td>
</tr>
<tr>
<td>Education</td>
<td>6 598</td>
</tr>
<tr>
<td>Agriculture, forestry and fisheries</td>
<td>4 105</td>
</tr>
<tr>
<td>Extractive industry</td>
<td>616</td>
</tr>
</tbody>
</table>

Source: NSI
KNOWLEDGE WORKERS

Much of Bulgaria’s “brain business” is concentrated in Sofia. The city ranks 27th out of 278 European regions, included in the 2020 Brain Business Jobs Index, with 101 brain jobs per 1,000 working-age population and is performing very well in the tech and creative sectors. Design and IT are among Sofia’s specific strengths.

WAGES AND SALARIES

In 2018, the annual gross salary in Sofia was EUR 9,706, showing an increase of 10% on an annual basis. Although the upward trend is expected to continue, Sofia still has one of the lowest labour costs among the EU capitals.
IT and the sector of professional services, incl. business process outsourcing (BPO), offer the highest salaries in Sofia. The average salary in the IT sector was almost twice higher than the average for the city, while in the BPO sector it was 26% above the average for the city.

The mandatory social security tax is split between the employer and the employee at 55/45. The employee part is 13.78% of the total cost, while the employer portion varies between 18.92% and 19.62%. The maximum taxable income in Bulgaria is capped at BGN 3 000 per month and any income above it is not a subject to social security tax.
LABOUR CODE

Working time

- **Working time**: 21 days per month, 250 days per year
- **Annual paid leave**: min. 20 days per year
- **Public holidays in 2020**: 13 days

Labour contracts

- **Indefinite contract**
  - **Duration**: indefinite
  - **Probation period**: up to 6 months
  - **Termination notice**: 1 month
- **Term contract**
  - **Duration**: up to 3 years
  - **Probation period**: up to 6 months
  - **Termination notice**: 3 months
- **Overtime & Compensation**
  - **Duration**: up to 150 hours per year
  - **On working days**: 50%
  - **On weekends**: 75%
  - **On national holidays**: 100%

Maternity leave

- up to 3 years paid by the state, very small employer contribution
  - **1st year**: The state pays 90% of the gross salary, up to a fixed amount
  - **2nd year**: The state pays BGN 380 per month
  - **3rd year**: Without pay
FOREIGN EMPLOYEES AND INITIATIVES FOR ATTRACTING TALENTED LABOUR FORCE

Citizens of all EU and EEA countries, plus Switzerland have the right to reside and work in Bulgaria indefinitely. All other nationals need a work permit and a long-term visa in order to work or reside in Bulgaria. The issuance of a work permit is an employer-driven process.

Types of work permits

• **Single work and residence permit** is issued to non-EU nationals who apply to reside in Bulgaria for the purpose of work, or who already have a valid residence permit for purposes other than work.

• **EU Blue Card** is a work permit entitling highly qualified non-EU nationals to reside and work in the country. In October 2017, the requirements for receiving a Blue Card in Bulgaria were eased up and the duration of the employment permit was extended to 4 years. A list of the qualifying professions is published by the Ministry of Labour and Social Policy yearly.

• **Intra-corporate transfer permit**: temporary secondment of a foreigner for work or training purposes, applies only in case of relocation of managers, specialists and trainees.

• **Seasonal employment permit**: non EU-nationals can contract with a local employer for seasonal (up to 90 days) work. Recently, Bulgaria simplified the procedure for registration of seasonal workers.

• **Work permit for posted employees**: non-EU nationals temporary posted to Bulgaria for project-based, limited term services for a maximum of 12 months.

Source: Ministry of Labour and Social Policy, KPMG, 2018

The National Employment Agency is implementing measures for attraction and relocation of workers from non-EU.
EDUCATION IN SOFIA

UNIVERSITIES IN SOFIA

Sofia is home to 23 of Bulgaria’s 51 universities. The majority of the working-age population in the city, or 51.4%, hold a university degree. This number has grown significantly since 2011, when it was around 40%. The trend is expected to continue as Sofia is not only the city with the highest number of university students in the country, but also attracts graduates from other cities in Bulgaria and abroad.

Share of Sofia population aged 15+ by education level

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary &amp; lower</td>
<td>4.2%</td>
</tr>
<tr>
<td>Secondary</td>
<td>44.4%</td>
</tr>
<tr>
<td>Higher</td>
<td>51.4%</td>
</tr>
</tbody>
</table>

Source: NSI, 2019

Largest universities in Sofia

<table>
<thead>
<tr>
<th>University</th>
<th>Number of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sofia University “St. Kliment Ohridski”</td>
<td>21 475</td>
</tr>
<tr>
<td>University of National and World Economy</td>
<td>18 972</td>
</tr>
<tr>
<td>Technical University</td>
<td>10 775</td>
</tr>
<tr>
<td>Medical University</td>
<td>8 599</td>
</tr>
<tr>
<td>New Bulgarian University</td>
<td>9 321</td>
</tr>
</tbody>
</table>

Source: opendata.government.bg; data for 2019

100 000+ university students in Sofia 40% of all university students in the country. Close to 21 000 graduates per year
Dual education and increased participation in STEM fields are the current priorities of the Government. The Ministry of Labour and Social Policy is offering full scholarships in Engineering, there are joint IT project trainings between the private sector and universities, also there are plans for the establishment of a new automotive industry vocational academy for both high-school and university students.

A significant number of students, graduating from secondary schools in Bulgaria, continue their university education abroad. Germany, the UK, Austria and the Netherlands have traditionally been the preferred destinations. According to some estimates, the number of Bulgarians studying abroad averages around 30 000 every year.
An increasing number of graduates are returning to Bulgaria upon graduation. Various information and promotion campaigns of public institutions and the private sector now target Bulgarian university students abroad.

SECONDARY AND PRIMARY EDUCATION IN SOFIA

<table>
<thead>
<tr>
<th>Students</th>
<th>Schools</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>113 824</td>
<td>227 general and special secondary schools</td>
<td>(20% of all students in the country)</td>
</tr>
<tr>
<td>18 801</td>
<td>54 vocational schools and colleges</td>
<td>(14% of all students in the country)</td>
</tr>
<tr>
<td>281</td>
<td>281 general and vocational schools</td>
<td></td>
</tr>
</tbody>
</table>

Source: NSI, sofia.bg
SOFTWARE SCHOOLS

Due to the rapid expansion of the ICT sector in Sofia, ICT companies are increasingly turning to the high schools and universities in the city to develop joint courses.

Over 30 private software academies offer short to mid-term educational programs (6 to 30 months). Courses range from programming and computer graphics to IT project management and sales.

The courses are often developed in collaboration with local IT companies, according to their labour demands. The courses target people with little or no experience in the field, as well as developers with 3-5 years of experience. The number of graduates exceeds several thousand.

ENTREPRENEURIAL SKILLS

In 2015, the Bulgarian government ratified the “Action Plan Entrepreneurship 2020 – Bulgaria”, with over 30 specific measures in accordance with the “Entrepreneurship 2020” action plan of the European Commission. The Pre-school and School Education Act, adopted in 2016, included the education in entrepreneurship and digital skills in the mandatory school curriculum. Currently, over 27 000 students in Sofia, grades 1st to 12th take classes in entrepreneurship.

Source: Ministry of Education, Ministry of Economy

LANGUAGE EDUCATION

Close to 25 foreign languages form a part of the curriculum in the Bulgarian school system.
<table>
<thead>
<tr>
<th>Language</th>
<th>Primary education</th>
<th>Lower secondary education</th>
<th>Upper secondary education</th>
<th>Upper secondary education – general</th>
<th>Upper secondary education – vocational</th>
<th>TOTAL PER LANGUAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>English</td>
<td>199 616</td>
<td>193 013</td>
<td>223 790</td>
<td>116 476</td>
<td>107 314</td>
<td>840 209</td>
</tr>
<tr>
<td>Russian</td>
<td>12 812</td>
<td>32 556</td>
<td>69 353</td>
<td>31 959</td>
<td>37 394</td>
<td>184 074</td>
</tr>
<tr>
<td>German</td>
<td>6 244</td>
<td>12 855</td>
<td>77 037</td>
<td>46 758</td>
<td>30 279</td>
<td>173 173</td>
</tr>
<tr>
<td>French</td>
<td>2 480</td>
<td>4 327</td>
<td>22 535</td>
<td>14 797</td>
<td>7 738</td>
<td>51 877</td>
</tr>
<tr>
<td>Spanish</td>
<td>652</td>
<td>3 405</td>
<td>15 072</td>
<td>13 112</td>
<td>1 960</td>
<td>34 201</td>
</tr>
<tr>
<td>Italian</td>
<td>368</td>
<td>713</td>
<td>3 517</td>
<td>2 434</td>
<td>1 083</td>
<td>8 115</td>
</tr>
<tr>
<td>Other</td>
<td>2 047</td>
<td>1 543</td>
<td>3 412</td>
<td>2 882</td>
<td>530</td>
<td>10 414</td>
</tr>
<tr>
<td>Total</td>
<td>224 219</td>
<td>248 412</td>
<td>414 716</td>
<td>228 418</td>
<td>186 298</td>
<td>1 302 063</td>
</tr>
</tbody>
</table>

Source: Eurostat 2017
FOREIGN LANGUAGE PROFICIENCY IN SOFIA

Sofia is characterized by a high level of foreign language fluency. The most commonly spoken languages are English, German and Russian.

**EF English Proficiency Index**

![Map of Sofia and Bulgaria with proficiency ratings](image)

2019

Sofia

- #28 of 400+ regions
- High proficiency

Bulgaria

- #24 of 100 countries
- High proficiency

Source: EF English Proficiency Index, 2019

English is the most preferred foreign language choice in Bulgarian schools. Most of the students in secondary schools with intensive language curriculum in Bulgaria in 2017 also studied English (64,074 students), followed by German (13,283) and French (6,218).

Education in Far Eastern languages in Bulgaria is available mostly in Sofia. It is estimated that over 2,000 students in the city take classes in Japanese, Chinese or Korean. Over 1,000 students study Hebrew and additional 200 take Scandinavian languages such as Norwegian, Danish and Swedish, which are rapidly gaining popularity.

Close to 1/3 of the population between 19 and 34 years self-report that they speak more than one foreign language at an intermediary level, or higher. The most common language combinations are English and Russian, followed by English and German.

Source: Labour Market in Sofia Report, 2017
**ECONOMY OF SOFIA**

**ECONOMIC GROWTH**

**Sofia**: EUR 22.7 billion (in 2018)

**Sofia GDP per capita**: EUR 17 097 (2.14 times the national average)

Sofia is the biggest city-economy in Bulgaria. It provides 40% of the nation's GDP. Due to the strong export and final consumption in the last several years, Sofia's economy has been growing at a rate faster than the EU average. It is export-oriented and accounts for 1/3 of the national export, amounting to BGN 28.4 billion.

**Real GDP growth: Sofia and Bulgaria, %**

<table>
<thead>
<tr>
<th>Year</th>
<th>Bulgaria %</th>
<th>Sofia %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1.2</td>
<td>-1.6</td>
</tr>
<tr>
<td>2012</td>
<td>0.0</td>
<td>1.9</td>
</tr>
<tr>
<td>2013</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>2014</td>
<td>0.5</td>
<td>1.1</td>
</tr>
<tr>
<td>2015</td>
<td>5.4</td>
<td>3.5</td>
</tr>
<tr>
<td>2016</td>
<td>4.5</td>
<td>3.9</td>
</tr>
<tr>
<td>2017</td>
<td>4.4</td>
<td>3.6</td>
</tr>
<tr>
<td>2018</td>
<td>3.1</td>
<td></td>
</tr>
</tbody>
</table>

Source: Sofia Investment and Economic Profile, 2019

**GDP per capita in Bulgaria and Sofia, BGN**

<table>
<thead>
<tr>
<th>Year</th>
<th>Bulgaria %</th>
<th>Sofia %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>23 366</td>
<td>9 793</td>
</tr>
<tr>
<td>2011</td>
<td>24 726</td>
<td>10 990</td>
</tr>
<tr>
<td>2012</td>
<td>24 608</td>
<td>11 229</td>
</tr>
<tr>
<td>2013</td>
<td>24 642</td>
<td>11 310</td>
</tr>
<tr>
<td>2014</td>
<td>24 890</td>
<td>11 577</td>
</tr>
<tr>
<td>2015</td>
<td>26 690</td>
<td>12 339</td>
</tr>
<tr>
<td>2016</td>
<td>28 465</td>
<td>13 206</td>
</tr>
<tr>
<td>2017</td>
<td>30 295</td>
<td>14 280</td>
</tr>
<tr>
<td>2018</td>
<td>33 437</td>
<td></td>
</tr>
</tbody>
</table>

Source: Sofia Investment and Economic Profile, 2019
SOFIA ECONOMY BY SECTOR

Value added at factor costs of non-financial enterprises in Sofia, in %

- Administrative & supporting activities 5.4%
- Professional activities & scientific research 8.9%
- Real estate operations 4.9%
- Creation and distribution of information & creative products, telecommunications 18.9%
- Other activities 9.5%
- Manufacturing 9.9%
- Generation & distribution of electricity, heating and gas 4.1%
- Construction 5.4%
- Trade & repairs 24.5%
- Transport, storage & post 8.3%

Source: Sofia Investment and Economic Profile, 2019

FOREIGN DIRECT INVESTMENT (FDI)

At the end of 2018, the cumulative foreign direct investment in Sofia was EUR 12.4 billion (2000-2018), accounting for 51% of the overall cumulative FDI to Bulgaria.

Cumulative foreign direct investment as of Dec 31* of the year, EUR billion

Source: Sofia Economic and Investment Profile, 2019
CURRENCY

The Bulgarian Lev (BGN) is pegged to the EURO at 1.96 BGN per 1 EUR. Bulgaria has adopted a plan to join the precursor to euro area membership, the ERM-2 exchange rate mechanism, and the Banking Union.

CREDIT RATINGS

Credit ratings assigned to Bulgaria

<table>
<thead>
<tr>
<th>Agency</th>
<th>Rating</th>
<th>Outlook</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>BBB</td>
<td>positive</td>
<td>November, 2019</td>
</tr>
<tr>
<td>Moody's</td>
<td>Baa2</td>
<td>positive</td>
<td>August, 2019</td>
</tr>
<tr>
<td>Fitch</td>
<td>BBB</td>
<td>positive</td>
<td>March, 2019</td>
</tr>
</tbody>
</table>

Credit ratings assigned to Sofia

<table>
<thead>
<tr>
<th>Agency</th>
<th>Rating</th>
<th>Outlook</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>BBB</td>
<td>positive</td>
<td>as of December, 2019</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance
MACROECONOMIC INDICATORS

Economic growth of Bulgaria
average annual % change

Consumer price index, Bulgaria
average annual % change

Balance of Payments, Bulgaria
% of GDP

Government debt of Bulgaria
% of GDP

General government operations
% of GDP

EU funds absorption rate
% of GDP

Source: Bulgarian National Bank
BANKING SYSTEM

The Bulgarian banking system remains stable with growing assets and capital adequacy, and liquidity indicators that are significantly above the regulatory requirements. Loans to households and non-financial corporations continued to increase in 2019, reflecting the low interest rates and optimistic economic expectations.

The total banking system assets in Bulgaria exceeded EUR 55.51 billion and deposits into the banking system reached EUR 46.93 billion.

The share of gross non-performing loans and advances of the Bulgarian banking system continued to decrease but remained above the EU average.

There are 25 licensed banks and foreign banks’ branches operating in Bulgaria, down by one from the previous year because of the ongoing trend of bank consolidation. The asset shares of the five largest banks account for approx. 60% of the total bank assets in the country. The majority of the banks operating in Bulgaria are members of international, almost entirely European, banking groups.
Market share of domestic banks and subsidiaries of foreign banks in Bulgaria

The biggest banks in Bulgaria by assets

- **Unicredit Bulbank** – part of UniCredit Group (Italy)
- **DSK Bank** – part of OTP group (Hungary)
- **United Bulgarian Bank** - part of KBC (Belgium)
- **Eurobank Bulgaria** – part of Eurobank (Greece)
- **First Investment Bank**
- **Raiffeisen Bulgaria** – part of Raiffeisen Bank International (Austria)

**STOCK EXCHANGE**

Bulgarian Stock Exchange – Sofia /BSE/ is the only regulated securities and other financial instruments market in Bulgaria.

**MARKET SUPERVISION**

The Financial Supervision Commission (FSC) is responsible for stock market supervision. The Commission is an independent state authority whose mission is to protect investors’ rights and to enhance the development of a transparent and efficient capital market.
STARTING A BUSINESS IN SOFIA

Establishing a new business entity, including with foreign participation, or acquisition of shares of an existing local entity in Bulgaria, is governed by the Commercial Act. There is no limitation on the share participation of foreign legal entities and individuals.

Types of business entity

- 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 traders

No prior permission from government institutions is required except for cases involving banking or insurance activities, investment funds, management companies or investment intermediaries, special concession rights and others.

SETTING UP A COMPANY

The most popular forms of business associations are the limited liability company (OOD) and the joint stock company (AD):

Limited Liability Company (OOD)

- The minimum required capital is EUR 1
- Should have at least 1 Director and 1 Shareholder
- No restrictions for nationality of Directors or Shareholders
- Company incorporation takes 3-4 working days

Joint Stock Company (AD)

- Minimum required capital - EUR 25 000
- Minimum required paid-up capital - 25% of the total capital
- Annual audit
- Should have at least 1 Chairman, 3 Board Members and 1 Shareholder
- No restrictions for nationality of Board members and Shareholders.
## Registering a business - fees and turnaround times

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Time (business days)</th>
<th>Fees (BGN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of the Articles of association</td>
<td>1 day</td>
<td>none</td>
</tr>
<tr>
<td>Obtaining a notary certified statement of consent and signature specimen of the manager and a verified copy of the company’s Articles of incorporation</td>
<td>1 day</td>
<td>BGN 5</td>
</tr>
<tr>
<td>Depositing subscribed capital in the bank</td>
<td>1 day</td>
<td>BGN 10-30</td>
</tr>
<tr>
<td>Registration in the Commercial Register of the Registry Agency</td>
<td>2 days</td>
<td>BGN 55 (for online registration)</td>
</tr>
<tr>
<td>VAT registration</td>
<td>12 days</td>
<td>none</td>
</tr>
<tr>
<td>Registration of fiscal device (cash register)</td>
<td>2 days (simultaneous with previous procedure)</td>
<td>BGN 50-200</td>
</tr>
<tr>
<td>Register employees with National Revenue Agency</td>
<td>Less than one day, online procedure simultaneous with previous procedure</td>
<td>none</td>
</tr>
<tr>
<td>Register commercial object of the company (in case the company will operate commercial sites)</td>
<td>1 week</td>
<td>none</td>
</tr>
</tbody>
</table>

## Business taxes and fees

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of payments</th>
<th>Tax rate</th>
<th>Tax Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate tax</td>
<td>1</td>
<td>10%</td>
<td>Taxable income</td>
</tr>
<tr>
<td>Value-added tax (VAT)</td>
<td>1</td>
<td>20%</td>
<td>Value added</td>
</tr>
<tr>
<td>Social security contributions</td>
<td>1</td>
<td>18.92%</td>
<td>Gross monthly salary (up to the monthly ceiling of BGN 3 000)</td>
</tr>
<tr>
<td>Communal taxes (non-residential waste collection tax in Sofia)</td>
<td>1 (in 4 installments)</td>
<td>10‰ (per mille)</td>
<td>Book value or/and the number of the utilized containers</td>
</tr>
<tr>
<td>Real estate transfer fee</td>
<td>1</td>
<td></td>
<td>Notary fee from BGN 30 to BGN 1 531+ 0.1%-1.5% of the property value (max. BGN 6 000) A 20% VAT is charged on the notary fee. The taxable value or the selling price (whichever is higher)</td>
</tr>
<tr>
<td>Real estate transfer tax</td>
<td>1</td>
<td>3%</td>
<td>The taxable value or the selling price (whichever is higher)</td>
</tr>
<tr>
<td>Property tax</td>
<td>1 (in 2 installments)</td>
<td>1.875‰ (per mille)</td>
<td>Book or taxable value (whichever is higher)</td>
</tr>
<tr>
<td>Vignette*</td>
<td>1 - 12</td>
<td>BGN 97 - 2 088 (depends on the vehicle type)</td>
<td>Vehicle type</td>
</tr>
<tr>
<td>Vehicle tax**</td>
<td>1 (in 2 installments)</td>
<td>BGN 16 - 1 313 (depends on the vehicle type)</td>
<td>Vehicle type (car of truck)</td>
</tr>
<tr>
<td>Insurance premium tax</td>
<td>1</td>
<td>2.0%</td>
<td>Insured amount</td>
</tr>
<tr>
<td>Final/ one-off tax on some expenses (e.g. representative expenses, social expenses in-kind)</td>
<td>1</td>
<td>10% (exemptions apply)</td>
<td>Gross expenses</td>
</tr>
<tr>
<td>Tax on fuel</td>
<td>1</td>
<td>-</td>
<td>Included in the fuel price</td>
</tr>
</tbody>
</table>

*Vignette: BGN 97 annual vignette for a < 3.5 t. and < 8-passenger seats car

**Vehicle tax: BGN 83 for a 4-year old vehicle with EURO 6 standard in Sofia
# INVESTMENT INCENTIVES

Investment incentives in Bulgaria are national and local. The investment projects are reviewed and awarded an investment certificate. The certification procedure takes a few weeks.

<table>
<thead>
<tr>
<th>Priority Class</th>
<th>Class A</th>
<th>Class B</th>
<th>Class C*</th>
</tr>
</thead>
<tbody>
<tr>
<td>National by Invest Bulgaria Agency</td>
<td>€ 50 M - 150 Jobs</td>
<td>€ 1 - 5 M</td>
<td>€ 500 K - 2.5 M</td>
</tr>
<tr>
<td>Municipal by Sofia Investment Agency</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

## INCENTIVES

- **Shortened administrative procedures**
  - ✔
  - ✔
  - ✔
  - ✔
  - ✔

- **The right to purchase government or municipal real estate without a tender**
  - ✔
  - ✔
  - ✔
  - ✔
  - ✔

- **Individual services**
  - ✔
  - ✔
  - ✔

- **Financing of vocational training**
  - ✔
  - ✔
  - ✔

- **Social security cash-back**
  - ✔
  - ✔
  - ✔

- **Financing of supporting infrastructure**
  - ✔
  - ✔

- **Public-private partnership**
  - ✔

- **No tax on land status change**
  - ✔

- **Acquiring public real estate at below market price**
  - ✔

- **R&D grants**
  - ✔

*Class C is awarded for projects within the territory of Sofia Municipality.
Certification criteria

1. Economic activity*
   To be awarded with Class A, B or Priority certificate, the investment must be in the sector of:
   - Manufacturing
   - Services including:
     High-tech activities in the field of ICT, R&D, Outsourcing of business processes, Activities of head offices, Education, Human health care, Warehousing and support activities for transportation, Accounting and auditing, Architecture and engineering

*High-tech sectors have lower investment volume requirements.

2. Number of new jobs created

3. Location of the investment

Bulgaria has signed Double Taxation Avoidance Agreements with 80 countries.

ARBITRATION COURT

There are numerous independent arbitration courts in Sofia that resolve civil and commercial property disputes, and also disputes aimed at filling gaps in a contract or its adjustments to newly arisen circumstances between parties, physical persons or legal entities.
Sofia Airport is the biggest international airport in Bulgaria. A new concessionaire of Sofia Airport for the next 35 years was selected in September 2019, under the conditions of substantial infrastructure investments, including the construction of a third terminal by 2030.

In 2019, Sofia Airport welcomed the record high 7.1 million passengers, following several years of strong passenger growth. Since 2015, the number of passengers served at Sofia Airport has increased by 74%.

In 2019 the Airport handled 23,987 tons of cargo – a growth of 7.8% on 2018.

In 2019, for a third year in a row, London was the most popular origin/destination for passengers at Sofia Airport, followed by two German cities - Frankfurt and Munich.
Sofia is part of 3 Pan-European transport corridors. The city is well connected with the rest of Bulgaria and the Black Sea Coast, the city and the port of Bourgas, as well as with the borders with Turkey, Greece (Thessaloniki) and Serbia through the Northern Speed Tangent road, Sofia Ring Road, Trakia Motorway (A1), Hemus Motorway (A2) and Struma Motorway (A3).

**HIGHWAY NETWORK**

Sofia is part of 3 Pan-European transport corridors. The city is well connected with the rest of Bulgaria and the Black Sea Coast, the city and the port of Bourgas, as well as with the borders with Turkey, Greece (Thessaloniki) and Serbia through the Northern Speed Tangent road, Sofia Ring Road, Trakia Motorway (A1), Hemus Motorway (A2) and Struma Motorway (A3).

**TRANSPORT NETWORK**

Sofia Airport: Top destinations in number of passengers

1. London
2. Frankfurt
3. Munich
4. Vienna
5. Milan
6. Amsterdam
7. Tel Aviv
8. Varna
9. Paris

Source: Sofia Airport, 2019

Source: Ministry of Transport
Sofia has one of the highest Internet speeds in Europe with average connection rates of 24 MBPS for downloading and 21 MBPS for uploading.

96% of households in Bulgaria have fixed broadband coverage and 75% of them have ultrafast broadband coverage compared to 97% and 60% in the EU.

A monthly broadband subscription for a business client costs approximately EUR 18 for 50 MBPS and EUR 26 for 100 MBPS per month excl. VAT. Higher speeds of up to 1 GBPS are also available.
ACCESS TO UTILITIES

ELECTRICITY

Bulgaria has been a net exporter of electricity in the last 10+ years. The country’s power sector has a diverse supply mix consisting of nuclear, hydro, thermal-based and renewable energy generation.

The main electricity supplier in Sofia is CEZ Bulgaria EAD. The Bulgarian Energy Exchange (IBEX) commenced operations in the beginning of 2014 with the establishment of an organised energy wholesale trading market Day-ahead. The Intraday electricity market and the Centralized Market for Bilateral Contracts (CMBC) segment started operating in 2018. Price of electricity for industrial use in Bulgaria is one of the lowest in the EU.

Source: eso.bg, ibex.bg, me.government.bg

Price of electricity for non-household consumers (Jan-Jun, 2019)

<table>
<thead>
<tr>
<th>Annual electricity consumption (MWh)</th>
<th>Prices (including all taxes, levies and VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BGN/kWh</td>
</tr>
<tr>
<td>&lt; 20</td>
<td>0.249</td>
</tr>
<tr>
<td>20 &lt; 500</td>
<td>0.234</td>
</tr>
<tr>
<td>500 &lt; 2 000</td>
<td>0.208</td>
</tr>
<tr>
<td>2 000 &lt; 20 000</td>
<td>0.192</td>
</tr>
<tr>
<td>20 000 &lt; 70 000</td>
<td>0.176</td>
</tr>
<tr>
<td>70 000 ≤ 150 000</td>
<td>0.161</td>
</tr>
<tr>
<td>&gt; 150 000</td>
<td>0.145</td>
</tr>
</tbody>
</table>

Source: NSI
NATURAL GAS

The major natural gas suppliers in Bulgaria and Sofia are Bulgargaz EAD and Overgas Inc. AD.

Price of natural gas for non-household consumers (Jan-Jun, 2019)

<table>
<thead>
<tr>
<th>Annual gas consumption in GJ</th>
<th>Prices (including all taxes, levies and VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BGN/GJ</td>
</tr>
<tr>
<td>&lt; 1000</td>
<td>24.008</td>
</tr>
<tr>
<td>1 000 &lt; 10 000</td>
<td>22.770</td>
</tr>
<tr>
<td>10 000 &lt; 100 000</td>
<td>20.078</td>
</tr>
<tr>
<td>100 000 &lt; 1 000 000</td>
<td>16.923</td>
</tr>
<tr>
<td>1 000 000 ≤ 4 000 000</td>
<td>15.645</td>
</tr>
<tr>
<td>≥ 4 000 000</td>
<td>confidential data</td>
</tr>
</tbody>
</table>

Source: NSI

WATER & SEWAGE

Sofiyska Voda AD is the water supplier and provider of waste water services in Sofia.

Price of water for non-household consumers (2019)

<table>
<thead>
<tr>
<th>Water supply, sewerage and waste water treatment</th>
<th>Prices (including all taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BGN/m³</td>
</tr>
<tr>
<td>Degree of pollution 1</td>
<td>2.636</td>
</tr>
<tr>
<td>Degree of pollution 2</td>
<td>2.980</td>
</tr>
<tr>
<td>Degree of pollution 3</td>
<td>3.180</td>
</tr>
</tbody>
</table>

Source: Sofiyska voda
Dealing with construction permits in Sofia

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sofia</th>
<th>Europe and Central Asia</th>
<th>OECD High Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedures (number)</td>
<td>18</td>
<td>16</td>
<td>12.7</td>
</tr>
<tr>
<td>Time (days)</td>
<td>97</td>
<td>170.1</td>
<td>153.1</td>
</tr>
<tr>
<td>Building quality control index (0-15)</td>
<td>14</td>
<td>12</td>
<td>11.5</td>
</tr>
</tbody>
</table>

OFFICE SPACES IN SOFIA

The continuous growth is the office market is driven by tenants from the IT, BPO and SSC sectors.

- **2-2.1M m²**
  - Existing stock - Class A and B office spaces

- **383-413K m²**
  - Office spaces under construction

- **8-15 €/m²**
  - Rental prices - Class A and B

- **9.1-9.5%**
  - Vacancy rate

- **7.5-8%**
  - Prime yields

- **~150 000 m²**
  - New projects awaiting building permits

INDUSTRIAL SPACES IN SOFIA

The market is dominated by owner-occupied and built-to-suit facilities. However, more than half of the spaces currently under construction are speculative. Most tenants are logistics, e-commerce and retail companies.

- **1.1-1.3M m²**
  - Existing stock of industrial spaces

- **145-185K m²**
  - Industrial spaces under construction

- **2.5-5 €/m²**
  - Rental prices

- **2-7%**
  - Vacancy rate

- **8.5-9.5%**
  - Prime yields
**RETAIL SPACES IN SOFIA**

- **Existing stock of retail spaces**: 391-425K m²
- **Retail spaces under construction**: 40 000 m²
- **Average rental prices**: 39 €/m²
- **Vacancy rate**: 6-9%
- **Prime yields**: 7.25%

**Source:** leading real estate agencies for Q3, 2019

---

**BUSINESS ZONES IN SOFIA**

1. Todor Alexandrov blvd
2. Central Business Zone
3. Tsar Boris III blvd
4. Hladilnika Zone
5. Sofia Tech Park Zone
6. Capital Fort Zone
7. Business Park Sofia
8. Bulgaria blvd
9. Sofia Airport Zone
10. Kambanite Zone
SOFIA TECH PARK

The first science and technology park in Bulgaria opened in Sofia in 2015 with a focus on information technologies, life sciences and green energy. The Park includes a vast laboratory complex, an incubator for innovative companies, an innovation forum, exhibition areas, the interactive children’s centre “TechnoMagicLand” and a sports complex. The Park is home to over 30 companies and startups and hosts over 200 events annually. In 2020, the Park is going to introduce a new coworking space called GroWorking as well as a Club House – a meeting space intended for networking clubs in the area of technologies and innovation.

Area: 57 000 m²
Laboratory Complex: 11 high-tech labs over 10 000 m²
Innovation Forum: 1 000 seats
TechnoMagicLand: over 45 interactive experiments for children from 7 to 14 years old

Source: Sofia Tech Park
INDUSTRIAL AND LOGISTICS ZONES IN AND AROUND SOFIA

Over 15 industrial and logistics parks are located in or around Sofia, including the biggest economic zone in the region – Sofia-Bozhurishte, and the brownfield land of the former steel mill “Kremikovtzi”.

Sofia-Bozhurishte Economic Zone

Sofia-Bozhurishte economic zone is run by the National Company Industrial Zones. The zone is 15 km from the city centre and 23 km from Sofia Airport and has an area of 3 038 527 m².

Kremikovtzi Industrial Area

The area of the former steel mill “Kremikovtzi” represents a unique real estate consisting of 7.3 M m² of brownfield land. The area has the infrastructure and all the necessary prerequisites to again become the largest industrial zone in Bulgaria. The plot is clear of old buildings and unnecessary underground infrastructure. In the vicinity of the former steel mill there are a number of government and private plots, suitable for industrial and logistics facilities. The area has the potential to become one of the largest industrial hubs in the EU. The development of the area is a priority for both the local and the national governments.

Source: Forton I Cushman&Wakefield, NCIZ
There are multiple sources of financing available to companies and public and private organizations in Bulgaria. The Fund of Funds is the national entity overseeing the management of the financial instruments in the country.

**FUNDING**

The Fund of Funds (FoF) manages BGN 1.2 billion under four operational programs: OP “Human Resources Development”, OP “Innovation and Competitiveness”, OP “Environment” and OP “Regions in Growth”.

**FUND OF FUNDS**

The Fund of Funds is a municipal financial instrument in support of the entrepreneurial and innovation ecosystem in Sofia.

**SOFIA MUNICIPAL GUARANTEE FUND**

The Fund is a municipal financial instrument in support of the entrepreneurial and innovation ecosystem in Sofia.

<table>
<thead>
<tr>
<th>Financing Innovative Start-ups program</th>
<th>General program</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Guarantees up to 50% up to BGN 30K.</td>
<td>• Guarantees up to 50% up to BGN 150K.</td>
</tr>
<tr>
<td>• Maximum warranty period - 60 months.</td>
<td>• Maximum warranty period - 84 months.</td>
</tr>
<tr>
<td>• SME’s &lt; 3yrs old or established ones with innovative projects.</td>
<td>• Collateral of at least 60% of the loan amount.</td>
</tr>
<tr>
<td>• Collateral of at least 60% of the loan amount.</td>
<td></td>
</tr>
</tbody>
</table>
BULGARIAN SMALL AND MEDIUM ENTERPRISES PROMOTION AGENCY

The state agency supports SME's by organizing business delegations and participation in trade fairs.

Other support programs include:

• **Voucher scheme**
  for the provision of information and communication technology (ICT) services to SMEs (up to EUR 12 000)

• **The National Innovation Fund under the National Innovation Strategy**
  grants up to EUR 250 000 for industrial scientific research and experimental development activities in Mechatronics and Clean technologies, Information and Communication Technology, Healthtech and Biotech, technologies in the Creative and Recreative industries (Createch).

BEAM SME GROWTH MARKET

The Bulgarian Enterprise Accelerator Market (BEAM) is a specialized market for SMEs, organized by the Bulgarian Stock Exchange, with relaxed requirements for admission to the trading process and the raising of capital. It also offers mentoring.

DISC INITIATIVE

In order to address the investment gap in Central, Eastern and South Eastern Europe (CESEE) in the digital economy, the European Commission together with the EIB, the EIF, the EBRD, and the World Bank Group launched the Digital Innovation and Scale-up Initiative (DISC). The initiative is setting up the first regional investment facility that specifically targets digital innovations and the scale-up of digital startups in the CESEE region. DISC’s targeted financing tools are tailored to both the early stage and the scale-up phase of digital startups, which require riskier financing and are underserved by the traditional finance sector.
BULGARIAN VC ECOSYSTEM

Incubators, pre-seed and seed

Venture and growth

Angel Investors
THE START-UP ECOSYSTEM IN SOFIA

Sofia has one of the most vibrant startup and entrepreneurial ecosystems in Central and Eastern Europe, with a startup association, business angel association and angel investment clubs. In 2019, Sofia became a French Tech label city, joining 50 innovation and tech hubs across the globe.

With 246 funding rounds, Sofia comes up third among CEE countries by number of VC rounds over the last 6 years, straight after Warsaw and Tallinn, according to Dealroom.co. Bulgaria is developing as a diversified tech hub with startups innovating across multiple industries. Approximately 15% of Bulgarian start-ups are in the deep tech sector, including AI, aerospace, robotics and IoT.

First-time entrepreneurs can resort to local incubators and pre-accelerator programs to get knowledge and guidance on starting a business. In addition, the VC community in Sofia supports scaling startups and companies in the growth stage.

Bulgaria’s startup ecosystem ranks 35th globally, according to StartupBlink’s Startup Destinations 2019 report.
Sofia has over 35 tech, art, social and other coworking spaces and hubs.

1. **Digital Co-working Spaces and Hubs**
   - Betahaus
   - Puzl CowOrKing
   - Work&Share
   - 1HUB
   - init Lab
   - Mastilo
   - Co Share Hive
   - Smart Space
   - This Way Coworking Hub
   - Resonator Co-Innovation Hub
   - Cherryz.work
   - CampusX
   - Premium Coworking

2. **Cultural and Creative Co-working Spaces and Hubs**
   - Missia 23 Creative Hub
   - SOHO
   - Malkite 5
   - Cosmos Coworking Camp
   - Cre8
   - Generator
   - Trevor Workspaces
   - Ko-Op Art&Coworking
   - SODA Workspaces

3. **The Experimentalists**
   - Sofia Tech Park Incubator
   - Groworking Space and Club House
   - Microsoft Innovation Center
   - JA Hambar
   - CleanTech accelerator’s co-working space
   - Networking Zone

4. **Social Co-workings and Hubs**
   - NGO House
   - Coworking by MOVE.BG
   - OvertAim
   - Launchee
   - Zone 21
   - WORKY Coworking & Coffee
   - NAMASA CoWorking and CoLiving
   - Catcotheque Coworking & Coffee
   - CO&WO Coworking café
IT AND START-UP EVENTS IN SOFIA

In addition to the daily meet-ups and knowledge-sharing sessions, Sofia hosts many international flagship events:

JANUARY
25 TEDx Vitosha
31 – 2 Sofia Game Jam

FEBRUARY
20 Innovation Explorer
20-23 Additive Days
27 Annual Fintech & InsureTech Summit

MARCH
5 E-Government Forum
12 Women Tech Sofia
19-20 Startup Europe Week Sofia
26 Smart Cities and Mobility Forum

APRIL
4 TEDx Sofia
2-4 18th e-Society Conference

MAY
14-17 Sofia Science Fest
27-28 JPrime Conference
28-29 DigitalK
29-31 Total Chaos
30 Telus International Game Show 2020
TBA AIBEST Regional Conference

JUNE
6 AI and IoT Bulgaria Summit 2020
TBC Supersonic

JULY
11 Pitch2Pitch – Grand Final

AUGUST
TBA Dev.BG Annual Conference

SEPTEMBER
TBA Annual Digital Finance Forum
12-13 Aniventure Comic Con
17 Tuk-Tam Career Hive
24-25 Biotech Atelier 3.0
29 Urban Development Forum 2020

OCTOBER
1-2 Webit Balkans
10 DevFest Bulgaria 2020
TBA HackConf
TBA Robotics Strategy Forum 2020
30-31 SlavConf. 2020 | Pathways

NOVEMBER
TBA Growth Summit
17-18 Eastern European Gaming Summit
18-19 BEGE EXPO
TBA Global Tech Summit
20-21 Js. Talks Bulgaria
TBA Sofia Game Night
TBA Cloud Sofia Summit
TBA International Life Sciences & AI Cluster Conference
In 2015, Sofia adopted the Innovation Strategy for Smart Specialisation of Sofia, identifying the IT and Creative industries as priority sectors.

In 2019, Sofia completed the Digital Transformation Strategy for the city Sofia (DTSS), created under the Digital Cities Challenge Project by the European Commission and with the participation of over 100 local stakeholders and international experts. The mission of the Strategy is to enhance the local tech ecosystem by turning the city into a market for the digital products created in Sofia.

In January 2020 the city appointed its first deputy mayor for Digitalisation, Innovation and Economic Development.

A new Big Data and AI Centre of Excellence - GATE, was launched in 2019 as a joint initiative between Sofia University, the Swedish Chalmers University of Technology and Chalmers Industrial Technologies. The center will focus on Future Cities, Intelligent Government, Smart Industry and Digital Health. Stakeholders will have access to a collaborative environment for experimentation, test-bedding, research and innovation. The project will include a City Living Lab, Visualisation Lab, Digital Twin Lab. One of GATE’s first flagship projects will focus on building a city information model (CIM) of a district in Sofia under the concept of a digital twin.

One of the 8 new supercomputers of the European Union will start operations in Sofia in 2020 and will be available to the local ecosystem for scientific and industry activities.
ICT in Bulgaria
The number of people employed in the ICT sector in Bulgaria on 2018 approached 100,000, or 3% of all people employed in the country. About 90% of the Bulgarian technology companies and 86% of the IT professionals (85,146 people) work in Sofia.

Bulgarian software industry

- **€1.5 bln**
  - Revenue 2018

- **€2.8 bln**
  - Revenue 2019 (preliminary data)

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>23%</td>
<td>Annual increase in operating revenues in 2018</td>
</tr>
<tr>
<td>9%</td>
<td>Annual increase in the working positions in 2018</td>
</tr>
<tr>
<td>88%</td>
<td>Increase in working positions in 2018, compared to 2013</td>
</tr>
<tr>
<td>10%</td>
<td>Estimated annual increase in working positions in 2019</td>
</tr>
<tr>
<td>3.4%</td>
<td>Share of GDP</td>
</tr>
</tbody>
</table>

The software development industry is expected to reach €5 billion in revenue in the next 5 years.

Source: BASSCOM Barometer, 2019

In 2019, Skillvalue placed Bulgaria 12th among the countries with the best developers in the world, based on 550 technical assessments.
ICT in Sofia

ICT is one of the fastest growing sectors in Sofia, accounting for 19% of the city’s economy. The sector is predominantly export-oriented and over the last few years has moved up to high value-added projects and, increasingly, the development of own products. ICT has become the primary area for foreign investment, attracting 30% of all investment projects in 2018, with at least 16 projects valued at USD 240 million.

Source: fDi Markets

Sofia ranked 2nd among the top 10 fastest-growing tech centres in Europe according to the State of the European Tech report, 2018.
AI

Bulgaria’s AI startup ecosystem is still at an early stage of its development but has gained a significant momentum in the past few years.

In 2019, the new Big Data Centre of excellence GATE was launched at the Sofia University Department of Mathematics with funding of EUR 15 million.

In 2019, the VC fund Brightcap Ventures launched a program for companies, specializing in AI, IoT, blockchain, advanced analytics, autonomous technologies and quantum computing. The AI Cluster Bulgaria was founded in 2019.

Source: “Bulgarian AI Ecosystem” report, data for 2017

In 2019, the new Big Data Centre of excellence GATE was launched at the Sofia University Department of Mathematics with funding of EUR 15 million.

In 2019, the VC fund Brightcap Ventures launched a program for companies, specializing in AI, IoT, blockchain, advanced analytics, autonomous technologies and quantum computing. The AI Cluster Bulgaria was founded in 2019.
Sofia is one of the fastest growing Fintech destinations in SEE and the CEE region. Over 83% of the Fintech companies in Bulgaria are located in Sofia.

The Fintech startups are supported by a number of investment funds, business angels, private investors and local banks.

**Fintech venture investments by segment**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Investment (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blockchain/Crypto</td>
<td>EUR 46 000 000</td>
</tr>
<tr>
<td>Lending</td>
<td>EUR 18 100 000</td>
</tr>
<tr>
<td>Personal Finance</td>
<td>EUR 8 180 000</td>
</tr>
<tr>
<td>IT development/Support for Fintech</td>
<td>EUR 5 000 000</td>
</tr>
<tr>
<td>Payments/Billing</td>
<td>EUR 1 805 000</td>
</tr>
<tr>
<td>Capital Markets</td>
<td>EUR 857 000</td>
</tr>
<tr>
<td>Insuretech</td>
<td>EUR 250 000</td>
</tr>
</tbody>
</table>

Source: Bulgarian Fintech Association

Bulgaria is often used as a test market, while the strategy of the companies is to work globally. There is a growing trend for fintech and traditional financial
There are over 13 proptech companies operating in Sofia. One of the local Proptech startups completed an investment round of EUR 2.7 million at the end of 2019. Some of the local companies already have 20+ years of experience in implementing technologies such as Building Information Modelling (BIM) in the real estate industry. Other technologies used by local proptech companies include virtual and augmented reality, artificial intelligence, machine learning, big data, blockchain and others.

In 2019, Sofia outperformed 52 locations worldwide and ranked first in terms of Cost Effectiveness in the “Fintech Locations of the Future 2019/20” ranking by fDi Intelligence.

PROPTECH

There are over 13 proptech companies operating in Sofia. One of the local Proptech startups completed an investment round of EUR 2.7 million at the end of 2019. Some of the local companies already have 20+ years of experience in implementing technologies such as Building Information Modelling (BIM) in the real estate industry. Other technologies used by local proptech companies include virtual and augmented reality, artificial intelligence, machine learning, big data, blockchain and others.

Source: Bulgaria: PropTech & ConTech Mapping Report 2019
SHARED AND BUSINESS SERVICES DELIVERY CENTRES

Bulgaria ranks in Top 3 among the global services locations in CEE and preforms best in financial attractiveness and business environment categories. Additionally, Bulgaria has a well-developed telecommunications infrastructure and one of the fastest Internet connection speeds in SEE. Information security and privacy regulations are in accordance with the EU legislation.

Global Services Location Index regional comparison

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Financial attractiveness</th>
<th>People skills and availability</th>
<th>Business environment</th>
<th>Digital resonance</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Estonia</td>
<td>2.13</td>
<td>0.78</td>
<td>1.81</td>
<td>0.92</td>
</tr>
<tr>
<td>16</td>
<td>Lithuania</td>
<td>2.46</td>
<td>0.72</td>
<td>1.63</td>
<td>0.70</td>
</tr>
<tr>
<td>17</td>
<td>Bulgaria</td>
<td>2.47</td>
<td>0.73</td>
<td>1.61</td>
<td>0.61</td>
</tr>
<tr>
<td>20</td>
<td>Ukraine</td>
<td>2.90</td>
<td>0.87</td>
<td>1.01</td>
<td>0.58</td>
</tr>
<tr>
<td>21</td>
<td>Latvia</td>
<td>2.33</td>
<td>0.74</td>
<td>1.67</td>
<td>0.62</td>
</tr>
<tr>
<td>24</td>
<td>Poland</td>
<td>2.50</td>
<td>1.11</td>
<td>1.56</td>
<td>0.63</td>
</tr>
<tr>
<td>28</td>
<td>Romania</td>
<td>2.29</td>
<td>0.92</td>
<td>1.46</td>
<td>0.58</td>
</tr>
<tr>
<td>31</td>
<td>Hungary</td>
<td>2.22</td>
<td>0.85</td>
<td>1.56</td>
<td>0.63</td>
</tr>
<tr>
<td>33</td>
<td>Czech Republic</td>
<td>1.95</td>
<td>0.93</td>
<td>1.68</td>
<td>0.64</td>
</tr>
<tr>
<td>35</td>
<td>Slovakia</td>
<td>2.04</td>
<td>0.78</td>
<td>1.69</td>
<td>0.62</td>
</tr>
</tbody>
</table>

Source: A.T. Kearney GSLI, 2019

The sourcing industry, which includes IT, BPO and SSC, contributed to 5.2% of the national GDP with a turnover of EUR 2.4 billion and a growth of 19.5% on an annual basis, employing 73 694 people. (data for 2018). The industry is expected to grow faster than the national economy. By 2022 its turnover is expected to reach EUR 4.8 billion or 9.2% of the GDP.
**BPO and ITO revenue in Bulgaria (billion EUR)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total ITO</th>
<th>Total BPO</th>
<th>Total Outsourcing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0.48</td>
<td>0.73</td>
<td>1.21</td>
</tr>
<tr>
<td>2015</td>
<td>0.59</td>
<td>0.93</td>
<td>1.52</td>
</tr>
<tr>
<td>2016</td>
<td>0.72</td>
<td>0.98</td>
<td>1.70</td>
</tr>
<tr>
<td>2017</td>
<td>0.84</td>
<td>1.17</td>
<td>2.01</td>
</tr>
<tr>
<td>2018</td>
<td>1.01</td>
<td>1.39</td>
<td>2.40</td>
</tr>
<tr>
<td>2019</td>
<td>1.21</td>
<td>1.63</td>
<td>2.84</td>
</tr>
<tr>
<td>2020</td>
<td>1.46</td>
<td>1.92</td>
<td>3.38</td>
</tr>
<tr>
<td>2021</td>
<td>1.76</td>
<td>2.25</td>
<td>4.01</td>
</tr>
<tr>
<td>2022</td>
<td>2.12</td>
<td>2.65</td>
<td>4.77</td>
</tr>
</tbody>
</table>

Source: AIBEST Annual Industry Report, 2019

**BPO IN SOFIA**

The Bulgarian sourcing sector is almost entirely concentrated in Sofia, 81.6% of the vendors are headquartered in the city. In the period 2014-2018 the number of BPO companies in Sofia grew steadily with an average rate of 10% per year. The number of the employed increased even faster, by 15%. The main markets serviced by Sofia-based sourcing companies are: the USA, the UK, Germany, the Netherlands, Switzerland, France, Austria, Belgium, Italy, Canada, Sweden, Australia, Russia, China, India.

**Number, headcount and turnover of Sofia-based sourcing companies**

In 2019, Sofia University and the Association for Innovation, Business Excellence, Services and Technology (AIBEST) launched a joint Masters degree program in Outsourcing Projects and Companies.
Large multinational companies from the FMCG, Agriculture, Logistics, Finance and Insurance, Healthcare, and Media industries have chosen Sofia for their shared service centres operating HR, F&A, IT, Logistics, Procurement & Trade Execution, Sales and Customer Care functions. Sofia is associated with developed IT skills and is a major SSC hub for Europe and the Middle East.

SSC is the sourcing segment with the highest annual labour costs, as shared service centres are typically larger with more sophisticated and knowledge-intensive functions.

OUTSOURCING

Sofia-based operations provide IT, Knowledge Process, HR Process, Finance and Accounting and other business process outsourcing services, in addition to the standard voice services. The majority of providers offer Voice-based BPO and HRO services, 101 and 73 companies respectively.

Number of Sofia-headquartered outsourcing companies by segment

<table>
<thead>
<tr>
<th>ITO</th>
<th>HRO</th>
<th>KPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>239</td>
<td>65</td>
<td>16</td>
</tr>
<tr>
<td>Voice-based BPO</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>Other BPO</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>SSC</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>FAO</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

Source: AIBEST Annual Industry Report, 2019

In 2018, Sofia-based companies employed an average of 148 people.
Sofia is the centre of cultural and creative industries in Bulgaria and has the potential to become one of the leading creative hubs in Europe.

Sofia accounts for close to 80% of the revenue and 62% of the creative labour force in the country. There are over 60 000 artists, designers, game developers, filmmakers, musicians, architects, writers, interactive digital media and software developers, and other representatives of the creative industries employed in over 7 700 creative companies in Sofia. Employment in the sector continues to grow.

**Sofia Creative Industries sector overview**

- **12+** creative subsectors
- **€ 910.8 mln** value added at factor cost (2008-2015)
- **4th in share** of the city economy
- **Over 8%** of the city’s GDP
- **60 000 +** employed in the creative sector in Sofia
- **€ 208.4 mln** FDI in creative industries in Sofia (2015)

Sources: “Sofia – City of Creative Economy” report, NSI, IME, Invest Sofia
**FILM INDUSTRY**

Sofia is home to an active service sector, focusing on the film industry. Many professional organizations bringing together film directors and producers are also based in the city. Sofia is home of one of the leading film production studios in Europe.

Bulgaria’s biggest film school (NAFTA) is located in Sofia. Since its first edition in 1997, the Sofia Film Festival has emerged to become the Balkans’ largest and most important film festival. In 2014, Sofia joined the network of creative cities of UNESCO, and was awarded the title “City of Film”.

**Sofia Film industry overview**

| 900+ companies and organisations | 3 900+ employed | 93.5% growth of value added at factor cost (2008-2015) |

Source: NSI, “Sofia – City of Creative Economy” report, NSI, Invest Sofia

**GAMING SECTOR**

Gaming is one of the fastest growing creative sectors in Sofia. There are 35+ gaming studios in Sofia, from affiliates of leading global studios, to established local companies and many indie game studios working on educational, casual, strategy, RPG, story-driven RPG, AAA games, VR on all platforms: mobile, console and PC.

**Sofia Gaming sector overview**

| 2/3+ of the gaming sector in Bulgaria | 35+ gaming companies | 1 100+ employees |
| 127% growth of value added at factor cost (2008-2015) | Highest growth among all creative industries |

Source: Game Dev Summit, NSI, “Sofia – City of Creative Economy” report, Invest Sofia
Sofia is second in Europe in growth of international visitors for 2017 and is among the TOP 5 cities in Europe with the highest overall growth of international visitors for 2009 – 2017, with an average increase of 9% per year.

Top cities in Europe by annual growth of international visitors, 2018

In 2018, Sofia was visited by 1,384,963 tourists, 67% of which foreigners. The number of tourists visiting Sofia has been growing since 2009, but was particularly notable in the last 4 years, when the number of foreign tourists in Sofia increased by 44% - from 640,621 in 2015 to 922,075 in 2018.

After the particularly strong tourist growth in Sofia in 2016 and 2017 – approximately 13% increase in number of tourists and 15% increase in number of nights spent in
both years, in 2018 the growth of the tourism sector in Sofia slowed down. This was caused by the gradual saturation of the tourism market and the more active presence of online platforms for arranging or offering private accommodation such as Airbnb, whose data is not included in the official statistics. According to estimates by Sofia Tourism Administration including Airbnb and the similar platforms, the actual growth of tourists and nights spent in Sofia in 2018 was around 10%. Although at a slower pace, the tourism sector is expected to continue to expand in the next few years.

**Sofia visitors (2015-2018)**

<table>
<thead>
<tr>
<th></th>
<th>Total number of tourists</th>
<th>Tourist growth (%)</th>
<th>Number of foreign tourists</th>
<th>Share of foreign tourists (%)</th>
<th>Growth of foreign tourists (%)</th>
<th>Number of nights spent</th>
<th>Growth of nights spent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1 061 522</td>
<td>9.7%</td>
<td>640 621</td>
<td>60%</td>
<td>9.4%</td>
<td>1 872 978</td>
<td>8.5%</td>
</tr>
<tr>
<td>2016</td>
<td>1 197 564</td>
<td>12.8%</td>
<td>738 697</td>
<td>62%</td>
<td>15.3%</td>
<td>2 126 462</td>
<td>14%</td>
</tr>
<tr>
<td>2017</td>
<td>1 346 993</td>
<td>12.5%</td>
<td>882 142</td>
<td>65%</td>
<td>19.4%</td>
<td>2 444 684</td>
<td>15%</td>
</tr>
<tr>
<td>2018</td>
<td>1 384 963</td>
<td>2.7% (10%)*</td>
<td>922 075</td>
<td>67%</td>
<td>4.5%</td>
<td>2 488 490</td>
<td>1.8% (10%)*</td>
</tr>
</tbody>
</table>

* Including private accommodation platforms. Source: Sofia Tourism Administration

**TOP 10 countries by number of visitors to Sofia, 2018**

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of visitors</th>
<th>Share</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Italy</td>
<td>64 895</td>
<td>7.04%</td>
</tr>
<tr>
<td>2</td>
<td>Germany</td>
<td>62 209</td>
<td>6.75%</td>
</tr>
<tr>
<td>3</td>
<td>Israel</td>
<td>61 050</td>
<td>6.62%</td>
</tr>
<tr>
<td>4</td>
<td>Greece</td>
<td>59 074</td>
<td>6.41%</td>
</tr>
<tr>
<td>5</td>
<td>Great Britain</td>
<td>55 493</td>
<td>6.02%</td>
</tr>
<tr>
<td>6</td>
<td>Turkey</td>
<td>42 206</td>
<td>4.58%</td>
</tr>
<tr>
<td>7</td>
<td>USA</td>
<td>41 278</td>
<td>4.48%</td>
</tr>
<tr>
<td>8</td>
<td>France</td>
<td>37 200</td>
<td>4.03%</td>
</tr>
<tr>
<td>9</td>
<td>Spain</td>
<td>35 643</td>
<td>3.87%</td>
</tr>
<tr>
<td>10</td>
<td>Romania</td>
<td>31 690</td>
<td>3.44%</td>
</tr>
</tbody>
</table>

Source: Sofia Tourism Administration
MANUFACTURING
The manufacturing industry formed 10% of Sofia’s economy in 2018 and brought 17.5% of the export earnings in the city. Over 71,000 people, or 9.7% of all employed in the city, work in the sector. Its value added at factor cost and its share in the local economy increased during the last 10 years, while the number of employees decreased, reflecting an increase in efficiency and decrease in the need for human capital due to modernisation and capital investments, for example in new technologies.

The Manufacturing sector has been the second largest investor in tangible fixed assets (after the sector of Trade, Repairs and Transport), as well as the most stable FDI recipient in recent years. By the end of 2018, manufacturing in Sofia had attracted 15% of FDI.

Manufacturing industry in Sofia by output (in EUR thousand)

<table>
<thead>
<tr>
<th>Category</th>
<th>Output (in EUR thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food products</td>
<td>697,757</td>
</tr>
<tr>
<td>Base metals</td>
<td>562,206</td>
</tr>
<tr>
<td>Electrical equipment</td>
<td>373,525</td>
</tr>
<tr>
<td>Metal products (excl. machines and equipment)</td>
<td>338,444</td>
</tr>
<tr>
<td>Products of non-metal mineral materials</td>
<td>320,719</td>
</tr>
<tr>
<td>Computer, communication, electronic and optical products</td>
<td>308,816</td>
</tr>
<tr>
<td>Rubber and plastic products</td>
<td>207,556</td>
</tr>
<tr>
<td>Printing</td>
<td>205,494</td>
</tr>
<tr>
<td>Cars, trailers, machinery and equipment</td>
<td>202,864</td>
</tr>
<tr>
<td>Repair and installation of machinery and equipment</td>
<td>177,234</td>
</tr>
<tr>
<td>Drugs</td>
<td>157,241</td>
</tr>
<tr>
<td>Clothing</td>
<td>156,169</td>
</tr>
<tr>
<td>Beverages</td>
<td>144,727</td>
</tr>
<tr>
<td>Chemical products</td>
<td>95,003</td>
</tr>
<tr>
<td>Furniture</td>
<td>81,839</td>
</tr>
<tr>
<td>Paper, textile, wood and leather</td>
<td>39,192</td>
</tr>
<tr>
<td>Production not classified elsewhere</td>
<td>234,181</td>
</tr>
</tbody>
</table>

Source: NSI, IME, data for 2017
AUTOMOTIVE

The automotive industry in Bulgaria is developing rapidly with Sofia as one of its biggest hubs and a birthplace of global innovation for the sector. The automotive industry is going to play an increasingly important role in Sofia’s economy, and the development of industrial zones in Sofia is a priority for the local government.

Bulgarian Automotive industry overview

>EUR 6 billion revenue in 2019

28 R&D centers

≈10 of Bulgaria’s GDP

250 automotive companies

80% of the sensors in all European cars are made in Bulgaria

Source: Automotive Cluster Bulgaria

ROBOTICS

Around 24 companies in Bulgaria develop products or services and software in the field of robotics and automation with over BGN 950 million in revenue and more than 5000 employees.

Over 30 academies and special interest clubs offer courses in robotics. Sofia is the center of the Bulgarian robotics ecosystem. Both local companies and the development hubs of global leaders in the sector are here.

Sofia is home to some of the key academies and educational institutions as well as the leading robotics research institute – the Institute of Robotics of the Bulgarian Academy of Sciences and hosts specialised events, key projects in the field of high-tech infrastructure such as the AI Centre of Excellence, the Supercomputer Centre and the Centre of Excellence in Mechatronics and Clean Technologies. Sofia has the potential to grow into the robo capital of Central and Eastern Europe.

Source: PARA - Professional Association of Robotics and Automation
Sofia hosts one of the largest aircraft maintenance, repair and overhaul facilities in Europe with over 1100 employees.

The Technical University of Sofia offers Bachelor and Masters programs in Aeronautical Engineering (in English) and Aviation Equipment and Technologies.

Bulgaria is the 6th nation to send an astronaut in space and the only CEE country with two astronauts.

In 2017, SpaceX launched the first Bulgarian geostationary communication satellite in Earth’s orbit.

Sofia University offers a M.Sc. program in Aerospace Engineering and Communications (in Bulgarian, English or Russian).

Companies in Sofia are designing CubeSats for scientific, educational and commercial purposes.

A Bulgarian company is building the only decentralized ground-station-as-a-service platform.

Sofia hosts the biggest private educational program for space science, technology and exploration in Central and Eastern Europe.

A Bulgarian drone manufacturer is IATA’s (International Air Transport Association) first strategic partner in the unmanned aircraft systems (UAS) sector.
# LIVING IN SOFIA

## COST OF LIVING

Sofia remains one of the most affordable EU capitals.

### Utilities

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic (electricity, heating, cooling, water, garbage) for 85m² apartment</td>
<td>EUR 90</td>
</tr>
<tr>
<td>Monthly mobile tariff (including 1000 min calls and 5 GB data)</td>
<td>EUR 10</td>
</tr>
<tr>
<td>Monthly internet fee (&gt;60 Mbps, unlimited data, Cable/ADSL)</td>
<td>EUR 10</td>
</tr>
</tbody>
</table>

### Transportation

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-way public transport ticket</td>
<td>EUR 0.82</td>
</tr>
<tr>
<td>Annual public transport card</td>
<td>EUR 187</td>
</tr>
<tr>
<td>Taxi 1 km (normal tariff)</td>
<td>EUR 0.41</td>
</tr>
<tr>
<td>Gasoline (per litre)</td>
<td>EUR 1.16</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared scooters</td>
<td>€0.77</td>
</tr>
<tr>
<td>+ €0.16/min</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared vehicles</td>
<td>€2-3.25</td>
</tr>
<tr>
<td>+ €0.15-€0.25/min</td>
<td></td>
</tr>
</tbody>
</table>

### Restaurants

<table>
<thead>
<tr>
<th>Meal Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meal, inexpensive restaurant</td>
<td>EUR 6</td>
</tr>
<tr>
<td>Meal for 2 people, mid-range restaurant, three-course</td>
<td>EUR 26</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water 0.5-litre bottle</td>
<td>EUR 1</td>
</tr>
</tbody>
</table>

### Supermarket

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk (1 litre)</td>
<td>EUR 1</td>
</tr>
<tr>
<td>Bread</td>
<td>EUR 0.60</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicken (1 kg)</td>
<td>EUR 3</td>
</tr>
</tbody>
</table>

### Rent per month

<table>
<thead>
<tr>
<th>Apartment Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-bedroom apartment city centre</td>
<td>EUR 367.80</td>
</tr>
<tr>
<td>1-bedroom apartment outside of centre</td>
<td>EUR 282.48</td>
</tr>
<tr>
<td>3-bedroom apartment in city centre</td>
<td>EUR 659.85</td>
</tr>
<tr>
<td>3-bedroom apartment outside of centre</td>
<td>EUR 476.82</td>
</tr>
</tbody>
</table>

Source: Numbeo 2020, field research
INTERNATIONAL SCHOOLS IN SOFIA

Primary and secondary schools

- Anglo-American School of Sofia*
- British School of Sofia*
- The American College of Sofia
- American English Academy*
- Britanica Park School*
- Deutsche Schule*
- “Erich-Kästner” German School*
- Colegio Español “Reina Sofía”*
- French Lyceum “Victor Hugo”
- Italian Lyceum
- Russian Lyceum*
- St George International School*
- Maple Bear Canadian School*
- ESPA School
- Izzi Science for kids
- Darbi College

*with a kindergarten
PUBLIC TRANSPORT

Sofia has an extensive bus and tram public transport system and an expanding rapid transit network. The Sofia Metro connects the city with Sofia Airport’s Terminal 2, Sofia Business Park, most of the business zones in the city, the Inter Expo Center, the Central Railway and Bus Station and the largest residential areas. It currently operates 35 stations on 2 lines over the length of 40 km and will be extended with the new Line 3 in 2020.

With the construction of Metro Line 3, the traffic in Sofia is expected to further decrease by 20% and the amount of saved greenhouse gas emissions to reach 90 000 tons per year.

Source: Sofia Metropolitan; Sofia Tourism and Air Transport Market report by Sofia Investment Agency, 2019

Night public transport

Night public transport in Sofia runs from midnight to 4 a.m., the four night lines connect large neighborhoods with the city centre.
CULTURAL LIFE

NATIONAL HISTORY MUSEUM
with over 650,000 cultural artefacts, it is one of the largest history museums on the Balkans.

“IVAN VAZOV” NATIONAL THEATRE
is one of the major landmarks in Sofia and the largest and the oldest theatre in the country.

NATIONAL ART GALLERY
with 9 branches around Sofia, this is the largest art institution in Bulgaria.

NATIONAL ARCHEOLOGY MUSEUM
hosting a collection of Bronze age Thracian gold and silver treasures and ancient artifacts.

KVADRAT 500
28 halls featuring 2000 art pieces from the collection of the National Gallery.
SOFIA HISTORY MUSEUM
The eight halls telling the story of Sofia hosted in the building of the old city mineral bath, an architectural gem from the early 20th c.

“SOFIA” THEATRE
is the largest municipal theatre in the city. Some of the productions have English subtitles.

SOFIA CITY ART GALLERY
hosts thematic exhibitions from its vast collection of paintings, sculpture, graphics, contemporary art, photography, as well as visiting exhibitions.

“ST. ALEXANDER NEVSKY” CATHEDRAL
is one of the largest Eastern Orthodox cathedrals in the world. The bell tower is 50.52 m high with 12 bells. The Museum of Christian Art is housed in the Cathedral’s crypt.

THE BOYANA CHURCH
is famous for its medieval frescoes, and in 1979 was included in UNESCO’s World Cultural and Natural Heritage list.
“ST. SOFIA” BASILICA
The 5th c BC necropolis of the ancient city of Serdika (current day Sofia) is now open to the public. The medieval “St. Sofia” Basilica, sitting on top of it gave the current name of the city.

“ST. ST. CYRIL AND METHODIUS” NATIONAL LIBRARY
is the largest library in the country and the oldest cultural institute of modern Bulgaria.

SOFIA OPERA AND BALLET
welcomes world-renowned performers and is one of the major cultural attractions in the city.

“BULGARIA” HALL
is the premier classical music venue in the country.

THE NATIONAL PALACE OF CULTURE
is the biggest multifunctional cultural, congress and exhibition centre in Bulgaria.
SOFIA FOR KIDS

MUZEIKO
The biggest science/educational centre for children in Eastern Europe with over 130 interactive games on 2 000 m².

TECHNO MAGIC LAND
An interactive science centre for kids and teenagers who want to discover the magic of science and technology, located @Sofia Tech Park.

In June 2019, UNICEF placed Bulgaria among the TOP 20 most family-friendly countries in the EU and OECD.
**Festivals**

**Sofia Film Fest** is the largest film festival in Bulgaria and one of the leading cinema events in Central and Eastern Europe. Sofia Film Fest was included in "Variety" magazine’s list of top 50 film festivals worldwide.

**Fotofabrika**: an annual international festival and platform for high-quality professional photography. Fotofabrika is part of the official Cultural Calendar of Sofia Municipality.

**Sofia Science** is the first and only festival in Bulgaria dedicated to the achievements of young scientists and researchers from Bulgaria and abroad, attracting both children and grown-ups.

**Sofia Music Weeks** is one of the most significant international music events in the region, taking place in Sofia since 1970. The festival’s program includes an exclusive selection of concerts, operas, ballets, documentaries, photo exhibitions and master classes.

**A to Jazz Festival** is spreading the jazz spirit for three days in July. Since 2011, the festival has welcomed over 100,000 visitors and world-famous jazz musicians such as Branford Marsalis, Christian McBride, Robert Glasper, Kenny Garrett, Roy Hargrove, Dianne Reeves and many more.
The European Music Festival is one of the most celebrated events for classical music in Sofia. Its program includes symphonic and orchestral concerts, jazz concerts, movie music concerts and events for children.

Opera in the Park takes opera and ballet performances to one of Sofia’s parks every summer for the last 10 years.

World Theatre in Sofia brings international theatre and dance productions and leading performers from all over the world to Sofia.

Sofia Spring Book Fair is an annual event with literary readings, book presentations and more attracting visitors of all ages.
MOUNT VITOSHA

Vitosha Mountain National Park overlooks the city of Sofia and offers a variety of recreational activities like hiking, skiing, mountain biking and rock climbing, just 30 minutes from the city centre. The mountain is accessible by public transport and is encompassed by a good network of lifts, trails and mountain huts. Plans for connecting the city’s Metro system with the Simeonovo ski lifts were announced in 2018.

Two ski centres and several ski runs, with an option for night skiing, operate on Vitosha. Festivals and events organized in the park include an international folklore festival and the “Vitosha 100 km” ultra-marathon.

THERMAL SPRINGS

Sofia has 30 thermal springs, with water suitable for drinking and medical treatments, SPA procedures and recreation. Bankya Mineral Bath has the potential to become one of the largest SPA and wellness centres in Bulgaria and is expected to re-open for visitors by 2020, after a renovation.

SOFIA – CITY OF SPORT

In 2018, Sofia was declared a permanent holder of the title European Capital of Sport. The city will host over 200 sports events as part of the campaign in 2020. Sofia offers several dozen parks and city gardens as well as sport clubs for practically every sport you want to practice.

Sofia Marathon first took place in 1983. It is part of the IAAF Bronze Label Road Race list by the International Association of Athletics Federations. The 5KM RUN takes place every Saturday morning in Sofia’s South Park and is open for children, seniors and people with disabilities, parents with strollers and dogs.

The two large man-made lakes near Sofia – Pancharevo and the Iskar Dam – offer opportunity for water skiing, wakeboarding and rowing. Wakeboarding enthusiasts love the Hydropark Kazichene just next to Sofia’s ring road. The Struma river to the south (an hour drive from Sofia) is the optimal place for kayaking and rafting in Bulgaria. The 84 km-long Iskar River Gorge is another popular area for hiking north of Sofia.