

# SOFIA INVESTMENT AGENCY

*Part of Sofia Municipality*



As a part of Sofia Municipality Sofia's Agency of Privatization and Investments provides local and foreign investors with gratuitous support in order to build successful business in our city. We tell their success stories in Bulgaria and abroad.



Specific decisions as to where and how to establish your business in Sofia.



Information and analyses needed to establish a business in Sofia.



Analyses of Sofia as a business destination compared to other locations in Bulgaria and abroad.



Establishing contacts with partners, scientific and educational institutions, industry-wide organizations, municipal authorities, etc.



Practical support in establishing a business in Sofia.



Subsequent support for development and growth of the business.

## Why Sofia

*Here are 10 great reasons to start and grow your business in Sofia.*



Over **50%** of the population has a **university degree**.




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



Over **50 000 people** employed in the **IT sector**.



Highly-skilled work force.



**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.



## REGIONAL TALENT HUB

## Why Sofia

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### 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.

### 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.

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### **EU FUNDING OPPORTUNITIES**

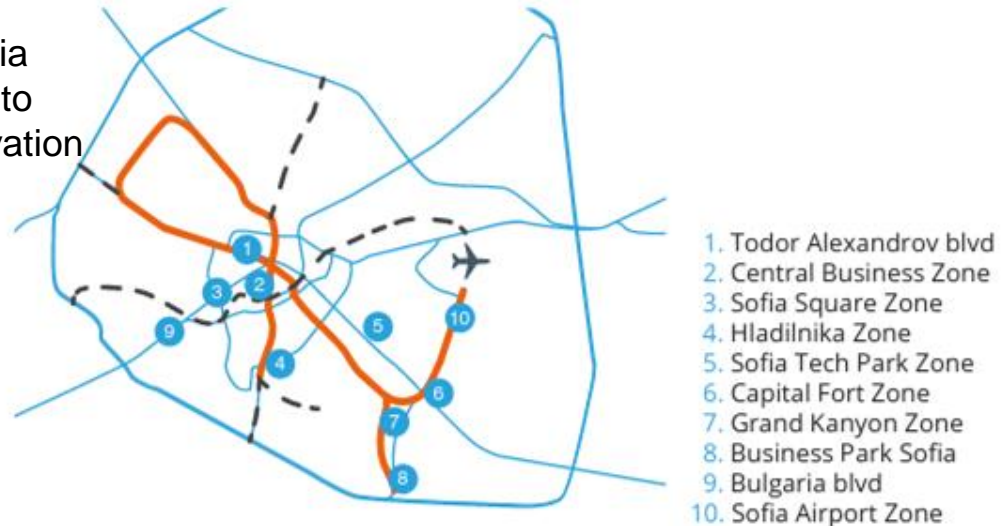
Companies registered in Bulgaria have access to EU funds on both national and EU level.



### **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.

- The office space market in Sofia has been growing rapidly in the last several years due to tenants from the growing IT, BPO and SSC sectors in the city
- The first science and technology park in Bulgaria opened in Sofia in 2015. Sofia Tech Park aims to support the development of the research, innovation and technology capacity of the country





## 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



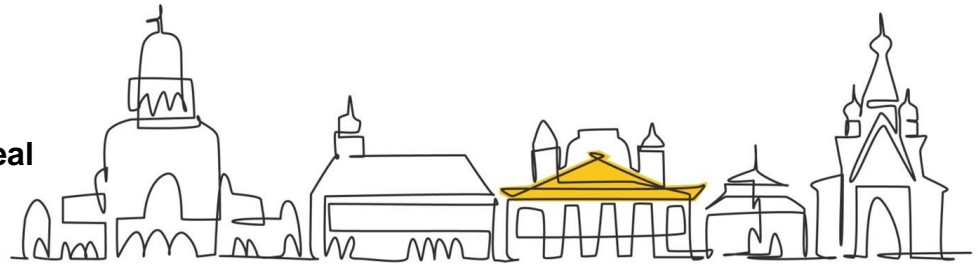
### Overtime & Compensation

max.150 hours per year  
**On working days:** 50%  
**On weekends:** 75%  
**On national holidays:**  
100%



## INVESTMENT INCENTIVES

- The investment projects are reviewed and awarded an investment certificate
- Class C is awarded for projects within the territory of Sofia Municipality
- The certification procedure takes up to 6 weeks
- Shortened administrative procedures
- Individual services
- The right to purchase government or municipal real estate without a tender



Sofia



## INCENTIVES FOR INVESTORS

The measures for encouraging investments in Bulgaria are national and local. They are granted by certifying the investment project by way of an investment certificate. The certification procedure takes several weeks.

National: issued by the Bulgarian Government  
via the Bulgarian Investment Agency (BIA)

Local: issued by SMAPI

	Priority	Class A	Class B	Class C*
Amount of investment	€ 50 M 50 – 150 jobs	€ 1 -5 M 25 – 150 jobs	€ 500 K – 2.5 M 10 – 100 jobs	up to € 1 M >1 jobs
Shortened administrative procedures	✓	✓	✓	✓
Right to purchase state - or municipality-owned properties without a tender or competition	✓	✓	✓	✓
Individual services	✓	✓		✓
Financial support for professional training	✓	✓	✓	
Refund of costs for social security	✓	✓	✓	
Financing the construction of technical infrastructure	✓	✓		
Public-private partnerships	✓			

National: issued by the Bulgarian Government  
via the Bulgarian Investment Agency (BIA)

Local: issued by SMAPI

	Priority	Class A	Class B	Class C*
No taxes upon changing the status of land	✓			
Right to acquire properties at prices below the market ones	✓			
Subsidies for research and development	✓			

\*Class C is issued for projects on the territory of Sofia Municipality.

Information-communication technologies (ICT) and telecommunications are the fastest growing sector in the capital. The sector plays a crucial role in Sofia's good performance compared to most other regions during the crisis – in 2020 alone the ICT sector added another BGN 762 million (7% growth) to the output of the capital, although such growth was lower than the 17% one registered in 2019.

Such fast-paced development is part of a global trend, especially in advanced economies, where the high-tech sector is in a period of unprecedented upsurge.

The ICT growth during the crisis year was supported by the abruptly arisen need for digital transformation and online sales for many businesses from other sectors, accordingly – by the increased demand for digital services. What also matters is the higher adaptability of the work- force, which easily transitioned to a remote work mode, generally without dramatic changes in the work process and productivity.

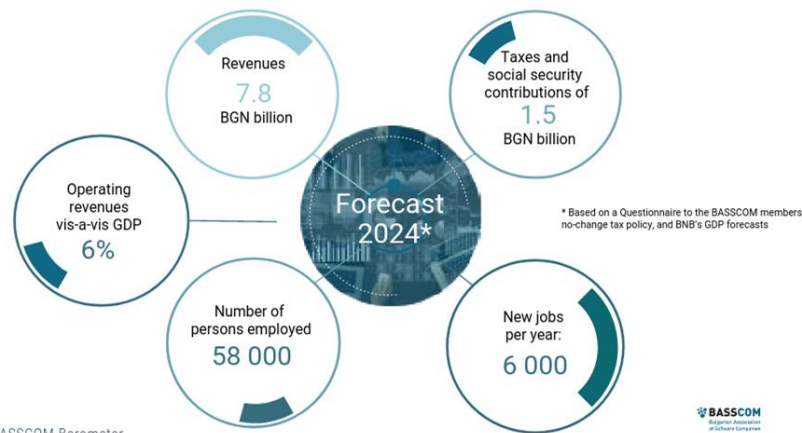
The sector is characterized by high labour productivity, which in turn allows those employed in the sector to receive wages considerably higher than both the country average and the Sofia average. The average salary in the ICT sector in Sofia is nearly twofold higher than the Sofia average.

This, in turn, makes the occupations related to the ICT sector (lead by programming) especially attractive. The latter is illustrated by both the employment dynamic and the high interest in STEM majors in tertiary education and the informal courses taught in the domain.

## SOFIA: PRIORITY INDUSTRIES

### INFORMATION TECHNOLOGIES (IT)

*The forecast of the Bulgarian Association of Software Companies is for growth of revenues in 2024, exceeding BGN 7.787 million.*



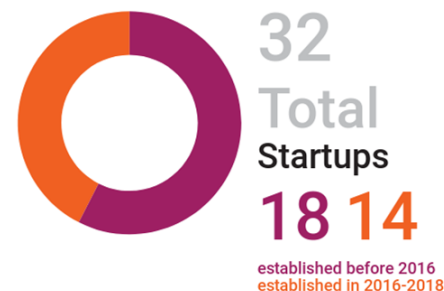
» Source: BASSCOM Barometer

**In 2020 the Skillvalue platform ranked Bulgaria 14th among the countries with the best software developers in the world. 35% of those working in the sector are women.**

The growing popularity of AI technologies has created a wave of startups in the country. Trade, finance, and media are leaders in the implementation of AI in our country, with over 30 local companies developing solutions for those sectors.

A total of 47 enterprises either develop or use AI in Bulgaria; whereof 32 are startups scaling up, while 15 are fully fledged Bulgarian or international companies. The sector employs over 3000 persons; the AI-related jobs amount to 3% of the overall labour market in Bulgaria.

### Structure by company type

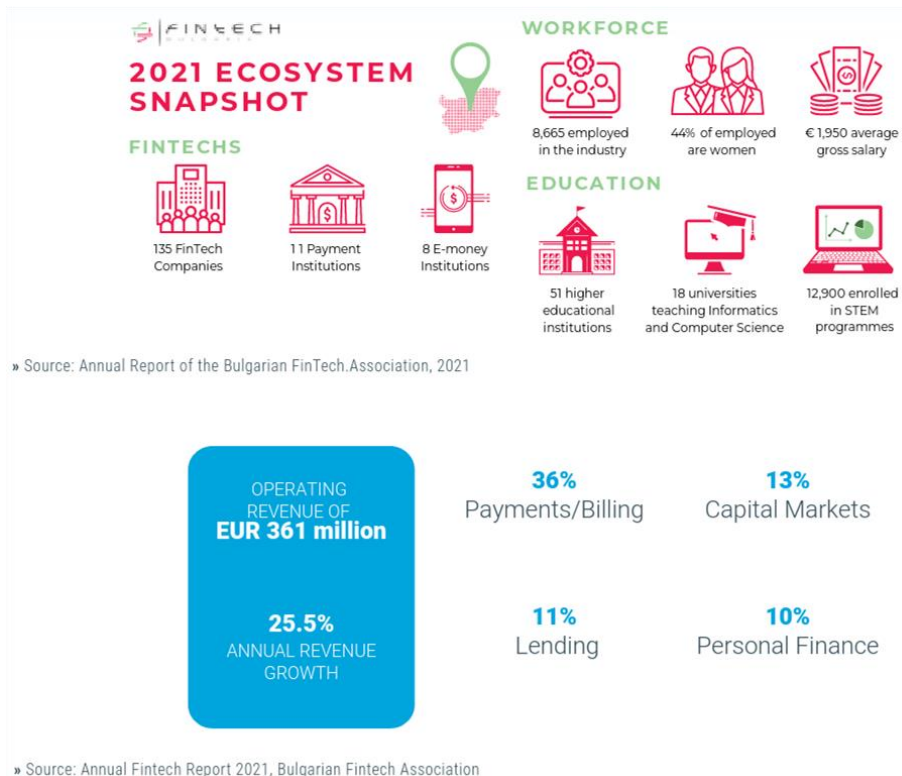


Total revenues of companies in the Bulgarian FinTech sector reached BGN 1.441 billion, growing by 12%, from BGN 1.287 billion during the preceding year, as illustrated by data from the annual report of the Bulgarian FinTech.Association (BFA). The growth in operating revenues is 5.2 % reaching BGN 1.063 billion for 2020.

The total number of companies in the FinTech sector in Bulgaria reached 135 in late 2020, whereas according to the report the Covid19 pandemic has accelerated the processes of setting up new companies. 18 new companies were set up in 2020. 4 new companies were set up until 2021.

# SOFIA: PRIORITY INDUSTRIES

## FINTECH



FinTech companies are supported by a number of investment funds, business angels, private investors, and local banks.

The FinTech industry in Bulgaria mostly has to do with the making of swift and cheap transactions by specialized finance companies. They make swift transfers to individuals and legal entities, involving private monetary relations and companies transfers, as well as one inherent to FX trading and securities trading on financial markets. The range of FinTech companies covers the following financial services: quick payments, blockchain, foreign exchange, crowdfunding (campaigns for purpose accumulation of crowd resources); digital money, online banking, investments.

*FinTech venture investments by segments*

Segment	EUR
Blockchain / Crypto	46 000 000
Lending	18 100 000
Personal Finance	8 180 000
IT development / support for fintech	5 000 000
Payments / Billing	1 805 000
Capital Markets	857 000
Insurance	250 00



## SOFIA: PRIORITY INDUSTRIES

### OUTSOURCING AND SHARED BUSINESS SERVICES

The outsourced services sector in Bulgaria registered a two-digit growth during the pandemic year 2020 and now generates 6.6% of the country's GDP. Outsourced services have registered operating revenues of EUR 3.3 billion, which is 11.2% more than the preceding year, while those employed in the sector now number 77 000.

The 2024 forecast indicates that the industry will keep growing and being a major pillar of Bulgaria's economy, its relative share in the country's GDP to reach 11.2%.

The graph displays the leading outsourcing companies operating in our country.

Companies	Net EUR revenues
VMWare Bulgaria	103.8
EGT Interactive	85.9
IBM Bulgaria	71.7
SAP Labs Bulgaria	66.1
Modis Bulgaria	48.4
Visteon Electronics Bulgaria	35.4
Siemens	34.4
CNSys	34.2
Progress Software	32.4
Stemo	30.8

» Data: AIBEST Annual Industry Report 2021

» Source: SeeNews

*A global index of the most attractive outsourced services destinations: regional comparison*

# SOFIA: PRIORITY INDUSTRIES

## OUTSOURCED BUSINESS SERVICES IN SOFIA

The outsourced services in our country mostly take place in the capital. It is so because the capital has the highest workforce concentration as well as the highest number of experts. Presently, over 600 companies for outsourcing services operate in Bulgaria, apart from Sofia, growth of the companies for outsources services is also registered in Plovdiv, Varna, and Burgas. The migration trend in the sector is guided by the search for new talent outside the biggest cities.

The major foreign markets serviced by the Sofia-based companies are: USA, UK, Germany, the Netherlands, Switzerland, France, Austria, Belgium, Italy, Sweden, Australia, Russia, China, and India.

### Major Cities by Number of Sourcing Companies

Bulgaria					
	Headquarters	Secondary offices		Headquarters	Secondary offices
Sofia	555	37	Shumen	1	5
Plovdiv	38	51	Vratsa	1	2
Varna	33	38	Dobrich	1	1
Burgas	8	19	Pleven	1	1
Veliko Tarnovo	6	14	Peshtera	1	0
Stara Zagora	5	6	Silistra	1	0
Ruse	4	11	Teteven	1	0
Pazardzhik	4	0	Levski	1	0
Gabrovo	3	1	Smolyan	1	0
Montana	3	0	Byala Slatina	1	0
Blagoevgrad	2	2	Krichim	1	0
Haskovo	2	1	Troyan	1	0
			Svilengrad	1	0
			Dragoman	1	0
			Kardzhali	0	2
			Kazanlak	0	2
			Vidin	0	2
			Yambol	0	2
			Belovo	0	1
			Botevgrad	0	1
			Kozloduy	0	1
			Razgrad	0	1
			Targovishte	0	1

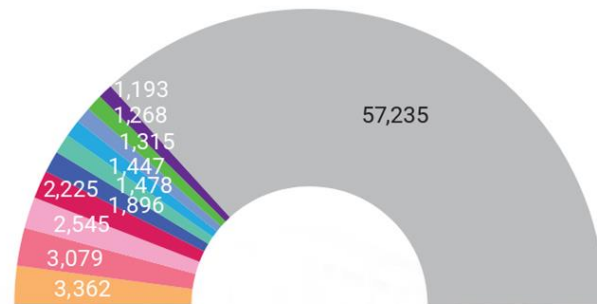
Abroad		Secondary offices	
USA	16	Czech Republic	2
Germany	10	Ireland	2
UK	10	Italy	2
Serbia	7	Mexico	2
North Macedonia	5	Ukraine	2
Netherlands	4	Albania	2
Poland	4	Australia	2
France	3	Canada	1
Spain	3	Cyprus	1
Sweden	3	Denmark	1
Switzerland	3	Egypt	1
Belgium	2	Estonia	1
Bosnia and Herzegovina	2	Finland	1
		Ghana	1
		India	1
		Israel	1
		Kenya	1
		Malta	1
		Montenegro	1
		Philippines	1
		Romania	1
		Slovenia	1
		Taiwan	1
		Turkey	1
		Vietnam	1

Top 5 cities	Top 5 cities			
	BPO-h	BPO-s	ITO-h	ITO-s
Sofia	263	15	292	22
Varna	14	24	24	27
Plovdiv	22	17	11	21
Burgas	3	12	5	7
Veliko Tarnovo	2	8	4	6

As a development trend of the market in our country over the last year, the analysis singles out the double-digit growth in the number of shared services centres (SSC) operating in our country, which include accounting, staff administration, etc.

This is the sub-sector employing 1/5 of all employees in this industry. During the last year alone employment in this type of companies grew by nearly 25%. The largest share of wages paid out is generated by the shared services centres, where wages amounted to EUR 12.3 million, five-fold above the industry-average. This is also in line with the two-fold growth in the number of business in the sub-sector during last year. A number of companies assign the accounting, tax, and payroll processes to an external professional provider.

Top 10 outsourcing companies by full-time number of employees for 2019



- Enterprise Services Bulgaria
- Sutherland Global Services Bulgaria
- IBM Bulgaria
- Hewlett-Packard Global Delivery Bulgaria Center
- Paysafe Bulgaria
- Other Companies
- Callpoint New Europe
- S Group Human Capital
- SiTel Bulgaria
- Cargill Bulgaria
- PPD Bulgaria

Sofia is the centre of the cultural and creative industries. The main indicators of the economic significance of arts, cultural and creative industries, cultural heritage, and culture tourism, value added by factor costs, persons employed, turnover, number of organizations, foreign direct investment – display a concentration in the city ranging between 52% and 99%. Those number allow us to call Sofia a creative economy city.

However, the number of persons employed in the sector has registered a decline due to the Covid19 pandemic. The sector was the hardest hit by the measures tackling dissemination of the virus, so a considerable part of the guild of visual artists, designers, cinema staff, musicians, and other representatives of the creative industries reskilled and started practicing other professions.

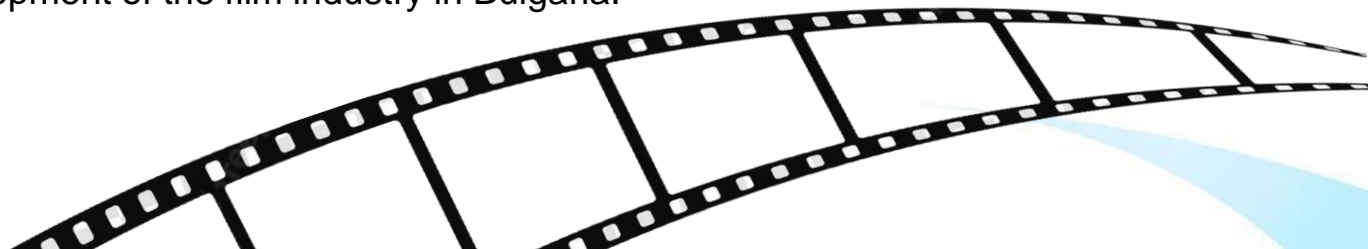
This is a European scale trend. According to an EY study entitled Europe's Recovery, Cultural and Creative Industries Before and After COVID-19“, in 2020 they generated revenues amounting to EUR 444 billion, which is a decline of EUR 199 billion compared to 2019, or nearly 31%. Despite such data, Sofia has kept its place as a national centre of the cultural and creative industries.

The major indicators for the arts, cultural and creative industries, cultural heritage, and culture tourism, in terms of their economic significance - value added, persons employed, turnover, number of organizations, foreign direct investment – registered growth during the period. This is mostly due to the developers of video content and to digital content.

The film industry is mostly developed in Sofia. This is where all leading training and work centres in this domain are positioned. The city also hosts one of the leading filmmaking studios in Europe – Nu Boyana Films.

The National Academy of Theatre and Film Arts Krastyu Sarafov (NATFA) - Sofia is the biggest in Bulgaria. Similarly to the other industries, this one also suffered a considerable downturn due to the Covid crises, with 5 Bulgarian and 11 foreign productions having been shot during 2020 in Bulgaria, 6 of these being shot in one of the biggest studios in our country.

The global cinema industry is still looking for ways to make films safely and is slowly recovering from the initial slump. Nevertheless, the global film companies Netflix and Disney show interest in shooting in our country, which is evidence to the development of the film industry in Bulgaria.



Gaming is among the fastest growing creative industries in Sofia. There are currently over 75 gaming companies in Sofia, including subsidiaries of global leaders, and established Bulgarian studios.

Games covering the entire range are developed here, while virtual reality is increasingly taking hold in our daily lives. The Covid pandemic-affected trends in the gaming industry indicate that this sector is experiencing changes as well.

Video game companies are registering significant sales growth precisely due to the restrictions imposed on people's daily lives. Apart from the big hike of earnings, also registered here are changes towards increased financial stake of mobile games.

Since November 2021 there have been trainings in the gaming industry in Bulgaria - GAME DEV, which are free and paid for by ARC Academy. A portal has been developed - <https://gameindustry.bg/> - wherein anyone interested may find detailed information about the gaming industry in Bulgaria, such as news, projects, and festivals.

In result of the swift expansion of low-cost airlines and the online platforms for short-term rentals, Sofia became a much more connected, accessible, and popular urban tourism destination in recent years. The pandemic, however, had a devastating effect on tourism, with tourism travel practically ceasing during the first Covid-19 wave in 2020. Recovery is already observed in 2021, but it will take time due to the continuing restrictive measures and slow vaccination process in the country.

**MANUFACTURING** In 2020 the total number of visitors shrank to 420 000, whereof just 221 000 were foreigners, in result of the impact of the restrictive measures and the suspension of nearly all international traffic during the March-June period. Nevertheless, in 2021 tourist traffic is gradually recovering, with the capital having been visited by 140-150 000 persons per month during the summer months.

Official stats indicate that the beds in Sofia are some 13 400 in 2020. We need to add to that number, however, those registered on online platforms, which are not covered by the NSI surveys. According to AirDNA, the properties listed in AirBnb alone are nearly 3 000, adding a further 5 000 - 6 000 beds. Such a considerable expansion, which is enabled by the broad reception of online platforms, also helps assert the capital as a popular tourism destination.



In 2020 the output produced by the processing industry in the capital declined by over BGN 1 billion (or 7%) compared to the pre-crisis year 2019, down to BGN 9.7 billion.

The decline mostly reflects the interruption of the supply chains during the period of the most severe crisis in the spring of 2020 and the shrinking in the domestic demand for the output of Bulgarian processing enterprises. According to preliminary data, in November 2021 the seasonally adjusted index of industrial output grew by 1.4% compared to October 2021. In November 2021 the seasonally adjusted index of industrial output grew by 13.2% compared to the same month of 2020.

This sector is driven by several large, key enterprises of mostly export orientation, with the key sub-sectors being manufacturing of metallic items, foods, and beverages. Despite the high share of services during several years prior to the crisis, industrial activities have experienced fast-paced development. Sofia is an example of a municipality generating a high percentage of GDP from manufacturing operations.

## SOFIA: PRIORITY INDUSTRIES

### AUTOMOTIVE SECTOR

The automotive industry is on the verge of becoming a leading one in Bulgaria.

Despite the pandemic, many of the manufacturers in this sector are experiencing their best moment in time, with the number of those employed in this sector being higher than prior to the crisis.

Companies in the country's automotive industry now exceed 300. They provide jobs to 69 000 persons, with the threshold of 70 000 employed soon to be surpassed. The share of the automotive industry in Bulgaria's economy is between 10% and 12%.

A survey of the Automotive Cluster reveals that there is potential for that share to exceed 20%.

According to the Cluster, the automotive industry may double again in the coming years and become a leading economic sector in the country. Sofia is still the most attractive destination, followed by Plovdiv and Shumen.

#### *Bulgarian automotive industry overview*

- » Turnover is expected to double in 2022
- » Some 10 % of the country's GDP
- » Over 300 automotive companies in Bulgaria in 2021

» Source: Automotive Cluster Bulgaria

BGN 950+ million in revenues, over 5000+ employees, over 30 companies developing robots, autonomous systems or software and components for such systems in Bulgaria.

Sofia hosts some of the leading units for research and development in the robotics domain. In turn, use of robots and automated solutions in warehouses and logistics sites registers a permanent, sustainable growth of over 40% per year, according to the latest research of the International Federation of Robotics (IFR).

Presently, there are 202 industrial robots in 18 manufacturing operations. We are advancing at a very good pace, increasing numbers of Bulgarian young people are trained in robotics courses.



# SOFIA: PRIORITY INDUSTRIES

## AEROSPACE INDUSTRY

The aerospace industry is a high value added industry.

20% of its workforce is involved in research activities. Sofia has a well-developed IT sector and a considerable capacity for research activities.

The city already hosts a number of companies operating in this sector.

· Sofia hosts one of the biggest enterprises in Europe for general repair and maintenance of aircraft and engines, with over 1 100 employees.

· The Bulgarian manufacturer is the first strategic partner of the International Air Transport Association (IATA) for global level drones.

· The Technical University in Sofia offers Bachelor's and Master's (B.Sc. and M.Sc.) programs in Aviation Engineering (taught in English), as well as B.Sc. and M.Sc. in aviation equipment and technologies.

· Bulgaria is the sixth country to have sent an astronaut in space and the only SEE country with two astronauts.

· In 2017 SpaceX successfully launched into orbit the first Bulgarian geostationary telecommunications satellite BulgariaSat-1.

· Sofia companies manufacture CubeSat's for scientific, educational, and commercial purposes. A

· Bulgarian company is constructing the only decentralized platform for collection of satellite data.

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

· The biggest educational program for space science in SEE is located in Sofia.

**THANK  
YOU !**

