



# 2024 SOFIA

BUSINESS DESTINATION

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**Vasil Terziev**  
Mayor of Sofia

Sofia remains the fastest growing city in Bulgaria, occupying the highest share in the Bulgarian economy, over 40%. Thanks to its development, Sofia ranked among the top 10 cities in The Economist's Best Cities to Live in 2024. The index includes five categories: stability, health, culture and environment, education and infrastructure. The Bulgarian capital also topped the Forbes ranking as the best city for retirement in Europe. Sofia also received a better credit rating from S&P, which upgraded our outlook to "positive". This opens up new opportunities for the economic development of our city. These recognitions prove that we are on the right track and that Sofia is successfully developing as a greener, more modern and more welcoming city for residents and visitors.

Establishing the city as climate-neutral is crucial for its future, and we have signed an agreement with universities, businesses, the non-governmental sector and the scientific community. The goal is sustainable development and innovation in climate management. This enables our city to apply for more than €800 million in EU support for projects that will reduce air emissions by more than 80% by 2030. The effect of all these improvements is expected to be on quality of life - cleaner air and urban environment, green spaces for sport and recreation, as well as faster public transport and energy efficiency for buildings.

Important for Sofia's economy is the dominant presence of technology companies. The digital sector has set the economic dynamics in recent years - in terms of value added growth, investment and jobs.

Sofia has an extremely large role in the national economy in the services sector. Enterprises in the capital bring 88% of the added value of all enterprises in the country in the field of information and communication technologies.

Sofia municipality is a responsible partner of the business. Our goal is to create an orderly system, open and transparent environment for all business participants. Sofia to be a preferred place to live, as well as for business and investment. Sofia to be an example of a city where young people want to stay or return.



**Dr. Maria Popova - Hristova**  
Chief Officer Director  
of the Sofia Municipal Privatization  
and Investment Agency /Invest Sofia/

Sofia Municipality remains the undisputed economic leader of Bulgaria, Sofia's economy has continued to grow over the past two decades. The main reasons are population growth, the influx of talent, the rapid pace of infrastructure development and stable conditions. The latest figures show that Sofia's gross domestic product has reached BGN 75 billion and our share in the national economy is now over 40.9%. Our city has twice as much weight on the economic map compared to its population, which is explained by the concentration of economic activity in the municipality. 66% of the population of Sofia Municipality is of working age, and 44% are those with higher education – key factors for the development of any economy. The total share of foreign direct investment in enterprises in the metropolitan economy is more than half of the total 29 billion euros in the whole country.

The leading sectors in Sofia remain trade and ICT, followed by manufacturing, transport and construction. The value added in trade reached BGN 10.7 billion, which is 26% of the value added of the capital's enterprises. In the ICT sector it is over BGN 10 billion. – 25% of the added value of enterprises in Sofia. The two sectors account for more than half of the city's value added, with good results in the last year – 25% growth in value added in trade and 22% growth in information and communication technologies. Taking into account the fact that the digital sector encompasses both information and communication technologies and part of the professional activities and administrative services, including outsourcing services, we can say that the digital sector contributes to about 1/3 of the added value of enterprises in the capital.

Logically, our city is the leading city in the country in terms of foreign investment. The biggest weight among foreign investments in Sofia are the trade, transport and tourism sectors – with a total of 5 billion euros, followed by information and communication technologies with 3.1 billion euros. Nearly 15 billion euros of all foreign direct investments in enterprises were made in Sofia Municipality. The investment projects that the Agency advises and supports are increasing. In the last year, these have been in industries such as food production, ICT, shared services, technology and others. Enquiries have come from investors in Germany, Lebanon, the USA, France, Belgium and the UK.

Our work on servicing investment projects is mainly related to providing information on the workforce in Sofia, incentives at municipal and national level for investors, steps to register a company and establish an office or production facility, etc.

Our partner network plays a major role in the complex support for establishing new businesses or developing existing companies in our country. The Sofia IS programme is unique to our country and continues to grow. New Bulgarian and international companies have joined the city initiative Sofia IS, offering integrated services to investors in the capital. These include leaders in audit, financial advisory, risk management, tax and legal services, human resource management, integrated building management and building technology. With the added expertise of local companies in our joint expert support initiative. The Sofia IS program provides potential investors with free assistance on the full range of key first steps to establishing a successful business in Sofia.

In addition to the Agency's traditional activities to support business development, investment and the startup ecosystem in Sofia, we took on another challenge. Together with our partners from the Biotechnology and Healthcare Cluster, we became part of the pan-European macro project PRECISEU, which focuses on the implementation of technological innovations in healthcare, built on advanced therapies, medicines and health data from all European countries. The goal is to reduce health inequalities in the European Union countries and to support the deployment of deep technological innovations in different ecosystems with different levels of innovation, assets, strategies and policies. Sofia Investment Agency continues its mission to work for the development of Sofia Municipality as an attractive place to live and do business, a center of high technology, a scientific cluster and a city of sustainable development.



## SOFIA MUNICIPALITY

### "DIGITISATION, INNOVATION AND ECONOMIC DEVELOPMENT DEPARTMENT"

The Digitalization, Innovation and Economic Development Department of Sofia Municipality was established in 2020 with the main objective to support the development of Sofia as a smart, digital, innovative and technological city. This new unit consolidates and leads all projects related to the digitalization of the urban environment and actively attracts investors from the high-tech and development sector. The unit focuses on increasing the number and quality of municipal e-services, open data and smart city solutions.





### DIGITALISATION AND SMART CITIES:

The area develops solutions that support the digital and innovative development of Sofia. The aim is to ensure a high quality of life for citizens and to create new business opportunities. This includes the development and implementation of new digital services and smart solutions to improve the urban environment and facilitate the daily life of residents.



### THE CITY AS A CREATOR OF MARKETS:

One of its ambitions is to turn Sofia into a market for digital products and services created by local companies. This includes identifying or creating markets for digital services at local, national and international level, as well as facilitating access to these markets. An important part of this strategy is to increase the number and quality of municipal e-services, reducing administrative burdens and streamlining administrative processes.



### BUILDING COMMUNITY:

Successful digitalisation requires the creation and engagement of a community of diverse stakeholder groups. This includes citizens, NGOs, businesses and academia. The strand encourages the participation of all these local stakeholders to facilitate the digitisation process and the development of Sofia as a modern and smart city.



### NETWORKING:

Establishing contacts and networks with potential local and international partners, scientific and educational institutions, industry organisations and local government representatives is essential for the successful development of the strand. This facilitates the exchange of knowledge and experience, leading to more effective and innovative solutions for the city.



### INFORMATION AND ANALYSIS:

The provision of information and analysis related to the digital transformation and the development of Sofia as a smart city is an important part of the work of the strand. This includes analyses of the state of the city's economic environment and tracking the progress of various digitisation initiatives.

Through these steps, the direction aims to turn Sofia into a model of a smart city that uses technology and innovation to improve the lives of its citizens and create a favourable environment for business and investment.

# BULGARIA: AN OVERVIEW

**Area:** 110 993.6 km<sup>2</sup>

**Population:** 6 447 710

**Capital:** Sofia

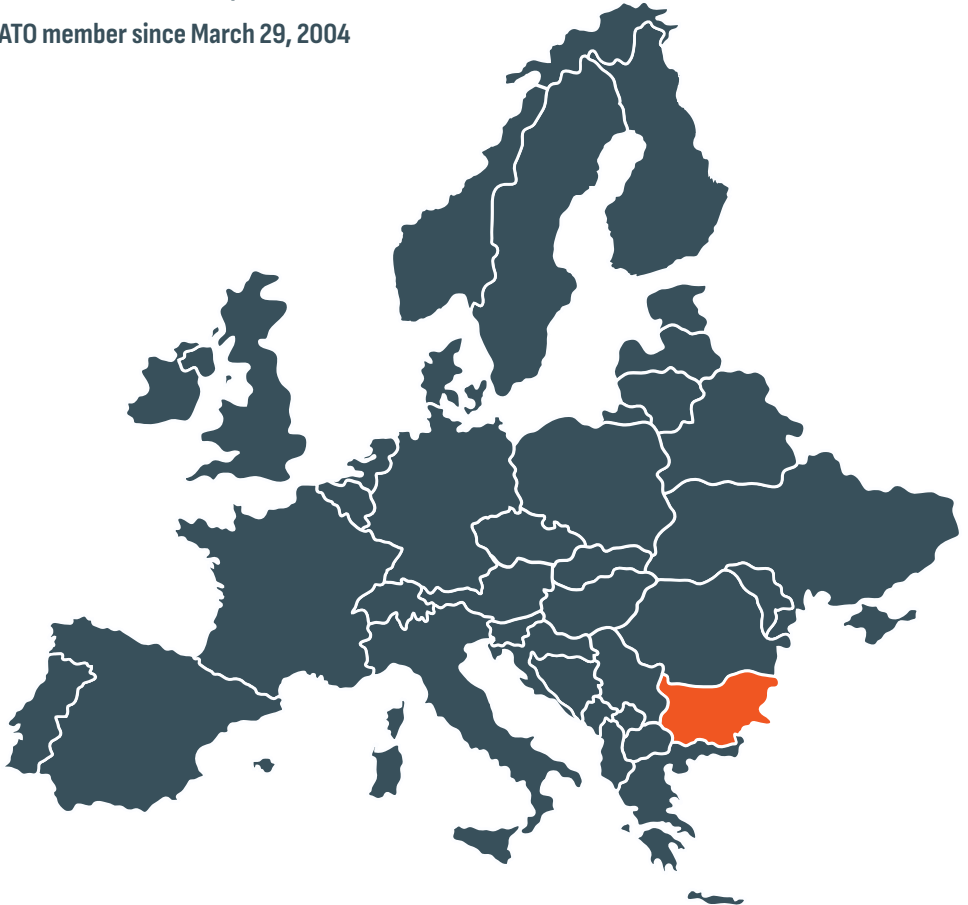
**Biggest city:** Sofia (population 1 280 334)

**Language:** Bulgarian

**Time zone:** EET (UTC+2)

**EU member since** January 1, 2007

**NATO member since** March 29, 2004



<b>BG-EUR EXCHANGE RATE:</b>	1 EUR= 1.95583 BGN / Bulgarian National Bank/
<b>GDP:</b>	183,7 7 billion BGN in 2023 (NSI)
<b>PER CAPITA GDP:</b>	28 502 BGN for 2023 (BNB)
<b>GDP GROWTH:</b>	1.8% in 2023 (BNB)
<b>AVERAGE ANNUAL INFLATION:</b>	9.5% 2023 (NSI)
<b>UNEMPLOYMENT:</b>	5.6% for 2023 (BNB) (According to the NSI data, the Unemployment rate of persons aged 15 and over is 4.3% in 2023.)
<b>SOFIA'S SHARE IN THE COUNTRY GDP:</b>	40.91% 2022 (NSI)
<b>GDP OF SOFIA:</b>	68,7 billion BGN in 2022 (IME)
<b>GDP PER CAPITA IN SOFIA:</b>	53 746 in 2022 (NSI)
<b>CORPORATE TAX:</b>	10%
<b>PERSONAL INCOME TAX:</b>	10%
<b>DOING BUSINESS:</b>	World Bank 61st out of 190 countries (2020)
<b>PROGRESS INDEX, LEGATUM:</b>	48th out of 167 countries (2023)
<b>WORLD COMPETITIVENESS, IMD:</b>	57th out of 64 countries (2023)
<b>INDEX OF ECONOMIC FREEDOM, HERITAGE FOUNDATION:</b>	31st out of 176 countries (2024)
<b>INDEX OF DEMOCRACY, EIU-GROUP MAGAZINE. ECONOMIST GROUP</b>	62nd out of 167 countries (2023)

# WHY SOFIA?

## 10 REASONS TO START AND GROW YOUR BUSINESS IN SOFIA



### TALENT HUB



Over **43.7%** of the population has a **higher education**



Highly Qualified workforce



**5%** of the professionals are employed in **creative industries**



Over **100 000** employed in the **IT sector**



Over **70 000** employees in the **BPO and SSC** sector, working in over **30 languages**



**23** universities, **100 000+** students, **63** research centers, **30+** private IT schools



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



### LOW CURRENCY RISK

BGN is pegged to the EUR. Low currency risk for investors compared to other countries outside the Eurozone



### COMPETITIVE BUSINESS COSTS

The lowest overall labor cost per hour in the EU (based on average hourly labor costs). Low office space costs - 15 €/m<sup>2</sup> average price for Class A offices. Some of the lowest industrial energy prices in the EU



### THE GLOBAL LEADERS IN R&D AND ICT ARE ALREADY IN SOFIA

Sofia is a regional ICT center. Global leaders like SAP Labs, VMware, IBM, CISCO, Bosch, Coca-Cola, Financial Times already operate large R&D centers, employing, educating, and developing thousands of highly-qualified professionals.



### STRATEGIC 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

1-3 hour flights to most European capitals. Sofia Airport has > 7 mil passengers per year – just 20 min. away from downtown Sofia. Well developed public transport network with over 52 km of metro lines



### BUSINESS FRIENDLY TAX RATES

10% one of the lowest corporate taxes EU-wide. The lowest personal income tax in the EU



### EASY TO START AND GROW YOUR BUSINESS

- » Startup capital just 1 EUR
- » 2-3 workdays to register a company
- » Low fees to register a company



### EU FUNDING OPPORTUNITIES

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



### WELL-DEVELOPED DIGITAL INFRASTRUCTURE

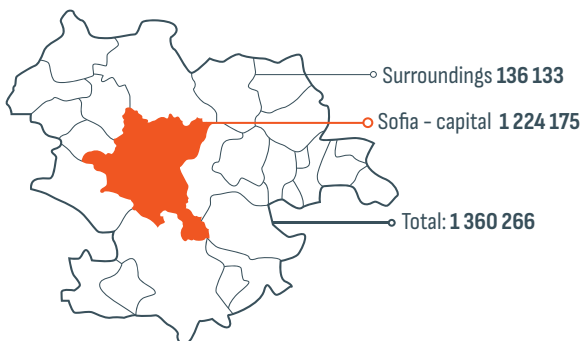
One of the highest average connection speeds in Europe with 46,22 Mbps speed according to the Worldwide Broadband Speed League

## SOFIA: AN OVERVIEW

Sofia, the capital of Bulgaria, offers a unique blend of culture, history, art and social life, making it one of the most interesting and dynamic capitals in Europe. Sofia is also the center of administrative, judicial and executive power, with the National Assembly, the Presidency, the Council of Ministers and all the ministries located here. The city covers an area of 492 km<sup>2</sup> and has a population of over 1.2 million people. According to official data, the gross domestic product (GDP) of Sofia reaches 68.7 billion BGN. The capital's economy has seen almost continuous growth over the past two decades, supported by population growth and an influx of talent. Over the last two decades, Sofia's economy has also been increasing its share in the national economy and now reaches 40.9% in 2022. During this period, the concentration of population in the capital has also been growing, with the latest census showing that Sofia is home to over 19% of the population. As a consequence, the city is also the undisputed economic leader of Bulgaria, with an economy five times larger than that of the other major regions. In 2022, Sofia's gross domestic product per capita exceeded BGN 50 thousand for the first time and reached BGN 53.8 thousand per person – more than twice the national average of BGN 26 thousand per person. This is also the highest growth registered in recent years, with an increase of BGN 8.5 thousand per person compared to 2021. Sofia's economy is traditionally strongly service-oriented. In 2022, the gross value added in the services sector is over 51 billion BGN, which is over 84% of the value added in the metropolitan economy – against a background of around 70% share of services in the national economy. The gross value added in industry reached over BGN 9 billion, with industry accounting for the remaining over 15% of value added in the Sofia economy. Overall, the industry has a 28% share in the country's value added, which reflects the more balanced distribution of industrial enterprises across the country. The significant shift in favour of industry in both the metropolitan and overall economy is a result of the significant growth of the energy sector in 2022. Comparison to the national economy shows that Sofia accounts for nearly ¼ of industry value added and over ½ of services value added in Bulgaria.

## DEMOGRAPHICS

### POPULATION OF SOFIA AND ITS SURROUNDINGS



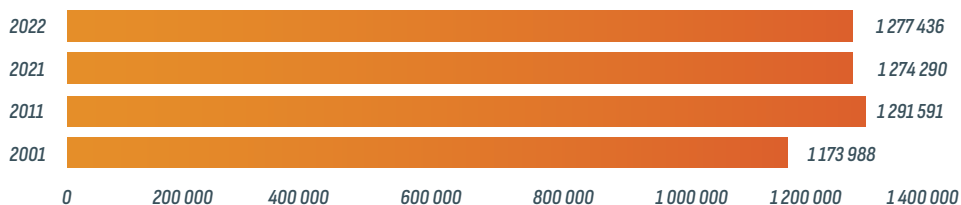
Population as of 31.12.2023

Source: NSI

## DEMOGRAPHIC DYNAMICS

In 2021, the population of Sofia is close to 1.3 million inhabitants. Although the capital has traditionally increased its population, the latest census shows a slight decline in population compared to 2011. Sofia's population is also aging, resulting in negative natural growth, i.e. the death rate is higher than the birth rate. The population inflow in Sofia in recent years has been on a smaller scale compared to previous periods, which is a consequence of the upturn in the national economy and more career opportunities in the country. The pandemic has also had a strong effect, leading to higher mortality rates and an outflow of population to surrounding municipalities. Compared to two decades earlier, Sofia has increased its population by almost 100,000 people, i.e. the long-term demographic dynamics are positive.

*Sofia's population in 2001, 2011, 2021, 2022*

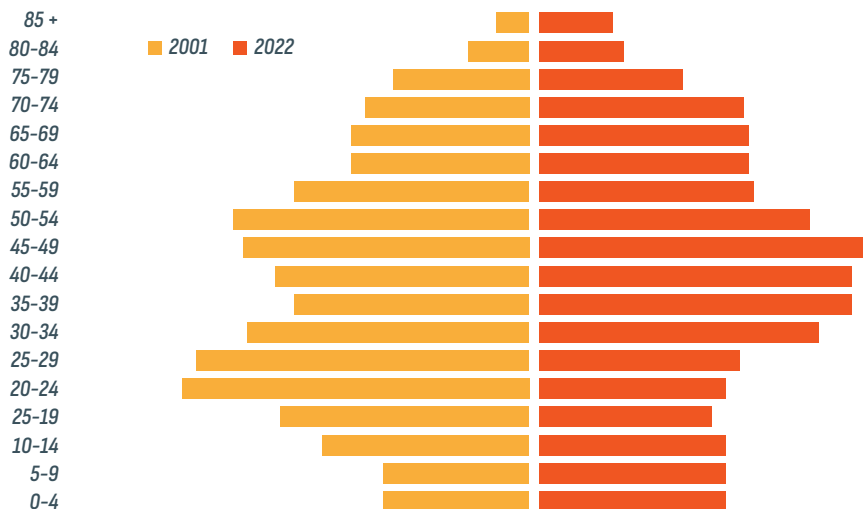


Source: NSI

## LABOUR MARKET

Of greater importance to the functioning of the local economy and labour market is the structure of the population. More than 800 thousand people in Sofia are of working age (15–64 years), which is 66% of the capital's population. Despite the demographic challenges facing the country, Sofia has a higher share of the active population, with a correspondingly lower share of the oldest, which is supported by the influx of young and active people to the capital.

Structure of Sofia's population by age groups, 2001 and 2022

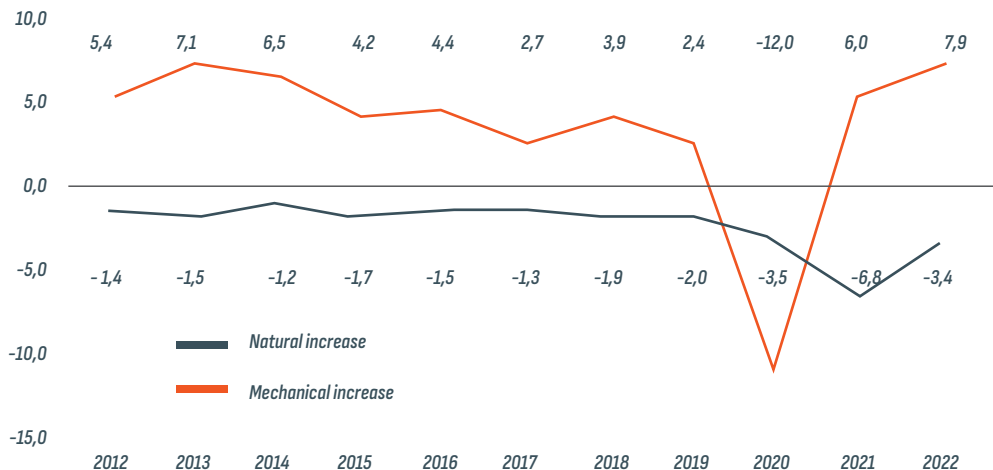


Source: NSI

Compared to the beginning of the millennium there are visible changes in the population structure in Sofia. There has been a visible increase in the number of older people, with those over 85 years of age growing by 138% in two decades, and pensioners under 85 years of age by 28%. This reflects the positive dynamics of life expectancy in the capital, as well as improved access to health care and services. At the same time, there have also been significant increases for children, with a 37% increase for those aged 0-9. As a result, in 2022, children under 10 will make up 10% of the capital's total population, and those under 20 will make up exactly 20%.

Looking only at the working age population, there is a symbolic increase of 1% compared to 2001, to a total of 846 thousand people aged between 15 and 64. There have been significant changes in their distribution, with a shrinkage of as much as 38% for people aged 20-29. In contrast, there has been a significant increase in workers aged 35-45. This is largely explained by the sharp decline in fertility in the mid and late 1990s, which is affecting the current population structure. It should be borne in mind that despite the negative trends, Sofia continues to have the most favourable age structures in the country and the least ageing population. To the extent that it is also the main magnet for younger populations from other parts of the country, demographic challenges do not appear to be a significant impediment to growth in the capital city, particularly when compared to other parts of the country.

Natural and mechanical growth rates of Sofia (‰, 2012-2022)

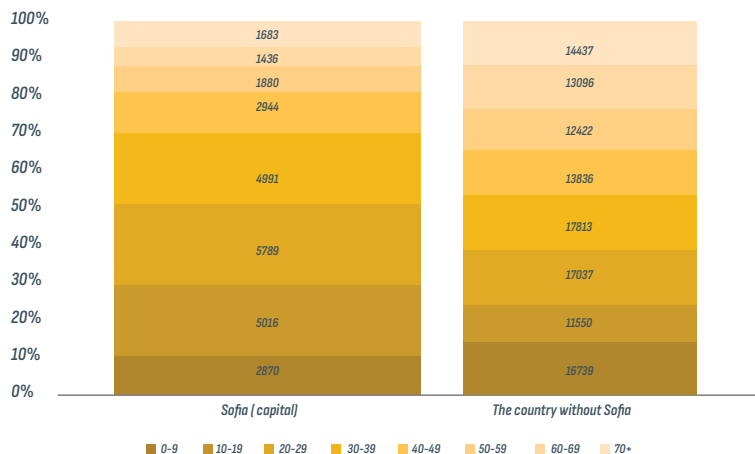


Source: NSI

Sofia's relatively good demographic results are conditioned by good natural and mechanical growth. In line with all other districts in Bulgaria, natural growth is negative, deteriorating sharply to  $-6.8\text{‰}$  in 2021 as a result of the high mortality rate from COVID-19. A year later, the indicator improved significantly, with a balance between mortality and fertility of  $-3.4\text{‰}$  in 2022. To the extent that Sofia has managed to balance this indicator between 1 and  $2\text{‰}$  throughout the past decade, there is no reason to expect that it will not return to the same balance after the pandemic effect has subsided. The fact that there are no significant differences in fertility rates leads to the same conclusion: even in pandemic years, the total number of births remains around 13,000 per year, and the one-time peak in mortality in 2021 has largely been overcome.

In spite of the negative natural growth, Sofia is registering a steady positive migration, with the mechanical growth rate reaching  $8\text{‰}$  in 2021. The inflow of young and active population to the capital is determined by the numerous opportunities for further education and realization on the local labor market. According to the latest data, Sofia is even more attractive compared to the period before the pandemic, with the number of settlers in 2021 being 27 thousand people, compared to 23 thousand in 2017. There is also a normalization in the number of those who moved out - 16 thousand in 2022 compared to 19 thousand in 2017, and the peak of people leaving the capital city is in 2020 - as many as 40 thousand people. The exodus from Sofia does not necessarily mean leaving the local economy and labor market, as a significant number of people move to surrounding municipalities - Bozhorishte, Elin Pelin, Kostinbrod, but continue to work in the capital.

Age distribution of the population in Sofia and the rest of the country in 2022 (number)



Source: IME

The type of population migrating to the capital is also important for the development of the labor market. According to the data for 2022, more than half of the people settling in the capital were under the age of 29, and if we extend the range to 39-year-olds, the share reaches 70% of all. The large difference with the profile of migration to the rest of the country is mainly driven by the high quality of both secondary and tertiary education in Sofia, as well as the relatively high wages and diversity of jobs offered by the local labor market. Positive migration processes dominated by young people and a continued influx of talent make Sofia's economy more competitive and attractive for investment and increase its potential for future growth.



## ECONOMIC PROFILE OF SOFIA 2024:

### NEW RECORDS AFTER THE PANDEMIC YEARS

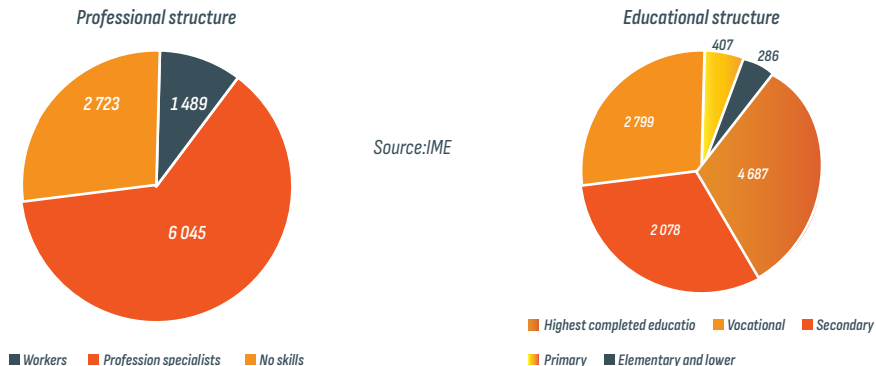
Sofia's economy has left the aftermath of the pandemic far in the past and continues to dominate the regional map, led by the rapid growth of the digital sector. The labor market has already surpassed its previous records of 2019 and wages are growing at a faster rate than the rest of the country. Demographic trends are also gradually normalizing, thanks to the intensification of positive migration processes and the decline in mortality rates.

In 2022, the amount of foreign direct investment in Sofia will exceed EUR 15 billion, or more than half of the total in Bulgaria. A third of them are concentrated in trade, transport and tourism, another fifth - in the ICT sector. Among the most actively investing sectors in 2022 are again trade (BGN 3 billion in FTA acquisition costs), real estate operations (BGN 1.7 billion) and industry (BGN 1.6 billion).

Compared to 2021, the capital increases its population slightly to 1.28 million, but it remains slightly below the 2011 census level. There have been significant changes in the age structure, mostly in terms of aging and shrinking numbers of people of school and university age, but also growth in the youngest children. Migration processes are gradually intensifying, with positive mechanical growth now at 7.9‰, and the capital is predominantly attracting a young and educated population.

The effect of excess mortality during the pandemic is also gradually clearing - the natural increase reaches -3.4‰ in 2022, and in the coming years the capital will continue to approach a balance between birth and death rates.

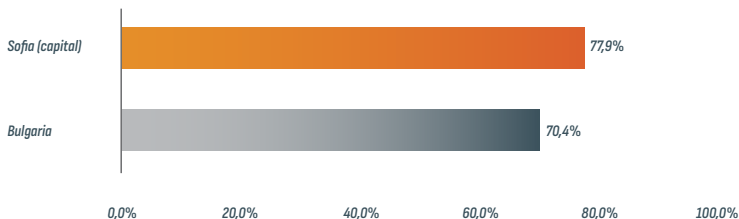
Almost half of the unemployed in Sofia have higher education, while the share of those with primary education and below is negligible. At the same time, the unemployed without qualifications are only 1/5 of the total. This largely explains the lack of long-term unemployment - it is evident that almost all unemployed in Sofia spend a relatively short time between two jobs. Interesting is the fact that among school leavers there are more people with vocational education than with secondary education. This is a result of the structure of the capital's economy, where industrial activities are concentrated in neighboring municipalities, where the realization of these unemployed would be significantly easier.



The profile of the unemployed is also of importance to potential investors in the municipality, who can rely on access to a well-trained workforce in the near absence of a problem with groups that have permanently lost work habits and skills. The attitude of the unemployed towards job vacancies is also interesting - in Sofia, for every one vacancy at the end of 2023, five unemployed people will respond (with the caveat that far from all new vacancies, especially in the capital, are advertised in job centers), similar to the national average. The labor market in the capital remains with increased competition for staff and many vacancies. Record employment and high wages in the capital

The employment rate of the population aged 15-64 in Sofia reached 77.9% in 2022, compared to the national average of 70.4%. This is the highest value not only among the districts in the country, but even at the municipal level, which once again demonstrates the high flexibility and adaptability, but also the potential for expansion of the metropolitan labor market. The total number of employed people in the capital is nearly 700 thousand people aged 15-64. High employment in the periphery of the capital is a consequence of the development of industry in the municipalities around Sofia, as well as the opportunity to work in the big city.

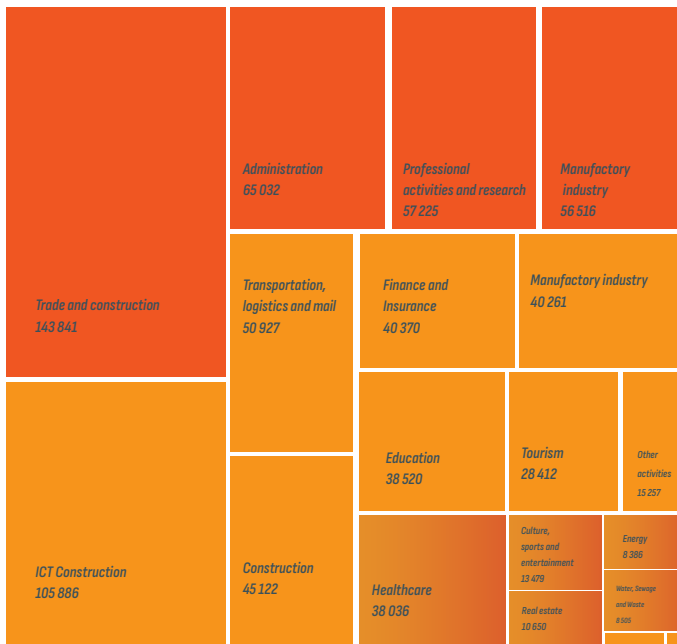
Employment rate of the population aged 15-64 (% , 2022)



The distribution of employees by sector follows the general structure of the economy. In 2022, most employees are concentrated in trade (144 thousand people), but the IT sector is gradually approaching – the IT industry already employs 106 thousand people in Sofia. Taken together, administrative and professional activities reach 122 thousand workers. The total number of employees in the capital has increased by 7.5 thousand people compared to 2021, equalling the previous record high of 2019. The new employment already expands the capital's labour market beyond its pre-Covid pandemic size, and this indicator supports the conclusion that the short-term contraction has been fully overcome.

Sectoral dynamics are far from unidirectional, with most sectors registering employment contraction. This is most pronounced in agriculture and mining, but these sectors generally employ very few people in Sofia. There is a visible decline (-3.3% y-o-y) in trade, despite the trend towards the expansion of retail chains and the opening of more shops. Among the major sectors in the capital, there is also a significant contraction in the number of employees in finance and insurance (-3%), construction (-1.8%), manufacturing (-1.5%). Against this backdrop, the ICT sector increased its employment by 9.8%. Significant increases in the number of employees were also experienced by the industries that were most severely affected by the pandemic and the restrictions, such as culture, sports and entertainment – an increase of 9.8%, hotels and restaurants – an increase of 6.7%. Both sectors have not yet recovered the number of workers from the years before COVID-19.

Number of employees in Sofia (2022)

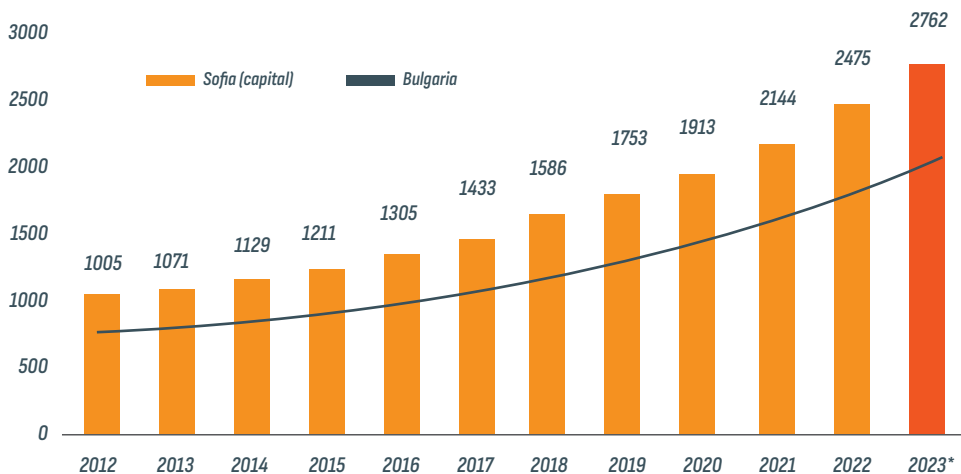


Source: NSI

Over the last decade, the average monthly salary in Sofia has tripled, with the average value in 2023 approaching BGN 2,800 and by the end of the year already exceeding BGN 3,000. It is noteworthy that since the beginning of the pandemic, the rate of increase in wages of workers in the capital has been distinctly faster than in the rest of the country. This is the result of both the significantly faster recovery of the Sofia economy from the crisis, and the impact of the high and hard-to-satisfy demand for staff in the high-tech sector, which is pushing up the wages of those working in it.

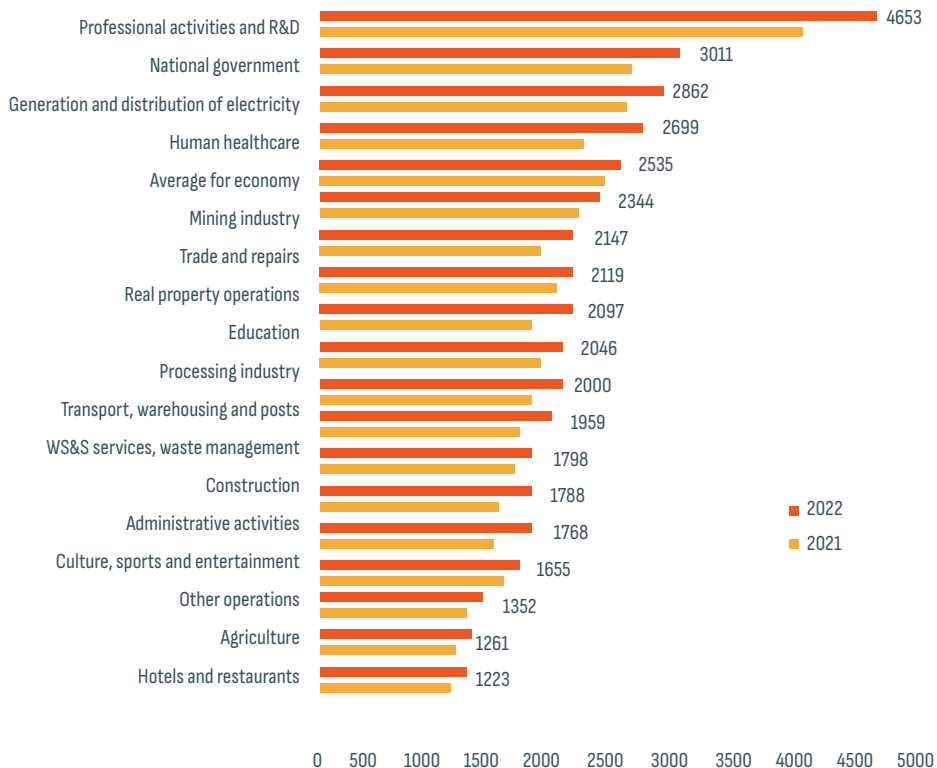
The pay gap between sectors also remains very wide. By 2022, the average gross salary in the ICT sector reaches BGN 4.7 thousand per month, compared to only BGN 1,223 per month for hotels and restaurants. Other economic activities with high wages include finance and insurance (BGN 3011/month), professional activities (BGN 2862/month) and energy (BGN 2699/month). Judging by the national dynamics in 2023, these industries maintain their top spots and even increase their lead.

Average gross monthly salary in Sofia and Bulgaria (BGN, 2012-2023)



Source: NSI

Wages in Sofia exceed the national average in all sectors in 2022. Compared to the previous year, all sectors registered significant growth, but it is far from even. The largest increases are in the culture, sports and entertainment (25%), energy (23%) and hotels and restaurants (19%) sectors. This is the result of these industries recovering faster than expected from periods of austerity, as well as difficulties finding sufficient staff pushing up wages. Also important is the containment of growth in these industries during the pandemic.



Source: IME

The high wages, the minimum unemployment and the record employment in the capital also determine the good standard of living in Sofia. For another year, the capital is the leader in the ranking of total income per person per household. The share of the poor is significant, with 11.7% of the population below the national poverty line in 2022, against a national average of 22.9% and over 40% in the districts with the most serious poverty problems. The share of the poor in the capital is gradually rising, up from a low of 9.2% in 2020, reflecting mostly the sharp rise in the poverty line itself and the inability of the industries with the lowest wages and some pensions and welfare to catch up. According to the NSSI data, Sofia is the district with the highest pensions in the country, with their average value exceeding BGN 800 in 2022 for the first time - BGN 810 on average, against BGN 675 in the country as a whole.

Relative share of people below the poverty line for the country (% , 2022)



Source: IME

Thanks to significant improvements in pensions, Sofia has registered a significant reduction in inequality indicators over the past year. While in 2021 the Gini coefficient already exceeds 45, in 2022 it drops to 39, only one point above the national average. However, the capital remains with significantly higher inequality compared to almost all regions of the country. This could also mean problems in the social structure in case its driver is the shrinking incomes of the poorer strata. At this stage, the case in Sofia is reversed - during the period of economic boom in the second half of the last decade, the incomes of the upper income groups grew significantly faster, which is the main reason for the rise in inequality in the previous years, and the recent development is precisely the result of sharp increases in the lower segments of the income structure. Part of the explanation also lies in the profiling of Sofia's economy in the high-tech sector, insofar as it also brings much higher wages to those employed in it relative to other economic activities.

## KNOWLEDGE WORKERS

Sofia ranks 22nd out of 267 European regions in the concentration of high-intellectual jobs for 2022 This is according to the new Geography of Europe's Brain Business Jobs: 2022, an index by the European Centre for Policy Reform and Entrepreneurship. The study explores where in Europe 'knowledge industries' are developing most dynamically and highlights their importance for the continent's future income and productivity growth.

Compared to other European regions, Sofia stands out in the technology and creative sectors, as well as in telecommunications, pharmaceuticals, programming, advertising and marketing research, where it performs above the European average.

The compulsory social security contribution is divided between the employer and the employee in the ratio 55/45. The employee pays 13.78% of the total cost, while the employer contributes between 18.92% and 19.62% to the budget.

**Minimum wage by 2024 - BGN 933.00.**

**The maximum social security income for 2024 - BGN 3 750 per month**

## LABOUR CODE



WORKING DAYS IN 2024  
251 days



ANNUAL PAID LEAVE  
minimum 20 working days



PUBLIC HOLIDAYS IN 2024  
14 days



OPEN-ENDED EMPLOYMENT CONTRACT  
Duration: unlimited  
Probation period: up to 6 months  
Notice: 1 month

### LABOUR CONTRACT



FIXED-TERM EMPLOYMENT CONTRACT  
Duration up to 3 years  
Probation period up to 6 months  
Notice: 3 months



OVERTIME  
not more than  
300 working hours per year  
pay +50%  
On off - days +75%  
On national holidays +100%



LABOUR CODE  
WORKING HOURS  
MATERNITY LEAVE

Up to 3 years  
First year - government pays to the worker 90% of the monthly gross employment salary  
Second year - the state pays 780 BGN per month.  
Third year - without payment

## FOREIGN EMPLOYEES AND RECRUITMENT INITIATIVES

Citizens of all Member States of the European Union, the European Economic Area and Switzerland have the right to reside and work in Bulgaria. All other nationalities need a work permit and a long-term visa to work and reside in the country. The issue of a work permit is an employer-initiated process.

### Types of work permits

- A self-employed work and residence permit is issued to non-EU nationals who apply for residence in Bulgaria for work purposes or already have a valid residence permit for purposes other than work.
- The European Blue Card is a work permit that entitles highly qualified people from outside the EU to reside and work in Bulgaria. In October 2017, the procedure for issuing a Blue Card was simplified and the work permit and the period of residence in the country were increased to 4 years.
- Intra-corporate transfer permit: temporary secondment of a foreigner for the purpose of work or training, valid only for the transfer of managers, specialists and trainees.
- Seasonal work permit: non-EU nationals can sign a seasonal work contract with a local employer for a stay of 90 days or more, but for no more than 9 months in any 12-month period. After this period, the non-EU national must leave the territory of the Member State.
- Work permit for seconded employees: third-country nationals temporarily posted to Bulgaria in the framework of the provision of services of limited duration may also work and reside in the country for a maximum of 12 months.





## EDUCATION IN SOFIA

### Higher education

The capital is the largest educational centre in the country. 22 (Source: [rvu.nacid.bg](http://rvu.nacid.bg)) out of 52 accredited higher education institutions in Bulgaria are located in the city

(Source: [neaa.government.bg](http://neaa.government.bg))

### Most reputable universities:

**Sofia University "St. Kliment Ohridski"**: The oldest and largest university in Bulgaria, founded in 1881. It offers a wide range of Bachelor's, Master's and Doctoral programmes in various fields.

Official website: <https://www.uni-sofia.bg/>

**Technical University - Sofia**: The second largest university in Bulgaria, founded in 1942. It focuses on engineering and technical sciences.

Official website: <https://www.tu-sofia.bg/>

**Medical University - Sofia**: The most prestigious medical school in Bulgaria, founded in 1917. It offers programs in medicine, pharmacy, dentistry and public health.

Official website: <https://mu-sofia.bg/>

**New Bulgarian University**: the New Bulgarian University was founded on 18 September 1991. The academic profile of NBU is in the field of human and social sciences; natural and biomedical sciences; new technologies; arts.

. Official website: <https://www.nbu.bg>

**University of National and World Economy:** Specialized in business administration, economics and finance.

Official website: <https://www.unwe.bg/>

**American University in Bulgaria:** An English-speaking university founded in 1991 offering American-style undergraduate and graduate programs.

Official website: <https://www.aubg.edu/>

**National Sports Academy "Vasil Levski":** the only university for sports in Bulgaria. It offers Bachelor's, Master's and Doctoral programmes in the field of sport and physical education.

Official website: <https://www.nsa.bg/>

The Times Higher Education 2024 World Ranking of Higher Education Institutions includes 3 Bulgarian universities and all three are located in Sofia - St. Kliment Ohridski", Technical University - Sofia and Medical University - Sofia.

### Number of residents with higher education in Sofia

According to the 2021 census, 683 500 people with higher education live in Sofia.

This represents 43.6% of the city's population, the highest share in Bulgaria.

For comparison, the average share of the population with higher education in Bulgaria is 25.5%.

On the one hand, Sofia is the main university centre and a large number of university graduates stay to live in the city. On the other hand, the economic structure of the capital opens up greater opportunities for realization on the labour market, as well as predetermines the higher educational requirements for the workforce.

### Some additional facts:

- Among the graduates in Sofia, the higher proportion are women - 29.3%, compared to 21.5% of men.
- 62.5% of people in the 25-64 age group have a university degree.
- In the academic year 2023/2024, the number of students in Bulgaria enrolled in the four educational qualification degrees "Professional Bachelor", "Bachelor", "Master" and "Doctor" is 196.6 thousand.

- Of the total number of international students, the largest number is from Greece - 21.1%, followed by those from the United Kingdom - 14.4%, Germany - 9.8%, Ukraine - 9.5%, and Italy - 6.1%.
- Foreign students in Bulgaria choose mostly health care majors - 63.3%, and 49.5% of all foreign students study medicine.

Source: NSI

As of 31.12.2023, there are a total of 6 095 PhD students, 53.6% of whom are women. There are 3 697 full-time students, or 60.7% of the PhD students.

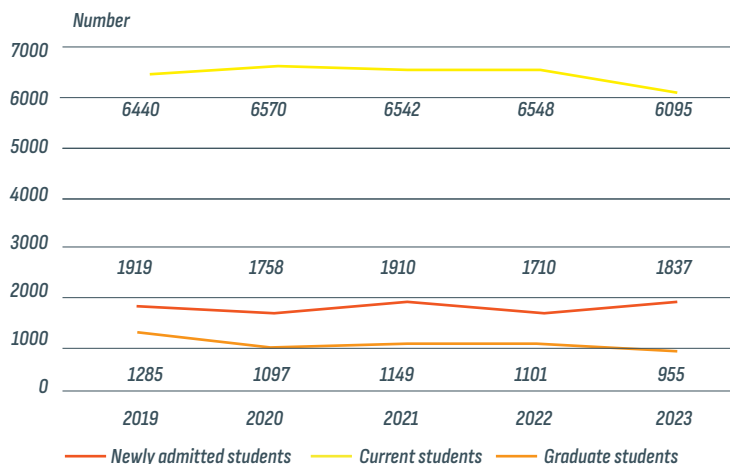
The number of foreign PhD students is 651 or 10.7% of the total. The highest share was of those from China - 22.6%, followed by PhD students from Greece (16.6%), Republic of North Macedonia (7.2%), Israel (6.3%) and Kosovo (6.1%). 2.8% of PhD students are studying in private institutions, of which 75 or 11.5% are foreigners.

In 2023, 955 people have obtained a doctorate degree, of whom 517, or 54.1%, are women. The largest share of graduates is in the following fields of education:

- "Healthcare" - 156 people (16.3%)
- "Social Sciences and Human Behaviour" - 121 people (12.7%)
- "Business and Administration" - 103 people (10.8%)
- "Education" - 85 people (8.9%)
- "Technical sciences and technical professions" - 58 people (6.1%)

Data on higher education students - period

Source: NSI



## Innovative schools in Sofia

For the school year 2023/2024 there are 99 innovative schools in Sofia. For 2021/2022 the number of innovative schools in the capital is 80, i.e. in just two years the number of innovative schools increases by 12.

Innovation in education is driving schools in Sofia to make significant changes. A variety of educational institutions, spanning artistic, scientific, technological, linguistic and other fields, are operating in the capital.

Over the years, their education systems have seemed technologically backward, with children losing their motivation to learn. However, now each principal and board of education have the opportunity to introduce changes that they considered favorable but difficult to implement in a previous stage. This includes the opportunity to receive government support to modernize their learning environments, which plays a key role in innovation in learning.

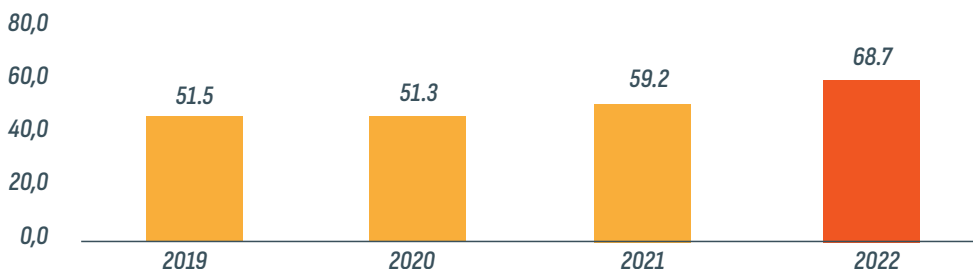
Source: Ministry of Education and Science <https://web.mon.bg/dyasno-menyu/inovativni-uchilishta/>

## ECONOMICS

### MACROECONOMIC PROFILE

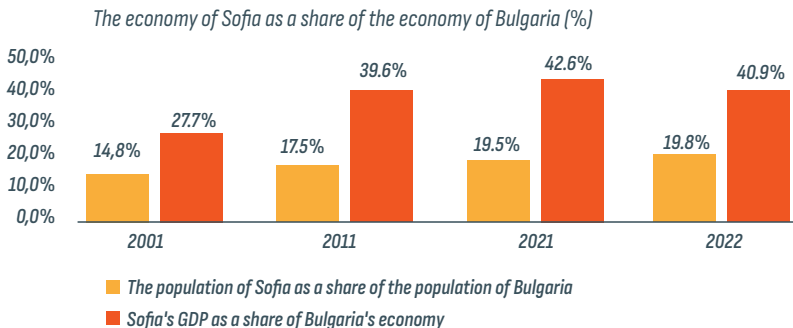
According to the latest official data, Sofia's gross domestic product (GDP) reaches BGN 68.7 billion in 2022. The capital's economy has seen almost uninterrupted growth over the past two decades, supported by population growth and an influx of talent. Sofia's economy has been able to recover quickly from the negative effects of the pandemic and social constraints, with nominal growth of 15–16% per year in 2021 and 2022. Taking into account the high nominal growth of the national economy and preliminary estimates of the activity of enterprises in the capital, we can expect that the gross domestic product of Sofia will reach BGN 75 billion in 2023.

*Gross domestic product of Sofia (billion BGN, 2019–2022)*



Source: NSI

Over the past two decades, Sofia's economy has increased its share in the national economy - from 27.7% in 2001 to 39.6% in 2011 and 40.9% in 2022. During this period, the concentration of population in the capital city has also been increasing, with the latest census showing that 19.5% of Bulgaria's population lives in Sofia (2021). Sofia has more than twice the weight on the economic map of Bulgaria relative to its population, which is explained by the concentration of economic activity in the capital and the structure of the local economy oriented towards services and high value-added activities.

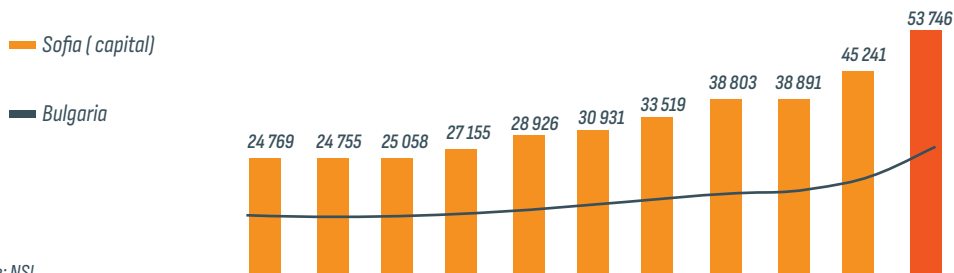


Source: IME calculations based on NSI data

\*Population data for 2001, 2011 and 2021 are based on population censuses. Data for 2022 are the latest current NSI estimates.

In 2022, Sofia's gross domestic product per capita will exceed BGN 50 thousand for the first time and reach BGN 53.8 thousand per person - more than twice the national average of BGN 26 thousand per person. This is also the highest growth registered in recent years, the increase is BGN 8.5 thousand per person compared to 2021. In terms of GDP per capita, Sofia is more than twice ahead of the other major economic centres in the country (Plovdiv and Varna). The rapid development of the capital over the last two decades has allowed the entire South West region to reach the European average in terms of GDP per capita in purchasing power standards (PPS). Over a period of 20 years, the South West has gone from 50% of the European average at the start of the new millennium to 97% in 2022, with an increased process of convergence since the pandemic.

*GDP per capita in Sofia and Bulgaria BGN 2012-2022*



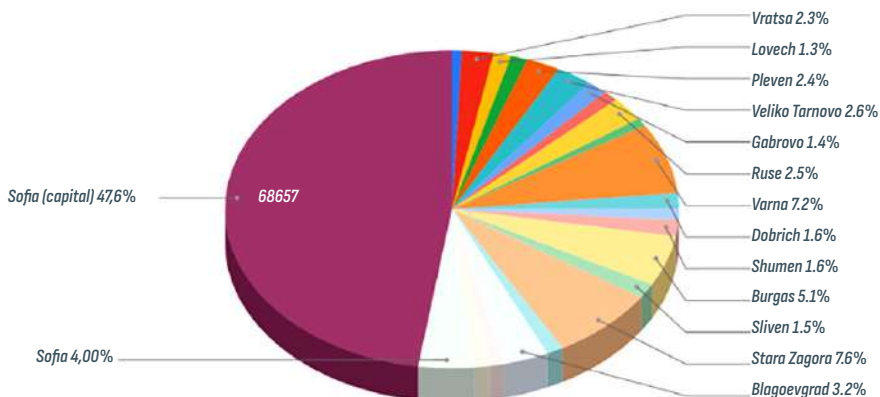
Source: NSI

NSI data for 2022.

In terms of basic parameters, Sofia is ahead of the other economic centres in the country due to its absolute dominance in the services sector.

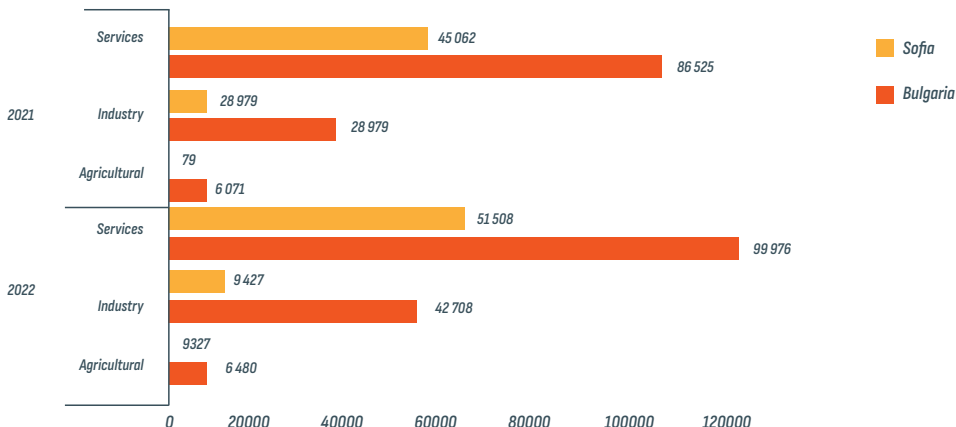
The economy of the capital outperforms other economic regions in the country. With its 68 657 million lv. Sofia has a 40.9% share of the national economy.

*GDP by economic region with data from 2022.*



The leading sector in Sofia's economy is Services. For 2022. The services sector's GVA is over 51 billion BGN or over 84% of the capital economy's value added, compared to 70% nationally.

*Gross value added in Sofia and Bulgaria (million BGN, 2021-2022)*



Source: NSI

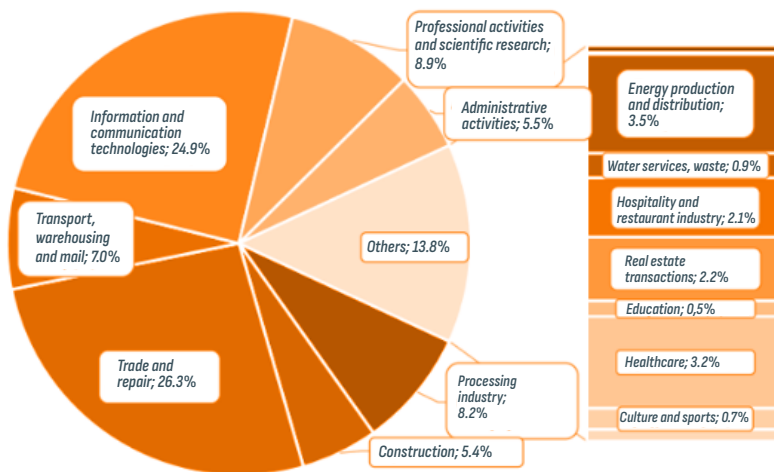


Sofia's economic profile is complemented by a deep regional effect and the development of the capital's broad periphery. A number of industrial enterprises and logistics bases are located outside the metropolitan boundaries on the territory of neighbouring and nearby municipalities. Sofia (district), which comprises a large part of the municipalities most closely linked to the metropolitan economy, is among the districts with the most pronounced industrial profile. The added value of industry in Sofia (district) exceeds BGN 3 billion in 2022, which is formed both by the activities of mining and processing enterprises in the Srednogorje region and by the activities of industrial enterprises located in close proximity to the capital, most visibly on the territory of Bozhurishte and Kostinbrod. In the last year Sofia (district) ranked among the districts with the highest economic growth in the country - as much as 26% nominal on an annual basis, surpassed only by Plovdiv and Stara Zagora. The strong industry in Sofia's periphery, as well as the daily commute of many workers from neighbouring settlements to the capital, support the thesis that Sofia's economy should be seen as an investment destination that covers a wider territory than that of Sofia Municipality.

## SOFIA ECONOMY BY SECTORS

In 2022, the leading sectors in Sofia remain trade and information and communication technologies. The added value in trade reaches BGN 10.7 billion, or 26% of the added value of the capital's enterprises. The value added in information and communication technologies is also over BGN 10 billion, or 25% of the value added of enterprises in Sofia. The two sectors account for more than half of the value added in Sofia, with good results in the last year - 25% growth in value added in trade and 22% growth in information and communication technology in 2022. In third place are professional activities with a value added of BGN 3.6 billion (9% of the value added of metropolitan enterprises). Administrative and support activities, in turn, create an added value of BGN 2.2 billion (over 5% of the added value of metropolitan enterprises). Taking into account that the digital sector covers both information and communication technologies and part of professional activities and administrative services, including outsourcing services, we can say that the digital sector contributes to about 1/3 of the added value of enterprises in the capital.

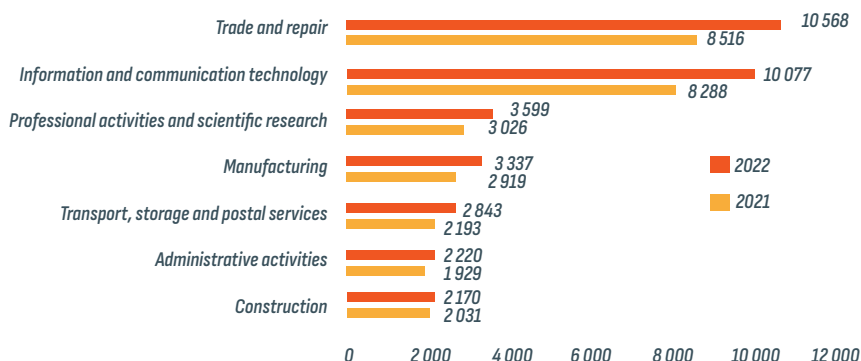
## Share of sectors in the added value of enterprises in Sofia (% , 2022)



Source: NSI

The other major sectors in Sofia are manufacturing (BGN 3.4 billion in value added), transport (BGN 2.8 billion in value added) and construction (BGN 2.2 billion in value added). Each of these sectors contributes within 5-8% of the value added in the metropolitan economy. Their dynamics are different, with transport showing a very high growth (30%), triggered both by developments in wholesale trade and by the increased social dynamics and vibrancy in the capital. In industry, value added growth was 14% and in construction around 7%, reflecting the cooling of the property market.

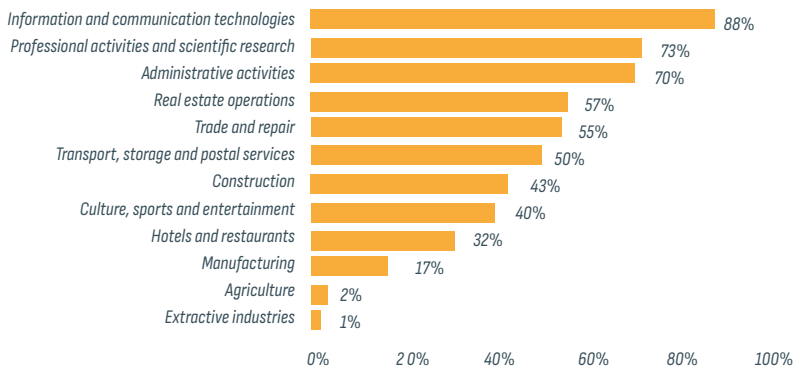
Value added of enterprises in Sofia in selected sectors (billion BGN)



Source: NSI

Sofia plays an extremely important role in the national economy in the service sector. Enterprises in the capital contribute 88% of the added value of all enterprises in the country in the field of information and communication technologies, as well as 70–73% of the added value of all enterprises in professional and administrative activities. Companies in Sofia contribute more than half of the value added of all enterprises in trade and transport in the country, while in tourism, culture and sport this share is within 30–40% of the country's value added. The share in manufacturing is much lower, with companies in Sofia contributing less than 20% of the value added of all manufacturing enterprises in Bulgaria.

*Value added of enterprises in Sofia as a share of the value added of all enterprises in the country in selected sectors (% , 2022)*

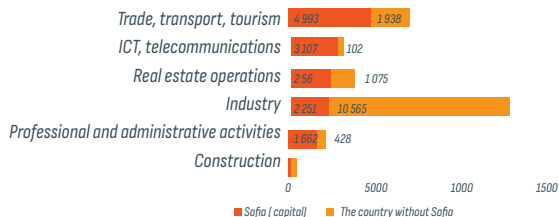


Source: NSI

## INVESTMENTS IN SOFIA'S ECONOMY

In 2022, the total amount of foreign direct investment in enterprises in the metropolitan economy will reach nearly EUR 15 billion, more than half of the total EUR 29.4 billion in the country's economy. If we add the neighbouring municipalities closely linked to Sofia's economy, the concentration becomes higher, as an additional EUR 489 million has been invested in Elin Pelin, EUR 310 million in Bozhurishte and EUR 288 million in Botevgrad. Foreign investments, especially in the leading sectors, are among the important factors for the rapid and outpacing growth of both Sofia and the nearby and closely linked peripheral municipalities.

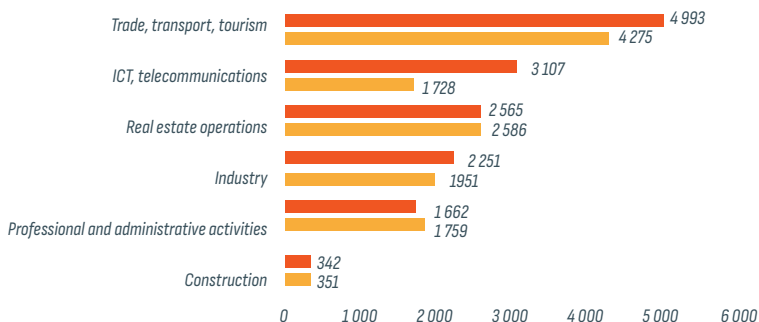
*Foreign direct investments with accumulation at the end of the year in the non-financial sector in selected sectors in Sofia and the rest of the country (million euros, 2022)*



Source: NSI

The biggest weight among foreign investments in Sofia is the trade, transport and tourism sector, with a total of 5 billion euros, followed by information and communication technologies with 3.1 billion euros. Real estate operations (EUR 2.6 billion), industry (EUR 2.3 billion) and outsourcing (EUR 1.7 billion) also have a significant weight. Leaving aside industrial activities and agriculture, Sofia concentrates more than half of foreign investment in other economic activities, with concentration in information and communication technologies reaching 97%, in outsourcing - 80%, and in construction - 75%. In recent years, there has been an increase in foreign capital in Sofia's economy, with nearly EUR 2.3 billion more foreign direct investment in enterprises in 2022 compared to the pre-pandemic period (2019). This growth is most concentrated in the information and communication technology sector, with nearly €1.4 billion of foreign capital growth between 2019 and 2022. The other economic activities attracting foreign capital post-pandemic are the combined trade, transport and tourism sector - a €700 million growth over the period, and industry - a €300 million growth over the period. Weighted by population, the amount of foreign investment in the capital reached EUR 11.7 thousand per capita, more than double the national average, with an increase of more than EUR 2 thousand per capita compared to the pre-pandemic period.

Foreign direct investment with year-end accumulation in the non-financial sector in selected sectors in Sofia in 2019 and 2022 (million euros)

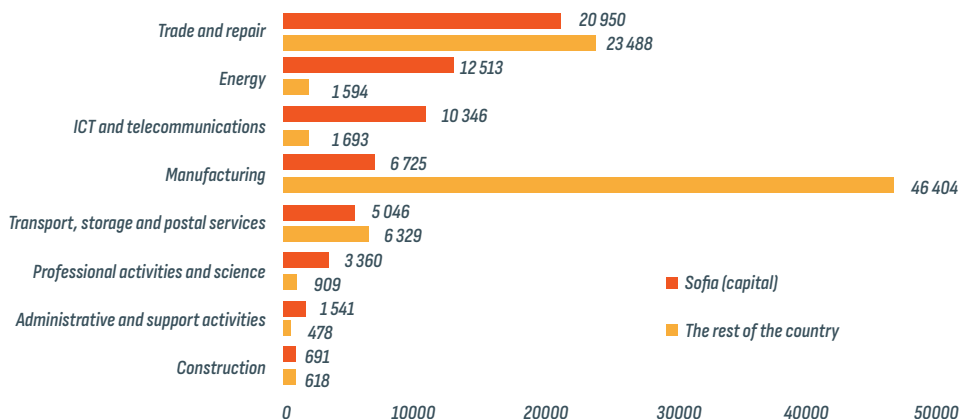


Source: NSI

## OPENNESS OF THE METROPOLITAN ECONOMY

In 2022, Sofia continues to concentrate an increasing share of the country's exports. The total value of the capital's exports reaches BGN 62 billion, or 43% of that of the country. The trade sector takes the lead with BGN 21 billion, reflecting the location of a large number of foreign trade companies in the capital, which often export production to other sectors and regions of the country. The ICT sector's upward trend in exports has continued, adding a further BGN 2.2 billion in exports in one year. In nominal terms, the sector's exports reached BGN 10.4 billion. Taken together, the professional and administrative activities sectors, where outsourcing of services is concentrated, are approaching BGN 5 billion in exports, which are also directly linked to high technology.

Export structure of the non-financial sector of Sofia (the capital) and the rest of the country (million BGN, 2022)

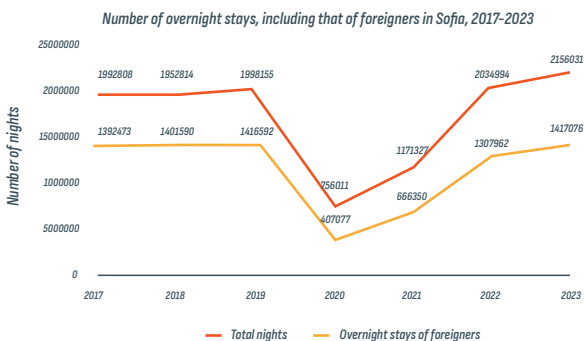


Source: NSI

In 2022, there is a significant growth in the share of the energy sector, with exports of energy companies in Sofia reaching BGN 12.5 billion in nominal terms, as a result of increased demand and high electricity prices. Sofia's manufacturing exports reach BGN 6.7 billion in 2022. Compared to the rest of the country, the role of industry is relatively weaker, as there are few large industrial enterprises within the scope of Sofia Municipality. The picture would be quite different if Sofia was joined by the strong industrial municipalities in its immediate periphery, such as Bozhorishte and Kostinbrod, as well as the national leaders in the Srednogorje region. In the longer term, the serious growth of the capital's exports after the pandemic is impressive. Even if we leave aside the growth of energy in 2022, very strong growth in the period 2019-2022 is observed in trade - over BGN 7 billion of exports, information and communication technologies - growth of over BGN 4 billion of exports, and transport - growth of BGN 1.6 billion. The inflow of foreign capital and Sofia's deeper engagement with the European economy are among the key factors for the capital's rapid development after the pandemic.

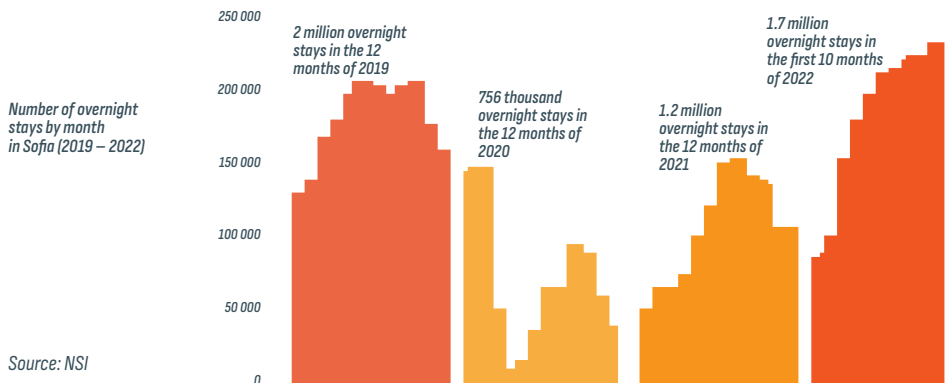
## DYNAMICS AND FEATURES OF TOURISM IN SOFIA

The capital has established itself as a leading destination for urban tourism in Bulgaria and the region. This is due both to the city's development and easy access provided by frequent low-cost flights, as well as the growing popularity of short-term rentals through online platforms. The affordable prices of dining, entertainment and other related services in Sofia also play an important role in making it more attractive compared to other European capitals. Apart from tourist visits, the capital is a leading destination for business travel in the country.



Source: NSI

The year 2022 is the first year in which we can report a full post-pandemic recovery in the number of overnight stays, reaching 2019 levels and recording over 2 million overnight stays. In terms of visits by foreigners, it can also be argued that pre-pandemic levels have been reached. Undoubtedly, this is having a positive impact on the capital's economy, and it also bodes well for business conditions. There has also been a visible improvement in other tourism-related economic sectors such as transport, hotels, restaurants and trade. Israel, Greece, Germany, the United Kingdom and Italy are the main markets from which we have a serious tourist flow to Sofia.

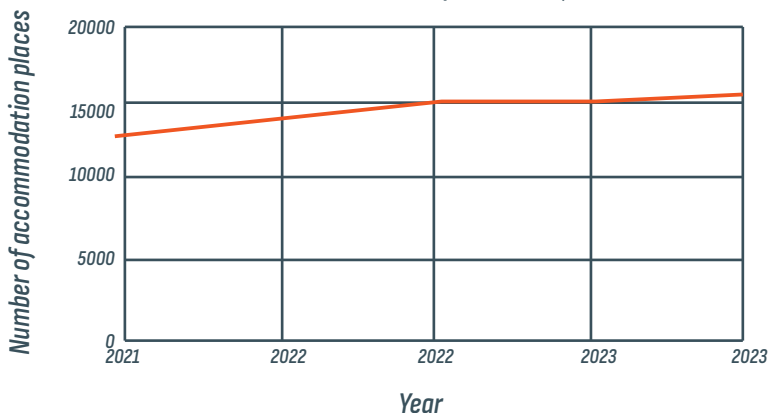


Source: NSI



In recent years in the post-pandemic period there has been a trend of steady increase in the bed base in accommodation. According to the NSI data, the bed base in accommodation facilities is 15481 by 2023. This is an increase from 15211 in 2022 and 12896 in 2021. These statistics do not cover all online booking platforms, which are gaining popularity among tourists. According to the AirDNA website, as of the second quarter of 2024, there were 2,602 short-term accommodation options in the capital, a 23% increase from the previous year of 2022. This property type is down from a peak of 3,000 in the pre-pandemic period, but up slightly from the low of early 2021, most likely due to use of the properties for long-term rentals. This property type alone increases the capital's bed base by at least 4-5 thousand beds. In the whole of 2023, Sofia generated revenue from bed nights of £219m. This shows a steady growth and surpassing the 2019 pre-recession levels of BGN 167 million. When estimating the total benefit to the capital's economy from the tourism industry, we must also estimate the other costs, which are usually between two and three times higher than those from overnight stays, making the total tourism revenue for the capital between BGN 400-600 million.

*Accommodation places in Sofia*

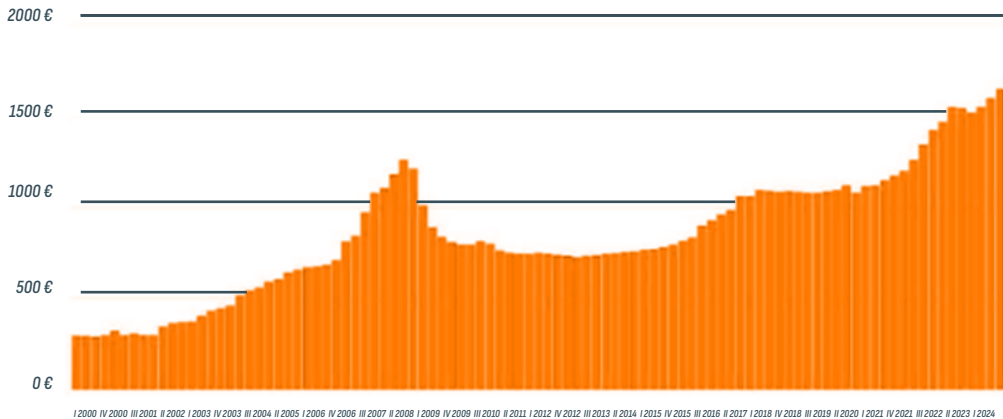


Source: NSI

## THE CONSTRUCTION MARKET AND POST-PANDEMIC TRENDS

After the pandemic, other economic sectors as well as the construction industry have seen growth in almost all indicators. According to Bulgarian Properties, the average price of a purchased home in the first quarter of 2024 is EUR 1,650 per sq m, up from EUR 1,545 per sq m in early 2023.

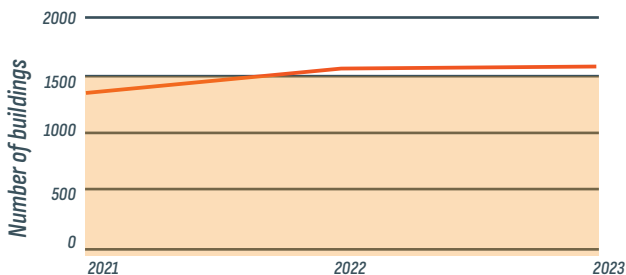
*Average house prices in Sofia, Euro/sq.m.*



Source: Bulgarian Properties

An important indicator of the upsurge of the construction industry in the capital after the pandemic is also the growing number of building permits issued. According to the NSI, in 2023, 1,579 building permits were issued for buildings including residential, office and others. This is an increase from 2022 when 1,550 building permits were issued and 1,356 in 2021.

*Number of building permits issued*



Source: NSI

■ \*Number of buildings (Residential, administrative, other)

## CURRENCY

In 2020 Bulgaria was officially included in the ERM II currency mechanism, the so-called waiting room for the euro area. The central rate of the Bulgarian lev is fixed to the euro and is 1 euro = 1.95583 lev . The main requirement for ERM II is that the exchange rate does not deviate by more than 15% for at least two years. The accession of the Bulgarian lev to the exchange rate mechanism is an expected economic move enshrined in the supranational treaties of Bulgaria and the EU. The currency convergence mechanism is a favorable field for the development of the Bulgarian economy, implying meaningful objectives and decisions.

## CREDIT RATING OF BULGARIA

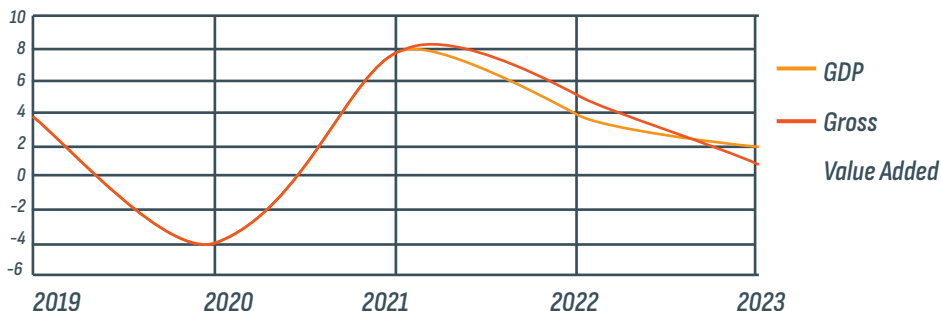
*Long-term credit rating, foreign currency*

<i>Rating Agency</i>	<i>Rating</i>	<i>Perspective</i>	<i>Date</i>	<i>Action</i>
<i>Scope ratings</i>	<i>BBB+</i>	<i>Positive</i>	<i>2 August 2024</i>	<i>Confirmed</i>
<i>S&amp;P Global ratings</i>	<i>BBB</i>	<i>Positive</i>	<i>24 May 2024</i>	<i>Confirmed</i>
<i>Fitch Ratings</i>	<i>BBB</i>	<i>Positive</i>	<i>26 April 2024</i>	<i>Confirmed</i>
<i>Moody's Investors Service</i>	<i>Baal</i>	<i>Stable</i>	<i>3 February 2023</i>	<i>Confirmed</i>

Source: Ministry of Finance

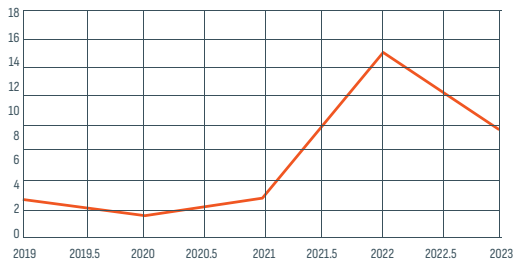
## MACROECONOMIC INDICATORS OF BULGARIA

*Economic growth of Bulgaria*  
*Annual percentage change*



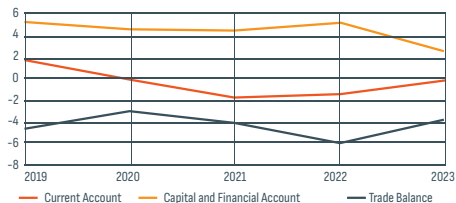
Source: NSI

Consumer Price Index (Inflation)  
Average Annual Percentage Change



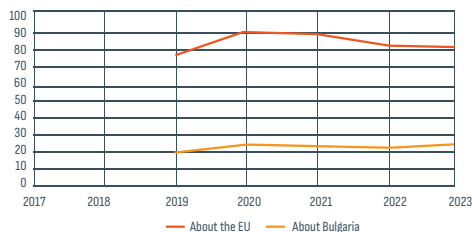
Source: NSI

Balance of Payments, Bulgaria % of GDP



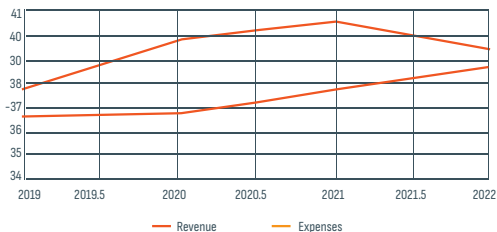
Source: BNB

Gross government debt % of GDP



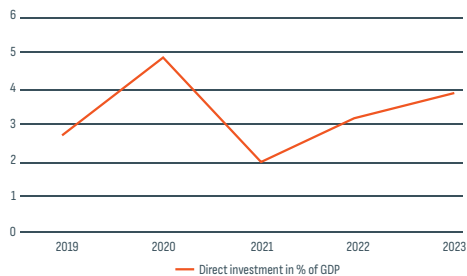
Source: BNB

Annual account of the General Government sector % of GDP



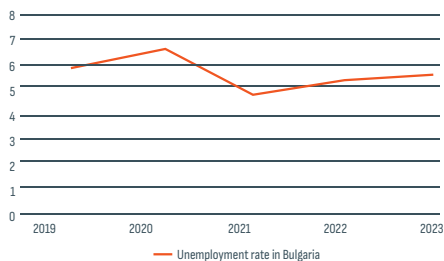
Source: BNB

Direct investments in Bulgaria



Source: BNB

Unemployment



Source: BNB



## ANALYSES AND FORECASTS

### BALANCE OF PAYMENTS

The current account balance of the balance of payments is expected to be negative, with the deficit reaching 0.5% of GDP in 2024 and widening further in 2025 and 2026. At the same time, the trade surplus in services is expected to stabilize as a percentage of GDP, given the full recovery in the number of foreign visits to the country relative to that recorded before the spread of the COVID-19 pandemic. In line with the projected gradual decline in interest rates in the euro area over the period 2024-2026, the deficit on the primary income, net line is projected to show a slight decline as a percentage of GDP relative to that reported for 2023. Throughout the projection period, the capital account surplus as a percentage of GDP is projected to increase from the 2023 level, due to the assumed increase in capital inflows from the EU, including under the National Recovery and Sustainability Plan.

### LABOUR MARKET

The influx of personnel and talent from the country, as well as the restored international traffic after the pandemic, outline a dynamic social environment in the coming years and the potential for economic

development. The leading position of the digital sector, which has successfully weathered the pandemic and recorded very good dynamics in the last three years, implies continued growth in investment, value added and jobs in the sector. Despite the penetration of digital companies in the country's secondary centres, Sofia continues to dominate, remaining a major destination for technology companies.

The 2021 Census data also reveals the capital's potential as an investment destination that extends beyond the municipality's administrative boundaries. Sofia attracts people from many neighboring localities, with daily migration allowing the capital to significantly increase its workforce. In addition to this, the rapid development of industry in the periphery of Sofia determines the much higher labour mobility in the area and the various opportunities for the realization of personnel. The very good educational structure of the workforce in the capital supports the profile of the local economy, being a prerequisite for the development of the technology sector and high value-added services.

Labour market conditions are expected to remain tight in the period 2024-2026, resulting in a possible increase in economic activity in Bulgaria with limited labour supply. The number of employed persons is expected to increase by 0.4% in 2024 and by 0.2% in 2025, and the scope for growth is expected to be severely constrained from 2026 onwards due to ongoing adverse demographic trends in the country leading to a decline in the working age population. GDP is projected to grow in real terms while the labour force is projected to decline. This will be reflected in a gradual decline in the unemployment rate from 4.5% in 2024 to 3.7% in 2026. At the same time, labour productivity is expected to increase by 1.8% in 2024 and 3.2% in 2025, after which growth will slow to 2.5% in 2026. All this is in line with the forecast for the dynamics of economic activity and employment. Despite the easing of inflationary pressures in 2024, compensation per employee will grow by 7.6% in nominal terms, with growth underpinned by an increase in domestic economic activity, an increase in the minimum wage from the start of the year, a higher level of public sector wage bill funding in the 2024 State Budget compared to 2023, and a growing labour shortage. The rate of growth in compensation per employee will remain high over the remainder of the forecast period, at 7.6 percent in 2025 and 7.3 percent in 2026, reflecting tightening labor market conditions and a deepening labor shortage. As a result, wage growth in real terms will outpace the increase in real labour productivity throughout the projection period, thus supporting private consumption growth but also leading to higher unit labour costs.

Nominal unit labour costs will rise by 5.7% in 2024, and their growth rate will slow to 4.2% in 2025 and 4.7% in 2026. At the same time, rising labour costs to retain staff and attract new labour will reduce the price competitiveness of Bulgarian firms in the long term, which will have an adverse impact on exports of goods and services.

## INFLATION

### The forecast

for inflation over the 2024–2026 period is based on underlying technical assumptions about the path of prices of key energy and agricultural commodities in international markets, the projected extent of pass-through by firms to final consumer prices, and the effects of discretionary fiscal measures taken to support households and firms. Based on information available at end-2023, the following government measures are assumed in the forecast: an increase in the excise duty rate on tobacco products under the Excise and Warehouses Tax Act for the period 2024–2025; the suspension of the reduced tax rates for the supply of bread and flour, restaurant and catering services at 0% and 9% VAT respectively and the reinstatement of the standard VAT rate of 20% from 1 July 2024. and 1 January 2025; an increase in the level of payment by the NHIF for a list of home treatment medicinal products intended for the treatment of chronic cardiovascular diseases, with effect from 2 April 2024.

Annual inflation is expected to average 3.0% in 2024 and slow to 2.3% at the end of the year. In addition to the base effects of strong price increases in the previous year, the slowdown in inflation in 2024 will also be driven by assumptions of declines in international energy commodity prices (oil, electricity, natural gas), as well as a depreciation of some groups of goods and services with administratively determined prices.

In the short term, the growth rates of private consumption and unit labor costs are expected to continue to have a weaker impact on firms' pass-through of the declines in international prices of key energy and agricultural commodities, especially on food and services prices in Bulgaria. As a result, these groups are projected to make the largest positive contribution to headline inflation at the end of 2024. At the same time, the positive contribution of goods and services with administratively determined prices and tobacco products is expected to shrink substantially from the previous year, mainly due to the forecasted decreases in the prices of some pharmaceuticals.

The rate of consumer price inflation is projected to reach 2.7% at the end of 2025 and remain at the same level at the end of 2026.

Basic components and food products are expected to continue to be the groups with the highest positive contribution to inflation in 2025 and 2026, in line with forecasts for continued strong consumer demand in the country and continued increases in unit labour costs. Over the medium term, administratively determined prices are assumed to increase in line with the projected dynamics of firms' labour costs, with exceptions made for regulated prices of central gas supply, tobacco products, and water and sewerage services. The resulting rate of increase in administratively determined prices has thus been further increased on an expert basis to incorporate the average forecast error historically observed in inflation in the group.



## MONETARY SECTOR

The effects of monetary tightening in the euro area, as well as of the increase in the banks' reserve requirement ratio to 12%, undertaken by the BNB from mid-2023, on deposit and lending rates in the household sector continue to be constraints for the banking system as a whole. This is occurring in an environment of high inflows, high liquidity and intense competition among banks. Taking into account the expected dynamics of short-term money market interest rates in the euro area, interest rates on new corporate loans are projected to start declining from mid-2024 to the end of 2025, and subsequently to remain close to the levels reached.

With deposit interest rates gradually rising and households' preference for saving in the form of bank deposits persisting, the annual growth in non-government sector deposits is expected to remain high, but to slow to 7.6% at the end of 2024 and to 6.9% at the end of 2025 and 2026, in line with projected wage growth dynamics. The downward dynamics are expected to be driven by a decline in inflation, a gradual increase in lending rates to the household sector and a slowdown in house price growth.

In 2023, monetary policy tightening in the euro area is being transmitted relatively slowly to interest rates in Bulgaria. The high liquidity in the banking system and the stable growth rate of deposits have led to a weak response of deposit rates to developments in the global interest rate cycle. The increase in lending volumes had a positive effect on interest income and net interest income of the banking sector. This dynamic underpins the continued rise in profitability indicators for credit institutions alongside lower impairment charges. A slowdown in lending activity is among the factors behind the gradual decline in inflation rates through its impact on borrowing-financed consumption.

In terms of structural risks, banks in Bulgaria continued to maintain the systemic risk buffer set by the BNB Board at 3%. Banking sector inflows remained supported by a stable stock of assets of high liquidity quality. The average liquidity coverage ratio for the banking system at end-2023 stood at 246.7% (against a minimum requirement of 100%). The banking system made a profit of BGN 3.4 billion as of 2023.

The Banking Supervision Department groups banks with a view to highlighting the dynamics of processes in the banking system. The grouping does not contain rating elements and should not be interpreted as an assessment of their financial situation. The position of banks in the groups depends on the size of their assets at the end of each reporting period. Group 1 consists of the 5 largest banks based on their total assets at each reporting period, Group 2 consists of the remaining banks and Group 3 consists of the branches of foreign banks in Bulgaria.

### Distribution of banks by groups as of 29 February 2024.

#### » *First group*

1. DSK Bank
2. United Bulgarian Bank
3. UniCredit Bulbank
4. Eurobank Bulgaria
5. First Investment Bank

#### » *Second group*

1. Central Cooperative Bank
2. ProCredit Bank (Bulgaria)
3. Allianz Bank Bulgaria
4. Investbank
5. TBI Bank
6. Bulgarian Development Bank
7. Bulgarian-American Credit Bank
8. International Asset Bank
9. Municipal Bank
10. Commercial Bank "D"
11. Texim Bank
12. Tokuda Bank

#### » *Third group*

1. Citibank Europe - Bulgaria Branch
2. ING Bank N.V. - Sofia branch
3. BNP Paribas S.A. - Sofia branch
4. Ziraat Bank - Sofia Branch
5. Varengold Bank AG, Sofia Branch
6. Bigbank AC - Bulgaria branch

Source: BNB

## BULGARIAN STOCK EXCHANGE

Bulgarian Stock Exchange Sofia AD (BSE) is a public company. BSE aims to ensure equal access to market information and equal conditions for participation in securities trading, and to Bulgarian business - to establish the stock exchange as a major instrument in the economy when seeking sources of financing. The BSE provides the opportunity for banks, investment intermediaries, management companies, pension insurance companies, insurance companies and other companies or individual investors to buy or sell shares of publicly traded joint stock companies, special purpose vehicles, investment funds, bonds, compensatory instruments and other less popular financial instruments

## FINANCIAL SUPERVISION

The (FSC) of the Republic of Bulgaria is a specialized state regulatory body for the supervision of the financial system outside the banking sector, which is supervised by the Bulgarian National Bank. The Commission is independent of the Council of Ministers and reports to the National Assembly on its activities. The development of a transparent and efficient capital market is a key mission of the Financial Supervision Commission.

# ESTABLISHING A BUSINESS IN SOFIA

The establishment of companies, including those with foreign participation, as well as the acquisition of shares in existing domestic companies is regulated by the Commercial Law. There are no restrictions on the participation of foreign legal and natural persons.

Limited Liability Company (LLC):

### Commercial activities

- Minimum capital - 1 euro
- There must be at least 1 manager and 1 founder
- There is no restriction on the nationality of the managers and the founder/partner
- Company registration takes 3-4 working days

### Joint Stock Company (JSC)

- Minimum capital - EUR 25 000
- The minimum paid-up capital is 25% of the total capital
- There must be at least 1 executive director, 3 members of the board of directors (there is a board of directors only in a one-tier system of management of the joint stock company) and 1 shareholder. In a two-tier system of management of a joint stock company, a Management Board and a Supervisory Board are formed.
- There is no restriction on the nationality of the members of the Board of Directors, Management Board, Supervisory Board or shareholders
- Annual audit

## COMPANY REGISTRATION – FEES AND DEADLINES

Procedure	Term (working days)	Fee
Conduct of the Constituent Assembly and preparation of the minutes of the Constituent Assembly	1 day	gone
Notarized consent and specimen signature of the manager/executive director	1 day	BGN 6
Deposit of subscribed capital in a bank	1 day	BGN 10-30
Registration in the Commercial Register at the Registry Agency	5 days	55 BGN for online registration (for registration of a limited liability company) and 180 BGN for online registration (for registration of a joint stock company)
VAT registration	14 days	gone
Purchase and registration of a fiscal device (cash register)	2 days	BGN 50-200
Registration of employees with the National Revenue Agency	1 day	gone
Registration of the company's business premises (if the company has one)	Depending on the type of commercial establishment	Depending on the type of commercial establishment

## TAXES AND FEES

Tax/revenue	Number of payments	Tax rate	Tax base
Corporate tax	1	10 %	Taxable income
Value added tax	1		Added value
Social security contributions	1	18, 92 – 19, 62 %	Gross salary (up to a monthly ceiling of BGN 3 750)
Fees for municipal services (municipal waste fees, Sofia)	1 (in four instalments)	10 %	Reporting value and/or number of waste receptacles used
Notary fee for transfer of ownership	1	From 30 to 1531 BGN + 0.1% to 1.5% of the property value (max. BGN 6 000) The notary fee is also subject to 20% VAT.	Tax value or sale price (whichever is higher)
Property acquisition tax	1	From 0.1% to 3%, set by ordinance of the City Council. 3% for Sofia	The tax assessment of the real estate
Real estate tax	1 (in two instalments)	1.875 %	The tax assessment of the real estate
Vignette	1-12	97 – 2088 BGN (Annual fee for different types of vehicles)	Vehicle type
Vehicle tax	1 (in two instalments)	6 - 1313 BGN (Annual fee for different types of vehicles)	Vehicle type
Tax on insurance premiums	1	2 %	Insurance value
Final/one-off tax on certain expenses (e.g. entertainment expenses, social expenses in kind)	1	10 % (exceptions apply)	Gross expenditure
Fuel tax	1	-	Included in the price of fuel

## INCENTIVES FOR INVESTORS

Investment promotion measures in Bulgaria are national and local. They are provided by certifying the investment project with an investment certificate. The certification procedure takes several weeks.

**National**  
issued by the Bulgarian government  
through the Bulgarian Investment  
Agency (BIA)

**Local**  
issued by the Sofia Municipality  
through the Sofia Privatisation and  
Investment Agency (SOAPI)

	Priority	Class A	Class	Class B*
<b>Amount of investment</b>	€ 50 M 50 – 150 jobs	€ 50 M 50 – 150 jobs € 1 – 5 M 25 – 150	€ 500 K – 2.5 M 10 – 100 jobs	up to € 1 M >1 jobs
<b>Shortened administrative procedures</b>	✓	✓	✓	✓
<b>Right to purchase state or municipal property without tender or competition</b>	✓	✓	✓	✓
<b>Individual service</b>	✓	✓		✓
<b>Financial support for vocational training</b>	✓	✓	✓	
<b>Reimbursement of social security contributions</b>	✓	✓	✓	
<b>Financing the construction of technical infrastructure</b>	✓	✓		
<b>Public-private partnerships</b>	✓			
<b>No taxes on change of land status</b>	✓			
<b>Right to acquire properties at below market prices</b>	✓			
<b>Research and development grants</b>	✓			

## CRITERIA FOR CERTIFICATION

### 1. Sector\*:

To be issued a Class A, B or Priority certificate, the investment should be in the following sectors:

- Production

- Services sector, including:

high-tech ICT activities, research and development\*, business process outsourcing, head office activities, education, healthcare, warehousing and ancillary transportation activities, accounting and auditing, architecture and engineering.

*\* High-tech sectors are subject to lower criteria for the amount of investment and the number of jobs.*

### 2. New jobs

### 3. Region in which the investment is made

Bulgaria has signed double tax treaties with 80 countries.

## COURT OF ARBITRATION

There are a number of independent arbitration courts in Sofia that resolve civil and commercial property disputes, as well as disputes aimed at filling gaps in contracts or making adjustments related to newly arising circumstances between different parties, natural or legal persons. At this stage, arbitration is mainly applicable in the field of commercial disputes, with the Court of Arbitration of the Bulgarian Chamber of Commerce and Industry in Sofia considered to be the leading court. It is regulated within the existing applicable legislation and has a long tradition in Bulgaria.

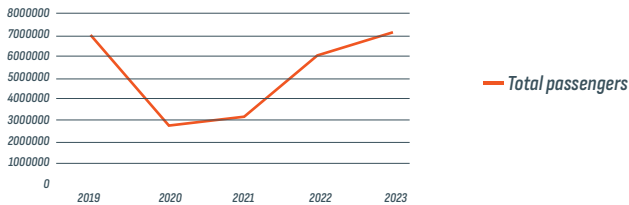


# TRANSPORT

## AIR TRANSPORT

In 2023, Sofia Airport's air traffic is recovering, outpacing the number of passengers in 2019 by 85666, with the recorded decline of nearly 60% in 2020 overcome. For 2024, the trend is expected to continue, with passenger traffic growth of 1.4% compared to the 2019 base year. Destinations in over 36 countries can be easily reached from Sofia Airport with direct flights. Sofia Airport is served by all major European airlines, with over 150 daily departures. In 2023, 31 airlines operated flights to and from Sofia Airport, and this will increase by two more in 2024. During the summer, scheduled flights to and from 78 destinations and charter flights to and from 28 destinations are expected. Sofia Airport plans to build a completely new Terminal 3, with construction to start in the first quarter of 2026 and expected to last 3 years.

Source: Civil aviation administration, , [sofia-airport.eu](http://sofia-airport.eu)



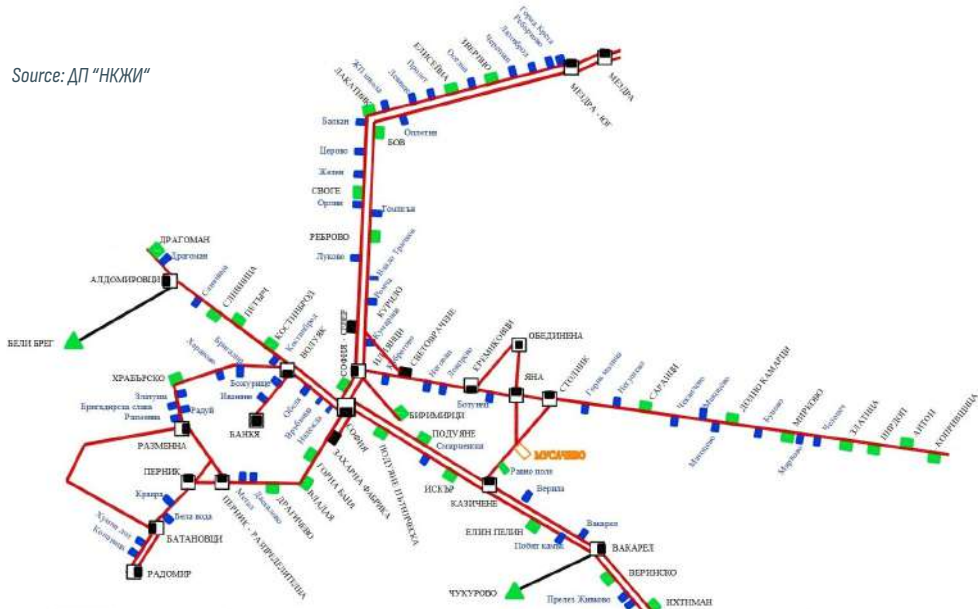
Source: NSI

<b>Sofia - Burgas</b>	travel time 50 minutes	1 direct flight per day
<b>Sofia - Varna</b>	travel time 50 minutes	between 3 and 4 direct flights per day
<b>Sofia - Berlin</b>	travel time 2 hours and 25 minutes	between 1 and 2 direct flights per day
<b>Sofia - Brussels</b>	travel time 2 hours and 50 minutes	between 1 and 3 direct flights per day
<b>Sofia - Vienna</b>	travel time 1 hour and 40 minutes	between 4 and 6 direct flights per day
<b>Sofia - Istanbul</b>	travel time 1 hour and 20 minutes	3 direct flights per day
<b>Sofia - London</b>	travel time 3 hours and 10 minutes	between 4 and 9 direct flights per day
<b>Sofia - Madrid</b>	travel time 3 hours and 40 minutes	between 1 and 3 direct flights per day
<b>Sofia - Paris</b>	travel time 2 hours and 40 minutes	between 1 and 3 direct flights per day
<b>Sofia - Rome</b>	travel time 1 hour and 45 minutes	between 3 and 4 direct flights per day

## RAIL TRANSPORT

The rail network in the country is high density, with the Sofia area being saturated with train traffic. With a few exceptions, apart from the upgraded sections of the rail network, the rest of the network is dominated by low commercial speeds accompanied by numerous repairs on key routes leading to additional train delays. Tens of thousands of passengers travel to work in the Sofia region every day and rail provides a very good alternative to the car. Of the 5 directions around the capital, the busiest is between Pernik and Sofia.

Source: ДП "НКЖИ"



Travel time between Sofia and some of the major cities in Bulgaria

Sofia - Burgas	travel time 6 hours and 30 minutes	7 trains daily with ticket price 26 BGN
Sofia - Varna	travel time 7 hours and 50 minutes	11 trains daily with ticket price 30 BGN
Sofia - Dragoman	travel time 1 hour	9 trains daily with ticket price 3.80 BGN
Sofia - Pernik	travel time 50 minutes	21 trains daily with ticket price 2.80 BGN
Sofia - Plovdiv	travel time 2 hours and 40 minutes	13 trains daily with ticket price 12 BGN.
Sofia - Ruse	travel time 6 hours and 40 minutes	7 trains daily with ticket price 24 BGN.
Sofia - Svilengrad	travel time 5 hours	6 trains daily with ticket price 18 BGN.

Source: BDZ

## ROAD TRANSPORT

Transport by car is the most popular in the country, with over 3 million registered cars and over 900 thousand in Sofia alone. The country's car fleet is dominated by cars over 15 years old, with a share of over 75%, while cars up to 5 years old account for only 5%.

The vignettes are offered only for vehicles with a total weight of not more than 3.5 tonnes at a price for one year of 87 BGN. For heavy goods vehicles the price varies widely between BGN 0.02 per km and BGN 0.43 per km. The toll is determined by the environmental category of the vehicle according to the Euro standard, the number of axles, the class of road, and whether it carries cargo or passengers.

The price of A95 petrol is BGN 2.65 per litre, but it varies by BGN 0.15 in both directions throughout the year. The price of diesel per litre is BGN 2.65 and it varies by up to BGN 0.20 in both directions over the year. LPG - liquefied propane-butane is traded at gas stations at a price of BGN 1.20 per litre and within a calendar year it varies by up to 10 cents upwards and up to BGN 0.30 downwards.

Source: [bg.fuelo.net](http://bg.fuelo.net)

Sofia - Burgas	travel time 4 hours and distance of 380 km.
Sofia - Varna	travel time 5 hours and 20 minutes and distance of 440 km.
Sofia - Vidin	travel time 3 hours and 10 minutes and a distance of 200 km.
Sofia - Kalotina	travel time 55 minutes and distance 50 km.
Sofia - Tower	travel time 2 hours and distance of 180 km.
Sofia - Gyueshevo	travel time 1 hour and 40 minutes and distance of 125 km.
Sofia - Pernik	travel time 35 minutes and distance 35 km.
Sofia - Plovdiv	travel time 2 hours and 10 minutes and distance of 150 km.
Sofia - Ruse	travel time 4 hours and distance of 310 km.
Sofia - Svilengrad	travel time 3 hours and 10 minutes and distance of 280 km.

The approximate length of completed and commissioned motorways by the end of 2023 is 879.1 km. The Trakia Motorway connecting Sofia and Burgas is fully built, Hemus Motorway is partially completed and connects Sofia and Varna, and the Europe Motorway between Sofia and the Kalotina checkpoint is at its final stage. Struma motorway is not fully completed and connects Sofia with Kulata BCP. The Maritsa Motorway between Plovdiv and the Kapitan Andreevo BCP is fully completed and the Yantra Motorway between Ruse and Veliko Tarnovo is in the initial stage of construction.

Source: MPPB

## BUS TRANSPORT

Bus transport is well developed in the country, with carriers providing a quality daily service between the capital and all regional cities. The major carriers have a modern and relatively new fleet. More than 140 buses depart daily from Sofia Central Station to various cities in the country.

Sofia - Burgas	travel time 6 hours with a frequency of 9 buses per day at a price of 32 BGN
Sofia - Varna	travel time 7 hours with a frequency of 15 buses per day at a price of 34 BGN
Sofia - Pernik	travel time 1 hour and 20 minutes with a frequency of over 50 buses and shuttles per day at a price of 3.60 BGN
Sofia - Plovdiv	travel time 2 hours with a frequency of 24 buses per day at a price of 15 BGN
Sofia - Ruse	travel time 5 hours with a frequency of 9 buses per day at a price of 29 BGN

## PUBLIC TRANSPORT SOFIA

There is a public transport system on the territory of Sofia Municipality, which includes 17 tram, 10 trolley-bus, 100 day and 4 night bus lines, as well as 4 metro lines. Different transport documents are used in the municipality, the most popular being the 30+ tickets priced at BGN 1.60 and the 60+ tickets priced at BGN 2.20, which allow traveling by different vehicles for up to 30 and up to 60 minutes. Also a one-day card priced at BGN 4 and a one-year card covering the entire public transport system of the capital at BGN 365.

Currently, the metro has a total of 52 km of lines, 47 operational stations and carries 340,000 passengers daily. The Sofia metro has a capacity of 50,000 passengers per hour and a minimum running time of 180 seconds.



# Sofia Metro map



Source: Metropolitan

## TAXIS, CARS, SCOOTERS AND BIKES FOR RENT

In Sofia, taxi services are offered by many companies, with a price per call of around BGN 1 with an initial charge of around BGN 2.50. Minimum daytime prices for the service range between BGN 1.21 and BGN 1.39 per kilometer of travel and nighttime prices range between BGN 2.05 and BGN 2.51 per kilometer of travel. Sofia also has a well-established bicycle infrastructure with a total of 49.51 km of bicycle lanes, and the Sofia Municipality's ambition is to soon offer a public bicycle rental service. An urban bike for hire can be rented in the capital at prices between BGN 28 and BGN 40 for 24 hours use with full equipment. Electric bicycles for urban use are available at prices between BGN 35 and BGN 48 per day, with some models going up to BGN 70 per day.



Electric scooters for rent in Sofia can be used at prices between BGN 30 and BGN 60 for 24 hours, with a BGN 100 deposit required.

Rental cars can be rented from many locations in Sofia, but the most popular is Sofia Airport. Prices with full insurance for a small car start from 65 BGN per day. The capital also offers the possibility of hourly car rental, with prices for one hour starting from BGN 9. + 0.54 BGN/km. Long-term plans are also available for 2 days including 200 km at a price starting from BGN 109.

*Source: Sofia Municipality, Spark, toprentacar.bg, sofiabike.com, rentebike.bg, e-point.bg*

## **TRANSPORT WITH DRONES**

Flying taxis and drones are expected to work alongside planes and helicopters in the near future. Several companies are likely to start operations by 2030, initially flying with a pilot and at a later stage autonomously. The City of Sofia is in the process of planning the construction of sites for large drones on the roofs of buildings and mixed function sites. The advantage of air taxis is that they will travel three times faster than cars.

*Source: Bulgarian Aviation Industry Association*

## INTERNET CONNECTIVITY

Sofia has one of the highest internet speeds in Europe in terms of both download and upload - 58.24 and 46.02 megabits per second (mbps) respectively.

In 2021, Bulgaria exceeded the EU average in terms of both coverage of next generation high-speed broadband (93% vs. 90% in the EU) and coverage of very high capacity fixed networks (MVNOs) (85% vs. 70% in the EU). Fibre-to-the-building (FttB) technology is used to provide MMGC. CFL coverage increased from 75% in 2020 to 85% in 2021 (from 49% to 61% in rural areas). In terms of fixed broadband internet penetration (63% of households compared to 78% in the EU) have coverage. In the area of connectivity, Bulgaria scores very well in fibre coverage to buildings (85% of households compared to 50% in the EU).

The monthly internet subscription varies, with a fibre connection of 200 mbps priced at BGN 25 excluding VAT and 10,000 mbps priced at BGN 300 excluding VAT.

PRICE IN EURO	SKOPJE	BELGRADE	BUCHAREST	THESSALONIKI	SOFIA
1 km taxi ride	0,56	0,82	0,6	1,3	0,65
Gasoline for 1 liter	1,32	1,67	1,44	1,88	1,37
Internet 60mbps	17	24	8	30	12
Standard phone plan for 1 m.	31	18	9	23	16
Electricity, gas, water, heating and cooling for 1 m.	128	169	150	258	130
Rent a one-bedroom apartment outside the center for 1 m.	235	465	362	403	370

## OFFICE SPACE IN SOFIA

The office market in Sofia shows moderate activity in the third quarter of 2023 with a total of 38,690 sqm leased. This is slightly above the average leased office space for the corresponding quarter over the last five years and marks a 54% year-on-year increase. Despite the weak supply of new office space in Q3 2023, the number of new office units available for lease in Q3 Sofia remains the largest office location in Bulgaria and together with Bucharest in South East Europe.



2.4 M m<sup>2</sup>

Class A and B office space available



269 K m<sup>2</sup>

Office space under construction



16%

Class A vacancies



10-15 €/m<sup>2</sup>

Rental prices - class A and B

## INDUSTRIAL AREAS IN SOFIA



2,1 million

Available industrial space class A and B



327,000 m<sup>2</sup>

Industrial space under construction



5,3 €/m<sup>2</sup>

Rental prices



2,53 %

Vacant areas



7.75%

Return on investment

## COMMERCIAL SPACE IN SOFIA



402,273

Available retail space



40 €/m<sup>2</sup>

Average rental price



200 000 m<sup>2</sup>

Commercial space under construction



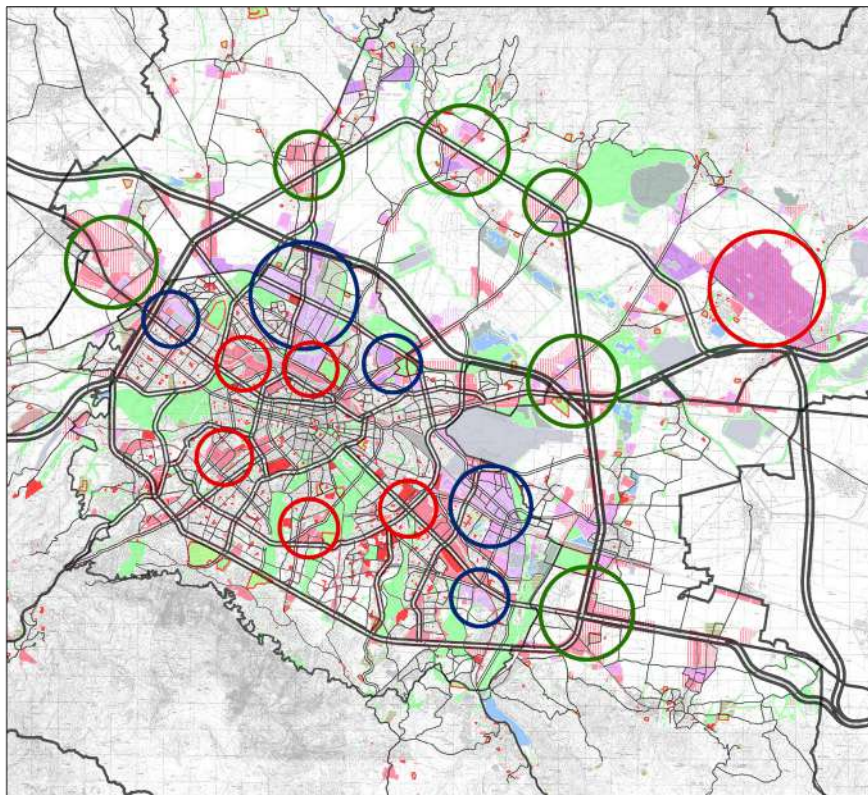
7.5%

Return on investment

## SOFOIA - ENTREPRENEURIAL HUB IN THE REGION

The capital is a regional hub of entrepreneurial activity. The volume of venture investments in start-ups, the number of start-ups launched annually, as well as the number of successful and profitable projects, exceed the Balkan average and attract attention, capital and people from all over Europe. Sofia offers a well-developed entrepreneurial ecosystem with funding in all segments, ample opportunities for exchange of experiences and mentoring, reduced administrative burden and simplified regulatory regimes, access to a wealth of open data, to research and locations for exchange of ideas and interaction with business partners, academics and career centres. Sofia has the lowest direct taxes in the region, giving it advantages over its regional competitors. Although the tax environment in the region is becoming increasingly competitive, Sofia also remains preferred in terms of the macroeconomic predictability of the flat tax introduced 15 years ago.





Source: [https://nag.sofia.bg/FileBrowser/File?path=esoft/planove/OUP-2009\\_All\\_2009-08-10/13.pdf](https://nag.sofia.bg/FileBrowser/File?path=esoft/planove/OUP-2009_All_2009-08-10/13.pdf)

## MANUFACTURING AND WAREHOUSE ZONES IN SOFIA

- |  |  |
|--|--|
| 1. Business Zone Blvd. "Todor Alexandrov" - "Vazrazhdane" district   | 9. "The Bells" zone  |
| 2. Business zone "Center" - "Sredets" district                       | 10. Garitage Park  |
| 3. Sofia-square zone / under construction / - "Vazrazhdane" district | 11. NV tower   |
| 4. Industrial zone Hladilnika  | 12. Everty business center   |
| 5. Capital fort zone   | 13. Trade centre Europe  |
| 6. Business Park - Sofia   | 14. Interpred  |
| 7. Blvd. "Bulgaria"  | 15. "Fairplay Business Hub"  |
| 8. Sofia Airport Zone  | 16. Dobroslavtsi Economic Zone - The first of its kind specialized automotive economic zone in the country is being built near Sofia |

Source: Ministry of Innovation and Growth

<https://www.mig.government.bg/innovacii-i-rastezh/parvata-po-roda-si-specijalizirana-v-avtomobilostroeneto-ikonicheska-zona-u-nas-sthe-bade-izgradena-kraj-sofiya/>  
<http://www.isofmap.bg/>



Source: Sofia Tech Park

## SOFIA TECH PARK

**Subject of activity:** The priority areas for development and activity of Sofia Tech Park are information and communication technologies, life sciences, green energies, education, entrepreneurship, innovations, support for start-up businesses. The park consists of several separate units, which are interconnected by synergy, whose aim is the development of innovation, technology, science and entrepreneurship.

- INCUBATOR
- LABORATORY COMPLEX
- EXPERIMENTARIUM
- THE JOHN ATANASOFF INNOVATION FORUM

Source: <https://sofiatech.bg/about-us/>

Sofia Tech Park is home to the Discoverer supercomputer, which has a computing power of 4.5 petaflops Rmax and 6 petaflops Rpeak. It is among the hundred most powerful in the world. Its application areas are - discovery of new drug molecules and side effects of polypharmacy, protein folding prediction, sequence analysis, graphical design and optimization and quantum computing.

# INDUSTRIAL PARKS

## PARK INDUSTRY – SOFIA EAST

*Region:* Sofia

*Municipality:* Elin Pelin

*Location:* south-west of Elin Pelin

*E-mail address:* info@ipse.bg

*Web address:* www.ipse.bg

*Area:* total 700 000 sq.m.

*Activities:* Logistics and light industry. The complex offers a full range of solutions according to the specific needs of the client - rental of speculative space, build-to-suit buildings, as well as the sale of plots in regulation and with access to infrastructure, offered with the option of turnkey construction.

*Services provided:* Warehouse, office and production facilities in accordance with international standards and customer expectations. Owners and tenants are offered a wide range of services (security, fire installations, controlled access, parking for cars and trucks), and for the employees and customers of the park are provided bank offices, cafe-restaurants, motel, gas station, conference block and recreation areas.

## INDUSTRIAL PARK ELIN PELIN

*Region:* Sofia

*Municipality:* Elin Pelin

*Location:* south-south of Elin Pelin

*Name:* ELIN PELIN INDUSTRIAL PARK

*Area:* total 1 600 000 sq.m.

*Activities:* The area is intended to be a transport and logistics centre with more environmentally friendly industries from the light industry and Hi-Tech technologies

*Infrastructure:* roads, railway line - close to Elin Pelin station and Stolnik station

*Electricity supply:* on site, water supply - 3 km from the site, gas supply - there is a possibility of gasification of the area, as the main gas pipeline passes about 1 km from the site, from which the required diameter can be diverted, sewerage - 3 km from the site, telecommunications - 3 km from the site.

*Area Advantages:*

- Near the town of Sofia and important infrastructure links and sites, as well as the largest airport in Bulgaria
- Close to the E79, E83, E871 and E772 expressways
- Close to two railway stations (Elin Pelin and Stolnik), which have good infrastructure.

*Companies operating in the zone:* Overgaz AD, BOGARIS BUL, Paladi Property Development, Gloryend Investment

## INDUSTRIAL ZONE GORNA MALINA

*Region:* Sofia

*Municipality:* Gorna Malina

*Location:* v. Gorna Malina

*Name:* INDUSTRIAL ZONE GORNA MALINA

*Owners:* The Municipality of Gorna Malina and private companies

*Area:* Total 153 619 sq.m. – There is a possibility to expand the area with about 200 000 sq.m. of private land.

*Activities:* The best developed sectors of the economy in Gorna Malina are the light industry, food industry and mechanical engineering. Currently there is a plan to build a production area and warehouses. Only environmentally friendly industries will operate in the zone.

*Unoccupied areas:* land

*Possible forms of cooperation:* Public-private partnership

*Nearby cities with population:* city of Sofia – 2 million people

*Short presentation:* The area is connected with water supply (for drinking and industrial purposes) and sewerage in excellent condition. A 63 kV power supply is available at the boundary of each plot in the zone. The site is not yet supplied with gas, but the municipality's plans include bringing the gas transmission infrastructure to the boundaries of the zone within 1 year.

*Besides the very well developed infrastructure, the Industrial Zone has the following advantages:*

- Proximity to the largest consumer goods and services market in Bulgaria;
- Vacant pitches;
- Favorable geographical location and resources for the development of ecological and cultural tourism;
- Clean environment

*Other Information::*

- Special incentives offered by municipal authorities to potential investors include:
- Preferential prices for rent or purchase of property and land;
- Reduced timeframes for building permits and other business licenses;
- Interaction with all institutions influencing the business;
- Support in hiring qualified staff.

<https://www.bcci.bg/bulgarian/zones/index.php?zone=41>

## INDUSTRIAL PARK – PETARCH

*Region:* Sofia

*Municipality:* Kostinbrod

*Location:* Petarch

*Subject of registration:* Purchase and sale of real estate, rental of real estate, real estate management, import and export of goods and services, domestic and international trade, consulting services, hotel and tourist services, commercial representation and brokerage, as well as any other business activity not prohibited by law.

## SOFIA TECH PARK

*Region:* Sofia

*Municipality:* Sofia

*Location:* Sofia

*Name:* SOFIA TECH PARK

*Owners:* 100% state-owned

*E-mail address:* office@sofiatech.bg

*Web address:* <http://sofiatech.bg/>

*Activities:* Experimentarium, Incubator, Laboratory Complex, John Atanasoff Forum

*Infrastructure:* roads, railway, airport, electricity, water supply, sewerage, telecommunications, fiber optic connection.

*Short presentation:* The main task of the company is the implementation of projects whose immediate objective is to contribute to the development of the research, innovation and technological capacity of the Republic of Bulgaria. To this end, Sofia Tech Park JSC partners with private and public clients to create and manage a unique innovation environment, to create and implement educational programs, while providing support services in terms of commercialization of new technologies, products and services. Currently the company is the main contractor of a large-scale project for the creation of the first science and technology park in Bulgaria, which will become a prestigious location for global, regional and national researchers and innovative companies, setting an example for the knowledge economy in Bulgaria and the Balkan region.

The overall objective of the project is to strengthen the competitiveness of science and entrepreneurship in Bulgaria by improving knowledge exchange between academia and the business community, supporting start-ups and innovative ideas, catalyzing the process of commercialization of research.

"Sofia Tech Park AD partners with several stakeholders-partners, including leading universities, business clusters, large international companies, Sofia Municipality, Ministry of Education, Ministry of Labour and Social Policy, NGOs and others in the implementation of the project, while being responsible for the overall organization of its preparation, accompanying marketing activities, financing, leasing, construction and other activities.

**Subject of activity:** Construction, management and development of science and technology parks and other pro-innovative infrastructure (incubators, technology transfer centres, etc. initiatives), investments in the construction of public infrastructure (state or municipal), management and maintenance of the constructed infrastructure, as well as research, production, administrative and other service buildings within the science and technology parks in order to create a favourable business environment for the development of economic activities related to the development and/or in investors in connection with the preparation of programmes and strategies for investing in the development or introduction of innovative technologies and products, assistance to applicants in participating in any type of public or private programmes for the targeted financing of projects for the construction of research, production and office buildings, as well as for the financing of research and development activities for the needs of the development or introduction of innovations, representation and mediation in the selection and implementation of innovation projects aimed at improving the innovative potential of Bulgarian enterprises and the divisions of foreign enterprises in Bulgaria, as well as any other production and commercial activity.

## **SOFIA-BOZHURISHTE INDUSTRIAL PARK**

**Total area:** 2 983 692 m<sup>2</sup>

**Investors attracted:** 35

**Investments:** over 546.4 BGN million

The Sofia-Bozhurishte Industrial Park is a priority project of the National Company of Industrial Zones, which has already attracted 35 investors from home and abroad in a number of sectors, including automotive, high-tech, warehousing and logistics.

The industrial park, with an area of more than 3 million square meters, offers land with an established infrastructure with opportunities for electricity supply, water supply, domestic and storm water drainage, gasification, optics.

### **Location:**

- In close proximity to Sofia
- 23 kilometers to Sofia Airport
- 5 km from the motorway to Greece
- 2 km from the highway to Serbia
- Adjacent to the international road connecting Europe and Turkey
- Direct connection to the rail network
- Metro stop project in the near future

The investment projects in the zone exceed 546.4 million leva.

The German company BHTC is the first investor in "Industrial Park Sofia-Bozhurishte" - since 2013. The BHTC plant produces air conditioning systems for more than 30 automotive companies worldwide. The project of the German company is worth 150 million leva and creates 650 new jobs.

The largest investor in the park is the Danish company JYSK. On an area of 300 000 square meters JYSK is building a distribution centre for South East Europe. The investment project of the Danish company in the park near Sofia amounts to 200 million leva.

*Source: Industrial Park Sofia-Bozhurishte (nciz.bg)*

*SOURCE: Bulgarian Chamber of Commerce and Industry*

## EFFECTIVE LOGISTICS LINKS AND BASES

Sofia's leading role in the country's economy predisposes to serious business interest and therefore requires serious logistics and production facilities. For this purpose, the necessary infrastructure and communications with the TEN-T network are provided to support the servicing and logistics of goods and cargo, as well as their timely arrival at the necessary destinations. Rail routes are preferred by businesses as they are more financially efficient for business, easier to maintain and environmentally friendly. Intermodal hubs provide seamless communication between different modes of transport - rail, air, road. Urban transport is well regulated through a logistics plan and with appropriately sized vehicles to facilitate traffic.

## LOGISTICS PARK SOFIA

Logistic Park Sofia is a modern complex of warehouse, office and retail space. It is located in the land of Ravno Pole, Elin Pelin Municipality, Sofia Region, in a strategic location - between the motorways Trakia (A1/E80) and Hemus (A2/E79), close to Sofia Airport and the ring road of the capital.

The logistics facility covers over 200,000 sqm and is made up of four warehouse sections with an area of 27,000 sqm in the first stage (first warehouse section), another 31,000 sqm in the second stage (second warehouse section), 31,000 sqm in the third stage (third warehouse section) and 26,000 sqm in the fourth stage (fourth warehouse section), with a total area of over 115,000 sqm.

<https://logisticsparksofia.com/about-us/>

## LOGISTICS PARK STAD - WAREHOUSE FOR RENT - LOGISTICS

- Business Centre Kazichene -BPD Sofia East

*ADMINISTRATIVE ADDRESS:* Sofia city , Pancharevo district, str. "Okolovrasten pat" № 454 A





#### **LOCATION AND MAP:**

- on the first line of the eastern arc of the ring road Sofia in the area of the village of Krivina.
- strategically located and easily accessible, situated between Hemus and Trakia highways.
- near Sofia Airport.

#### **DISTANCES:**

- Sofia center - 11 km.
- Railway station Iskar - 7 km.
- Sofia Airport - 10 km.
- Botevgradsko shose - 4 km.
- Plovdiv - 136 km.
- Burgas - 376 km.
- Varna - 457 km.

#### **CONCEPT AND AREAS:**

- area of the property: 8 251 sq.m.
- rental area: 4 322 sq.m.
- custom-built premises for a pharmaceutical company: 3 362 sq.m.
- standard warehouse: 962 sq.m.

<https://www.bpdplc.com/logistichni-parkove/logistichen-park-bpd-sofiya-iztok-ii>

## **"BULGARIAN PROPERTY DEVELOPMENTS" /BPD/**

BPD is a leading owner, operator and investor in industrial real estate in Bulgaria. The company leases modern warehouse facilities to manufacturers, traders, transport companies, logistics operators and other enterprises. It is the right choice for clients seeking a wide range of industrial real estate services in emerging markets where we have significant experience.

BPD owns and manages properties located in key locations with a total lettable area of more than 60,000 sqm and development projects of around 400,000 sqm. In 2009, BPD became part of the Tavistock Group, a private investment company founded by investor Joe Lewis more than 35 years ago. The company is growing and to date covers a broad portfolio of investments in 15 countries.

<https://www.bpdplc.com/za-kompaniyata>

## **LOGISTICS PARK "BOJURISHTE"**

Location 15 km from the centre of Sofia  
Convenient access to the international road E-80 Belgrade-Istanbul  
Close proximity to the Ring Road and Struma Highway  
Bordering the former military airport near the town of Bojurishte  
Immediate access to an active railway line  
Convenient public transport via own bus stop  
500 m. from METRO Lyulin  
Opposite SCHENKER Bulgaria  
International strategic location  
Total area of the park of over 16 000 sq.m.  
Warehouse space of 8000 sq. m.  
Operating railway line in the immediate vicinity of the park  
Built infrastructure  
Possibility of maneuvering heavy goods vehicles  
Parking  
Round the clock Security  
Bathroom in each warehouse  
Possibility to build additional adjacent offices to each warehouse  
Water  
Electrified, own transformer station  
Possibility of gasification  
Telephone and internet access from any warehouse  
Administrative offices in the warehouse areas.  
A wide variety of storage areas - from 100 sq.m. to 1 500 sq.m.  
Flexible logistics space designed to meet all tenant requirements  
On-site property management in accordance with international standards

<https://pb.bg/about-us/>

## **"STARS" LOGISTICS CENTRE**

Stars Ltd. was founded in 2008 and is mainly active in the field of logistics and transport.

The company organizes transport of whole and groupage cargoes by land, air and water to anywhere in the world:

- loading and unloading of whole and groupage trucks;
- short-term and long-term storage;
- cross docking;
- complete service of group lines;
- door to door delivery in Bulgaria and Europe;

Address. "Chepinski shose" 36

<https://stars-bg.com/#izlojeniq-i-proekti>

## **"EAST RING" LOGISTICS PARK**

Located on the territory of the municipality of Elin Pelin, the park is located in a traditional industrial area, only 25 minutes from the center of Sofia. Between the two entrance-exit highways "Hemus" (A2/E79) and "Trakia" (A1/E80), East Ring covers an area of 220,000 sq.m., with a capacity to build 90,000 sq.m. of warehouses and industrial halls.

To date, four dry warehouses are operating in the park, with a total area of 25,600 sqm. These are buildings 1, 2, 5 and 6, each with an area of 6,400 sqm. The buildings are suitable for dry storage and/or light manufacturing. At the service of the workers in the complex: Immediate proximity to the ring road of Sofia (6 min); to Elin Pelin Railway Station (5 min) and Sofia Airport (20 min).

Sofia city centre (25 min.)

Quick access to key transport links - Trakia highway and Hemus highway

Buildability - "Built to Suit"

Traditionally industrial area

Close to settlements with efficient workforce and traditional experience in manufacturing and service activities (Elin Pelin, Ravno Pole, Novi Khan, Lesnovo and Lozen)

<https://www.sofiaeastring.com/bg/index>

## **BUSINESS PARK SOFIA**

Business Park Sofia is located at the foot of Vitosha, with convenient access to all major boulevards and with direct access to the Ring Road. It is a 20-minute drive from the administrative and business centre of the city and 10 minutes from Sofia Airport.

Transportation to Business Park Sofia is provided by several public transport lines, shuttle taxis, a metro station that connects the complex to the city and a free shuttle service for Business Park Sofia employees to the last metro stop.

<http://bit.ly/3MrawxP>

- Business Park Sofia consists of 14 buildings
- Terrain - 89 000 m<sup>2</sup>
- Total built-up area - 186 500 m<sup>2</sup>
- Total leasable area - 126 000 m<sup>2</sup>, of which:
  - Office space - 100 700 m<sup>2</sup>
  - Warehouses - 15 500 m<sup>2</sup>
  - Commercial space - 9 300 m<sup>2</sup>
- Parking for employees
- Parking for visitors

## KM LOGISTICS

KM Logistics Ltd. is a freight forwarding company founded in 2007 and positioned in the town of Sofia. The main activity of the company is to provide high quality financial and light freight forwarding, transport and logistics services. KM Logistics' transport relations are mainly on the lines Germany-Belgium-Holland and France-Hungary-Greece-Bulgaria, but the service can be provided throughout Europe.

What do we have?

The logistics structure extends over 27,000 sqm, area divided into the following cities:

Sofia - 6000 sq.m.

Athens - 5000 sq.m.

Thessaloniki - 3000 sq.m.

Budapest - 10 000 sq.m.

Rede - Germany - 3000 sq.m.

<http://www.kmlogistics.eu/bg/about>





Source: Sofia Tech Park

### **UPCOMING OPENINGS:**

CTP, which is the largest operator of logistics industrial parks in Central and Eastern Europe, is preparing the construction of two logistics industrial parks, Sofia East and Sofia West, with over 100 thousand sqm each within Sofia.

As advantages of the location of CTPark Sofia West the company points out that it is close to the residential districts "Obelya", "Nadezhda" and "Lyulin", on a central boulevard, 20 minutes from the center and 2 minutes by car from the Ring Road.

CTPark Sofia East is located next to Sofia International Airport, with all public transport connections to the city centre, on the main city boulevard. The ring road is connected to the A2 Hemus highway and the A1 Trakia highway and via the Northern Expressway to the A3 Struma highway to Greece and North Macedonia and the A6 to Serbia and the EU.

The intention is to complete construction within 12 months. CTP builds model buildings to its established standard and considers this predictability a plus. The warehouse space is Class A, high bay warehousing with 12.5m usable height with a floor loading capacity of 5t per sqm, multiple ramps and all necessary services. Both locations are in Sofia - within the "Ring Road". This makes them suitable for the so-called urban logistics - last mile deliveries, which the company had originally said it would develop. This type of service is in demand by online retailers, distributors, pharmaceutical companies and fast-moving consumer goods.

## **INDUSTRIAL PARKS IN AND AROUND SOFIA IN THE PROCESS OF DEVELOPMENT AND ESTABLISHMENT**

### **INDUSTRIAL ZONE "KREMIKOV TZI"**

The area of the former Kremikovtzi metallurgical plant is 7.4 million m<sup>2</sup>. The property has all the necessary infrastructure to become again the largest industrial zone in Bulgaria. In recent years, the land has been cleared of old buildings and unnecessary underground infrastructure to prepare it for future investors. There are numerous public and private properties close to the complex that are also suitable for industrial and logistics facilities. The area has the potential to become one of the largest industrial centres in the EU. The development of the area is a priority for both local and state governments.

### **HEMUS HIGH-TECH INDUSTRIAL PARK**

The new high-tech industrial park Hemus near Sofia will cover an area of 270 778 m<sup>2</sup>, and the future companies in the industrial zone will have plots of land ranging from 2 to 7 acres according to their specific needs. Among the indisputable advantages for businesses that will operate from the park is the proximity of the ring road, which is 1.7 km from the area. The A2 motorway to Varna and Bucharest is 3.5 km away, to Istanbul, Burgas and Plovdiv - 11.5 km, Sofia Airport is 10 km away and the Port of Thessaloniki - 300 km away.

According to the investment plan, a solar energy park, gas transmission network, internal transport infrastructure, etc. will be built. The Hemus High-Tech Industrial Park will offer companies in the area space rental, design and construction services, assistance with legal, regulatory, investment and financial activities.

### **INDUSTRIAL PARK CHELOPECHENE**

Industrial Park Chelopechene, is located in Kremikovtzi district, Chelopechene, "Devo Most" locality. The park is initiated by "PILAD PROPERTY" Ltd., which owns an industrial site with an area of 756 acres and is being built in investment stages and "Industrial Park Chelopechene" Ltd.

The strategic objectives of the Park Operator in the medium and long term related to the construction and development of the Park are:

- to meet the needs of future investors in the territory of Sofia Municipality by providing and selling land in one project equipped with all necessary infrastructure facilities.
- to create a modern green industrial zone and a quality environment for the new environmentally friendly industries, complying with the highest standards and requirements imposed by the rapid pace of development in all areas of business.
- to exclusively and primarily attract specialized manufacturing activities, strategic investments, computing and data centres, high-tech manufacturing activities, production and warehousing activities, administration, complex public services, research and development, training in new and advanced technologies, infrastructure and communication sites

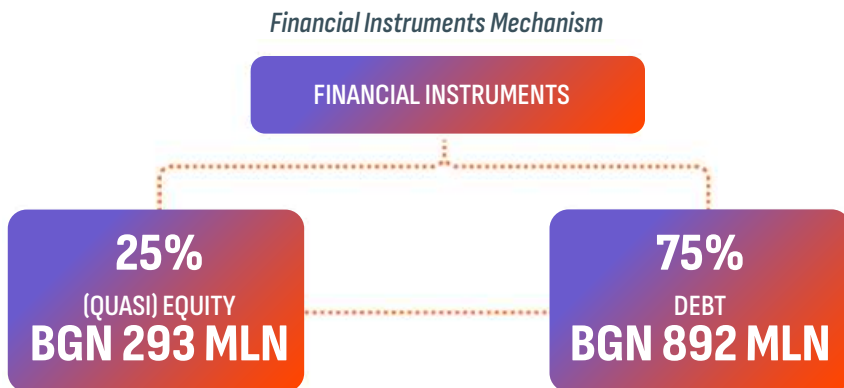
The Industrial Park Chelopechene has quick access to the centre of Sofia, which allows the use of all administrative and employment services offered by the capital. The proximity of the Park to the capital and Sofia Airport, creates good opportunities for the development of its economy, as well as the neighboring regions and municipalities of Sofia region.

The park has an immediate connection via str. "Kremikovsko shoes" and str. "Chelopeshko shose" with the Northern Tangent and the Sofia Ring Road respectively, and through them with Hemus, Europe, Lyulin and Trakia highways. The location of the Park provides a direct connection of the Park with all international highway corridors crossing Bulgaria. Industrial Park Chelopechene has an area of 756203 sq. m. - Zone A.

All the necessary communications with water supply, electricity supply, gasification, electronic and communication network are planned.

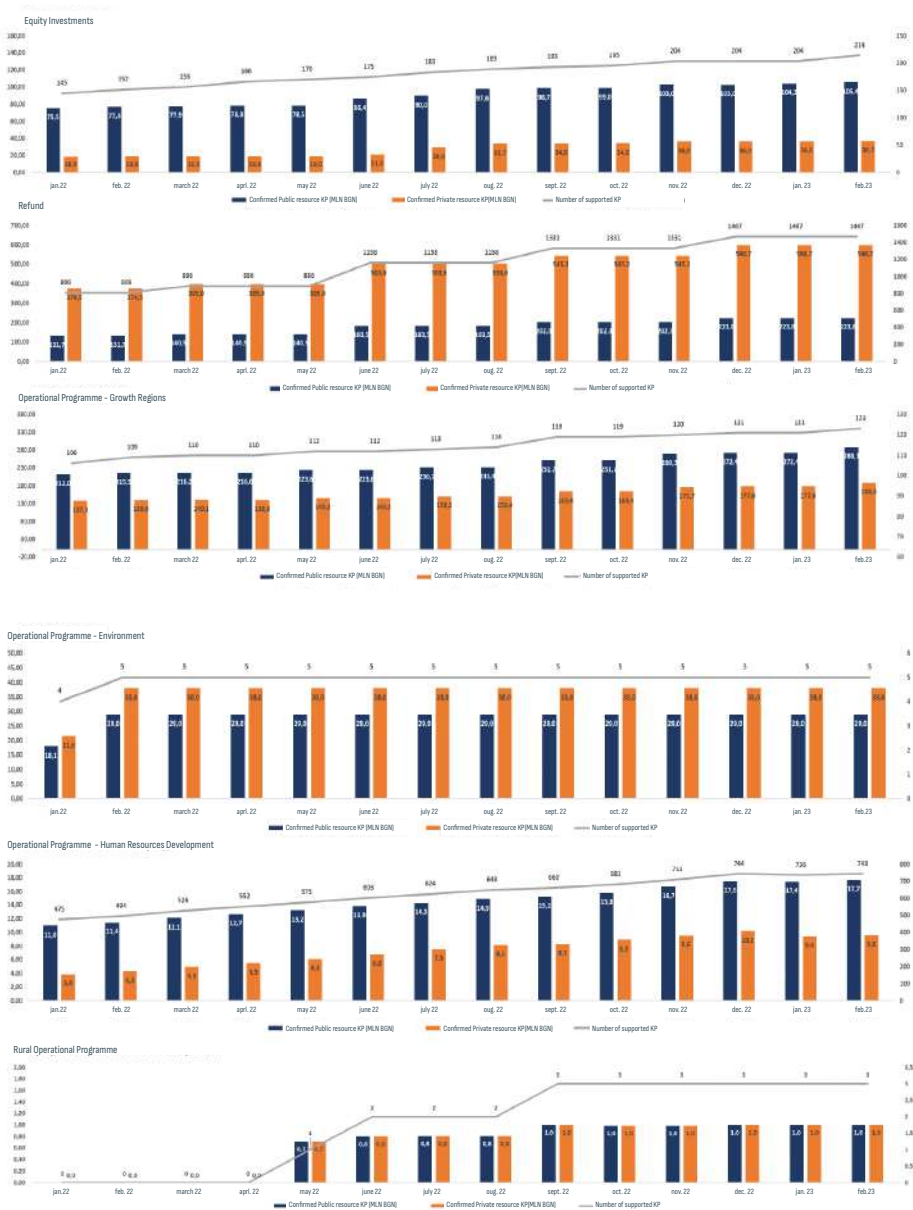
## FUNDING

Gradually, the business climate in the country is improving and opportunities for access to investment resources are increasing. The activity of entrepreneurs and start-ups is also increasing as the business climate improves in a post-pandemic environment. The main body controlling investments at the national level is the Fund of Funds. It has two main types of financial instruments. Debt instruments making up 75% or BGN 892 million and equity and quasi-equity investments - 25% or BGN 293 million. The FOF distributes public funds from European programmes and national co-financing through financial mechanisms to support businesses at national level.



Source: Fund of Funds

Detailed information on the Operational Programmes (OPs) of the Fund of Funds can be found in the charts below. The programmes for which information is provided are: OP Regions and Growth, OP Environment, OP Human Resources Development, OP Rural Development, and Equity Investment and Reconstruction.



"Fund Manager of Financial Instruments in Bulgaria EAD (FMFIB). It performs the functions of the Fund of Funds (FOF). Its main task is the targeted allocation of public funds from European programmes and national co-financing through a range of financial instruments.

### FMFIB main areas of support:

- Creates an enabling environment to support and stimulate business
- Effective use of European financial instruments
- Easy access to funding for private and public organizations through flexible forms of financing
- Stimulating competitiveness and sustainability
- Stimulating innovative business ideas
- Raising living standards

## NATIONAL RECOVERY AND RESILIENCE PLAN

The National Recovery and Resilience Plan was established with the primary objective of supporting the country's economic and social recovery. In order to achieve economic growth, measures and programmes have been designed in different directions to stimulate activity and ensure resilience to the challenges posed by the pandemic and post-pandemic processes. The plan aims at reaching mid-European income levels in the long term, as well as laying the foundations for a green and digital transformation of the economy.

### Structure and objectives of the RRP

Pillar	RRP funding	%	Total public and private funding
INNOVATIVE BULGARIA	3.4 billion leva	25.3%	5.8 billion leva
GREEN BULGARIA	5.7 billion leva	41.8%	8.6 billion leva
СВЪРЗАНА БЪЛГАРИЯ	2.5 billion leva	18.2%	3.6 billion leva
FAIR BULGARIA	2.0 billion leva	14.6%	2.3 billion leva

- Green transition and digital transformation
- Smart, sustainable and inclusive growth
- Social and territorial cohesion
- Health, economic, social and institutional sustainability
- Getting European money against targets and results

Source: Ministry of Finance

## MUNICIPAL GUARANTEE FUND FOR SMALL AND MEDIUM ENTERPRISES

The Municipal Guarantee Fund is an instrument created by the Sofia Municipality to help small and medium-sized enterprises to increase their competitiveness and access to finance. As part of the European Association of Guarantee Institutions (AECM), the Municipal Guarantee Fund connects the capital's SMEs with established European organizations and thus supports the economic development of the capital and contributes to the development of the city as a technological and innovation hub.

The Fund has supported more than 750 SME projects, with the value of guaranteed loans amounting to more than BGN 150 million. The value of the guarantee commitment is for over 40 million BGN to support small and medium-sized businesses.

The Fund's main guarantee scheme provides guarantees of up to 50% for a value of up to BGN 150 000.

*The maximum guarantee period is 84 months. In addition to the requirements for enterprises, the following conditions apply:*

- To comply with the SME Act
- The seat or the activity must be on the territory of Sofia Municipality
- Have collateral with a liquidation value estimated by the bank to be at least 60% of the loan amount.
- Commissions under the internal rules of the Fund in the absence of 100% collateral through first mortgage of real estate, pledge of government securities and cash deposit.

*Municipal Guarantee Fund FISP Program:*

- Guarantees up to 50% for a value up to BGN 30 000.
- Maximum warranty period - 60 months
- Business established no more than 3 years ago or already successful providing innovative projects and proposals for the business
- To comply with the SME Act
- The seat or the activity must be on the territory of Sofia Municipality
- Collateral worth at least 60% of the loan value as estimated by the bank

## BULGARIAN SMALL AND MEDIUM ENTERPRISES PROMOTION AGENCY/BSMEPA/

The main mission of the BSMEPA is to stimulate and improve the competitiveness of SMEs. The Agency is responsible for implementing the Government's policies on exports as a key factor for economic growth.

*The main strategic objectives of the agency include:*

- Sustainable economic development and competitiveness
- Effective foreign economic cooperation

### *One of the main operational objectives of the Agency is:*

Promoting the entrepreneurial spirit of SMEs through seminars and training

- Increasing investment in Bulgarian SMEs
- Stimulating market cooperation and cluster development
- Improving cooperation with local and foreign governmental and non-governmental organisations
- Improving and enhancing information services for SMEs

The achievement of the objectives of the BSMEPA is achieved through the implementation of specific measures and programmes funded by the Agency.

### **BULGARIAN DEVELOPMENT BANK**

Bulgarian Development Bank is a lending institution in Bulgaria. The main activity of the Bank is the promotion and development of SMEs. It enjoys one of the highest ratings 'BBB'. Investments are targeted at enterprises with a riskier profile. Emphasis is placed on environmental transformation and digital technology adoption.

InvestEU programme - under this programme, businesses can receive funding in 3 areas - SME Competitiveness, Sustainability and Innovation and Digitalisation.

### **PRODUCTS OFFERED BY BDB**

- Farmer financing
- Financing of medical institutions
- Working capital financing for construction companies
- Instruments for direct absorption of EU funding
- Financing green energy
- Support for rose processing
- Financial support for victims of COVID
- On-landing financing
- Working capital financing
- Project and investment financing
- Equity financing
- Micro and start-up funding
- Leasing
- Bank guarantees

## VENTURE CAPITAL AND PRIVATE EQUITY FUNDS

The startup ecosystem in Sofia is one of the leading in Southeast Europe and the opportunities for investors are not few. In this aspect, the availability of a number of venture and private equity funds provides great opportunities for entrepreneurs.

*Some of the leading funds are:*

- BlackPeak Capital
- BrightCap Ventures
- Capital Investments Fund
- Eleven Ventures
- Empower Capital
- Impetus Capital
- Innovation Capital
- Innovation Starter Accelerator
- LaunchHub Ventures
- Morningside Hill
- Neo Ventures
- Neveq
- New Vision 3 Fund
- PostScriptum Ventures
- Rosslyn Capital Partners
- Silverline Capital
- Sofia Angels Ventures
- Vitosha Venture Partners

*Bulgaria leads Central and Eastern Europe in local venture capital funds:*

**Bulgaria leads SEE in number of locally-based funds.**



Source: Dealroom.co

## Bulgaria is one of the leading investor hubs in SEE.



Source: Dealroom.co

## BEAM SMALL AND MEDIUM ENTERPRISES GROWTH MARKET

In Bulgaria there are more and more companies going public. The Bulgarian Stock Exchange (BSE) is giving serious support to promising companies.

*The BSE organizes the so-called "stock exchange". BEAM SME Growth Market. One of its main objectives is:*

Providing alternative financing on concessional terms.

- Free advertising in the country and abroad, as well as contacts in the business sectors
- Capital increase through shares, bonds, warrants, depositary receipts
- Facilitated exit to the stock exchange with tax preferences
- Larger companies with SME status can also be listed on this market, with the condition that their market capitalisation does not exceed €200 million in the next 3 years.

### BEAMUPLAB

Beamuplab is a program for the development of startups held for one year, in which 20 companies participate, selected according to a special system of criteria formed by the Bulgarian Stock Exchange. The initiative is of the Bulgarian Stock Exchange under the auspices of the Ministry of Finance and with the support of the Fund of Funds, the Bulgarian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Bulgarian Association of Licensed Investment Intermediaries, the Bulgarian Startup Association and the Bulgarian Private Equity and Venture Capital Association. The programme is held in cycles and includes 4 meetings of startup entrepreneurs with leading experts.

## DISC Initiative (Digital Innovation and Scale-up Initiative)






The aim of the initiative is to connect innovators with investors. Targeted funding instruments are tailored for both early stage and growth phase digital companies. The investments are designed for companies that do not have access to conventional investment, and DISC (Digital Innovation and Scale-up Initiative) can provide financial support. To address the funding gap in Central, Eastern and South-Eastern Europe (CESEE), the European Commission together with the European Investment Bank, the European Investment Fund, the European Bank for Reconstruction and Development and the World Bank are launching the Digital Innovation and Scale-up Initiative (DISC). The programme focuses on start-ups with a focus on cross-border digital infrastructure. Also companies dealing with AI, Blockchain, Internet of Things /IoT/ and scale-up.

## THE STARTUP ECOSYSTEM IN SOFIA

The startup ecosystem in Bulgaria and Sofia in particular, as a leading startup ecosystem, shows a good development trend. In recent years, the funding of startups in Bulgaria has seen a serious growth. According to StartupBlink's annual report - Global Startup Ecosystem Index 2024, Bulgaria is moving forward and is ranked 37th globally as a Startup Ecosystem with Sofia as the leading city. Bulgaria is in one of the leading positions in VC funding for 2023 with 170 million EUR.



## TOP HUBS IN CEE 2023

City	VC funding in 2023
 <b>Talin</b>	<b>€364 M</b>
 <b>Vilnius</b>	<b>€193 M</b>
 <b>Warsaw</b>	<b>€191 M</b>
 <b>Sofia</b>	<b>€170 M</b>
 <b>Prague</b>	<b>€170 M</b>

Source: dealroom.com

According to dealroom.com, there are more than 1,300 successful startups in Bulgaria attracting serious attention. The number of employees in this field is around 20–25 thousand. As the most significant can be noted Payhawk, the first Bulgarian unicorn.

The total value of companies in Central and Eastern Europe falling into the category of startups amounts to 230 billion euros, of which Bulgarian companies account for 9 billion euros.

*Some of the advantages of Bulgaria as a startup hub are:*

- strong digital infrastructure
- a wide variety of accelerator programmes
- favourable tax environment for start-up businesses
- availability of highly qualified experts and low costs for the business
- positioning the country as a technological destination, which enables access to global markets
- an opportunity to start a business with a small initial investment

The support of Sofia Municipal Privatization & Investment Agency and the Sofia IS initiative should also be noted. This is the first city initiative of its kind in Bulgaria to bring together the local administration and companies from the city to provide an integrated service for investor enquiries and free assistance in the process of establishing operations in the capital. The alliance is under the initiative and coordination of Sofia Municipal Privatization & Investment Agency and includes independent international consultancies with operations in the capital, whose expertise covers the entire spectrum of the necessary initial steps in exploring the environment and opportunities of Sofia as a place to establish a business.

The Ministry of Innovation and Growth provides the opportunity through the Startup visa to citizens of non-EU countries to develop a business in Bulgaria.

The Fund of Funds also has an important role providing funding to promising businesses through European and national financial instruments.



Source: dealroom.co

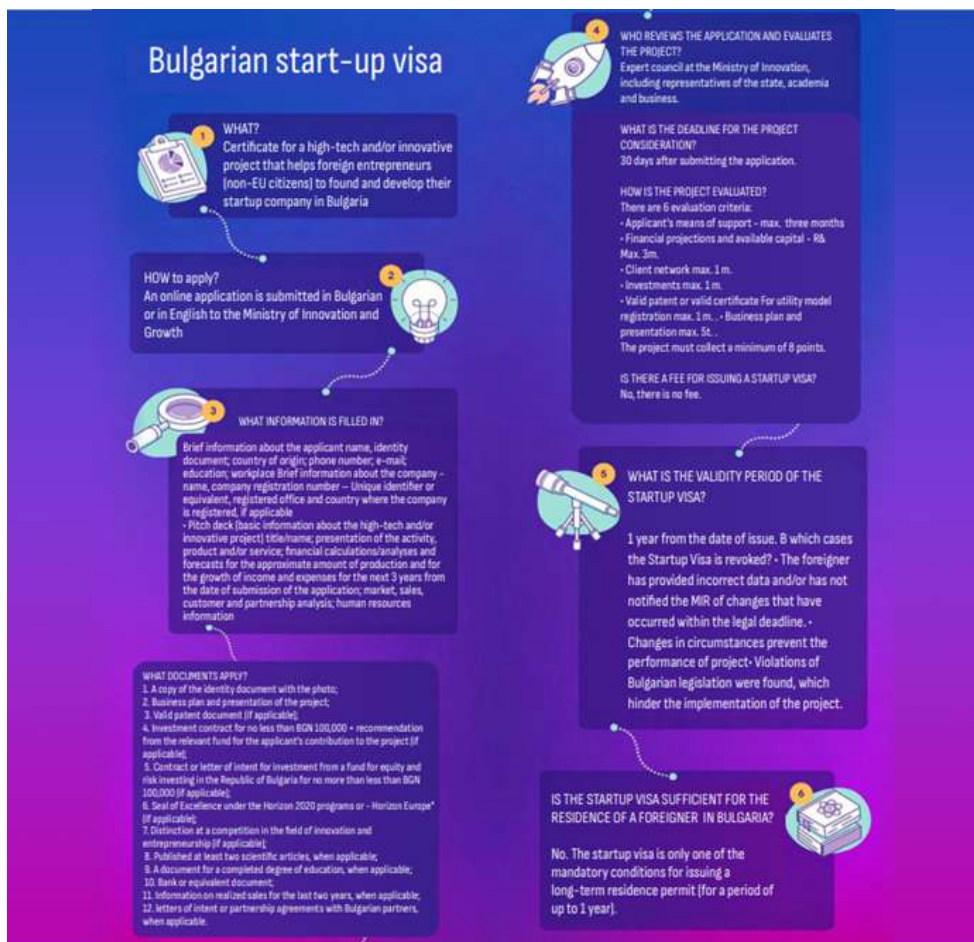
Sofia is undoubtedly the city with one of the most developed startup ecosystems in Central and Eastern Europe and can be defined as the startup hub of the Balkans.

Bulgaria is the second most attractive destination for offices of foreign startups and is the absolute leader in the number of venture investment funds - 18 in total, as well as one of the leading investment hubs for the region.

One of the initiatives contributing significantly to the development of the startup ecosystem is the Sofia Tech Park Incubation Program. It supports start-up companies registered in Bulgaria by focusing on technology development and innovation in information and communication technologies, green and clean energy, and life sciences. According to the Bulgarian Private Equity and Venture Capital Association, the volume of funds available for innovative start-ups is close to BGN 1 billion.

# BULGARIAN STARTUP VISA

In order to increase investment opportunities in Bulgaria, a "Startup Visa" was incorporated in 2022. It provides an opportunity for investors and entrepreneurs from non-EU countries to develop a business with a certificate for a high-tech and/or innovative project. The Startup Visa enables the issuance of a long-term residence permit to non-EU nationals for up to 1 year. There is a possibility to extend the period for another 2 years. The visa is issued and extended free of charge. The application is made through an application to the Ministry of Innovation and Growth, through the National Investment Management System (NIMS), in Bulgarian or English. The visa processing period is 30 days after submission of the application.



## KEY ADVANTAGES OF THE START-UP VISA:

Obtaining a Start-up visa allows a long-term residence permit in Bulgaria

- Applying for a Startup Visa is done through an online platform in Bulgarian or English
- A condition for the issuance of a Start-up Visa is the successful submission of a high-tech and/or innovative project
- The project is evaluated by a Board of Experts, which includes state authorities and Bulgarian entrepreneurs:
- Startup visa holders create a startup company to develop the project in the country

In recent years, there has been a maturing of the VC fund market with larger investments and more funds entering the market, which is a testament to the attractiveness of the Bulgarian market.

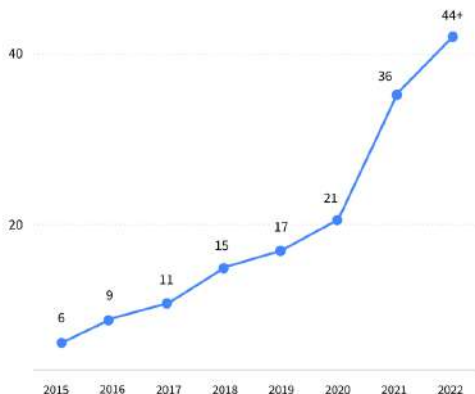


Source: dealroom.com

2021 and 2022 were the strongest years for unicorn births in Central and Eastern Europe, with doubled numbers since December 2020.

## 2021 and 2022 have been the strongest years for unicorn creation in CEE, with the number of unicorns more than doubling since December 2020.

Cumulative number of CEE Unicorns [» view online](#)



8 new Unicorns in CEE, year-to-date [» view online](#)

<p><b>AirSlate</b> Founded: Ukraine Industry: SaaS/Legal</p>	<p><b>Rimac Automobili</b> Founded: Croatia Industry: Transportation</p>
<p><b>Nord Security</b> Founded: Lithuania Industry: Security</p>	<p><b>Glia</b> Founded: Estonia Industry: Marketing</p>
<p><b>Payhawk</b> Founded: Bulgaria Industry: Fintech</p>	<p><b>Productboard</b> Founded: Czechia Industry: Enterprise Software</p>
<p><b>Veriff</b> Founded: Estonia Industry: Fintech</p>	<p><b>Unstoppable Domains</b> Founded: Ukraine Industry: Hosting/Web3</p>

Emerging hubs are becoming more relevant in the region.

### Ljubljana SLOVENIA

Nr. of Startups: **600+**  
Enterprise Value: **€2.1B**  
VC Activity 2022: **€71M**  
VC Activity Growth: **8.6x**



### Belgrade SERBIA

Nr. of Startups: **400+**  
Enterprise Value: **€1.1B**  
VC Activity 2022: **€44M**  
VC Activity Growth: **16.9x**



### Bosnia & Herzegovina

Nr. of Startups: **70+**



### Riga LATVIA

Nr. of Startups: **600+**  
Enterprise Value: **€2.6B**  
VC Activity 2022: **€48M**  
VC Activity Growth: **2.0x**



### Vilnius LITHUANIA

Nr. of Startups: **1.1k+**  
Enterprise Value: **€10B**  
VC Activity 2022: **€245M**  
VC Activity Growth: **8.6x**



### Sofia BULGARIA

Nr. of Startups: **800+**  
Enterprise Value: **€4.8B**  
VC Activity 2022: **€181M**  
VC Activity Growth: **22.3x**



Source: dealroom.com

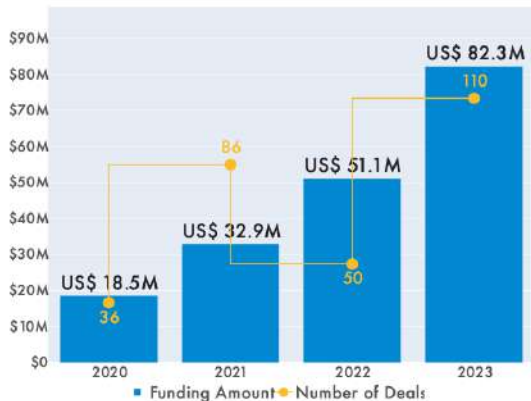
According to several leading agencies, Sofia is a leading destination for start-ups and young companies in Central and Eastern Europe. Of particular example is StartupBlink's latest extensive research - Global Startup Ecosystem Index 2024. This is the most comprehensive analysis of the global scene for Startups and ecosystems. The study gathers information on 1,000 cities and 100 countries, which is a strong testimonial to its scale and comprehensiveness. Crunchbase, Semrush and over 100 governments from around the world are participating in the study as official partners. StartupBlink's official partner in Bulgaria is the Bulgarian Small and Medium Enterprises Promotion Agency.

*Here is some data on the business ecosystem of Bulgaria and Sofia in particular for 2024.*

- Bulgaria is still the leading power in the Balkans.
- Three Bulgarian cities are in the top 1000, each of them improving their position
- Bulgaria climbs to 37th position in the world and maintains 23rd position in Europe
- Sofia overtakes Athens and becomes the leader of the Balkans.
- Sofia is one of the leading forces in the Sportstech industry and is awarded 12th place
- Sofia's best performing industry is "Social activities and leisure" and is positioned in the top 10 in Eastern Europe and in the top 100 globally
- Sofia is a leading business ecosystem in Bulgaria, with 20 times better indicators than Varna, which is a serious proof of the strong centralization of the startup ecosystem in the capital.

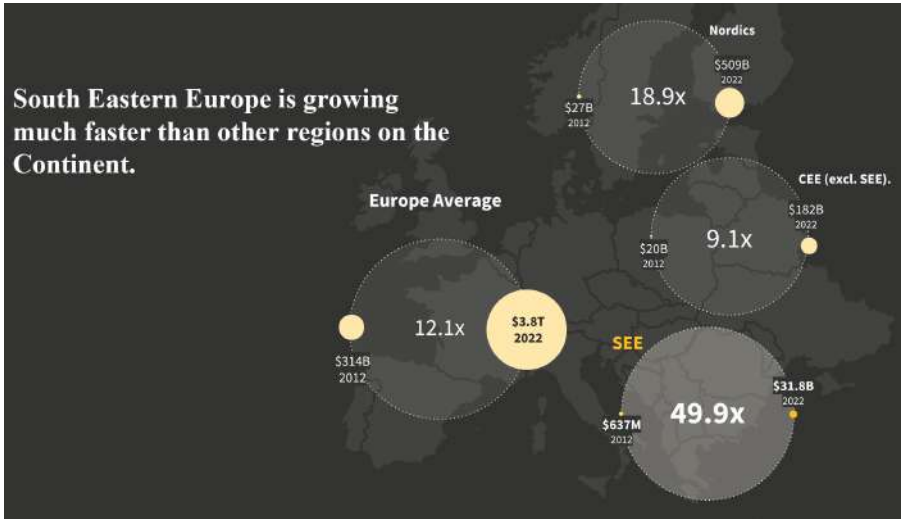


**Funding Data for Bulgaria**



Source: dealroom.com

South Eastern Europe is growing much faster than other regions on the Continent.



Source: dealroom.com

## SHARED WORKSPACES IN SOFIA

Sofia has established itself as the leading centre for shared workplaces in the country. The recent trend towards a hybrid model of working is leading to a growing need for this type of workplaces. These centres provide a good opportunity for businesses to meet freelance experts. More and more start-up companies in need of flexible working conditions are turning to this way of working. There are many opportunities for shared workplaces in the capital:

- **Networking Premium Coworking** <https://www.networking.space/>
- **Entract 127** <https://www.entract127.com/>
- **CampusX** <https://www.campusx.company/>
- **Sketch CoWorking** <https://sketch.bg/>
- **Barter COMMUNITY HUB** <https://www.barter-hub.com/>
- **Trevor Workspaces – Lozenets** <https://trevorworkspaces.com/>
- **Groworking Space by Sofia Tech Park** <https://groworking.space/>
- **Puzl CowOrKing** <https://www.puzl.com/>
- **betahaus sofia** <https://betahaus.bg/>
- **Work and Share Coworking Space** <https://workandshare.io/>
- **Overtaim Park Coworking** <https://overtaim.com/bg/>
- **KORNER** <https://kornersofia.bg/>
- **This Way** [www.thisway.com](http://www.thisway.com)
- **Regus – Sofia, West** <https://www.regus.com/en-gb/coworking>
- **Cre8 Coworking Hub** <http://www.cre8.bg/>
- **Malkite 5** <https://www.facebook.com/malkite5>
- **SOHO – Sofia Holistic Coworking Company** <https://soho.bg/>
- **MyFlex Coworking&Serviced Offices** <https://myflex.bg/>
- **SODA Workspaces** <https://sodaworkspaces.wixsite.com/soda>
- **Missia 23** <https://missia23.com/>
- **HOOR SPACE** <https://www.hourspace.bg/>
- **CoShare Hive** <https://cosharehive.com/>



## PRIORITY INDUSTRIES IN SOFIA

The IT sector is among the fastest growing in Sofia. Approximately 90% of technology companies in Bulgaria and the majority of Bulgarian IT professionals work in Sofia. Its share in the city's economy is around 17%, registering a growth of over 50% since 2011, with nearly 20% growth in 2017 alone. Characteristically, the IT industry is almost entirely export-oriented.

Bulgaria is the country with the largest number of fintech companies in Southeastern Europe, with over 70%, most of them located in the capital.

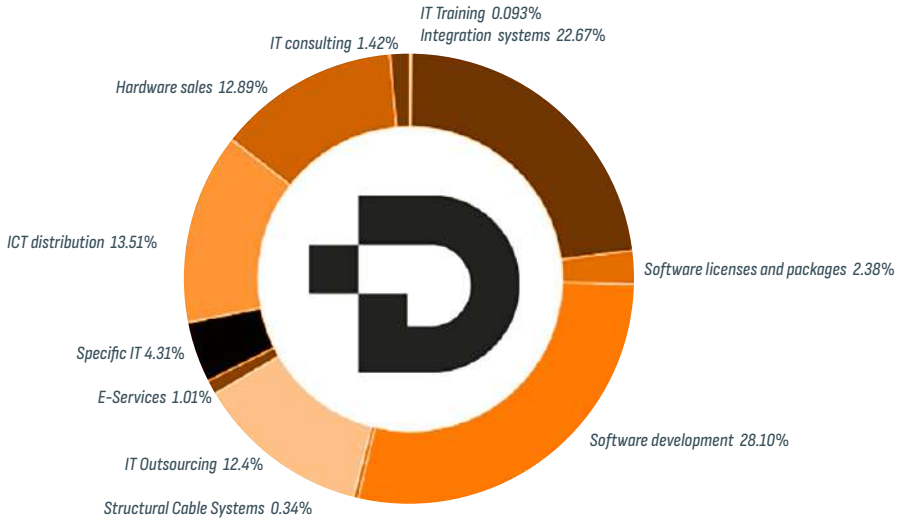
The arts, cultural and creative industries, cultural heritage and cultural tourism account for 6.40% (2021 data) of value added (by factor costs) in the Bulgarian economy. Sofia accounts for over 78.3% of the sector's value added. The media, as part of the cultural and creative industries, account for about a quarter of the value added. In the radio, television and new media sector a value added of over BGN 1 billion has been registered, of which over BGN 770 million is in Sofia. Employment in the sector reaches over 17,000 persons at national level and 11,490 employees in Sofia municipality alone. For the period 2008-2021, arts, cultural and creative industries, cultural heritage and cultural tourism are the 8th sector in terms of economic contribution to the Bulgarian economy. The share of creative industries is almost twice as high in Sofia Municipality compared to the national data – 11.6% or 4th place in terms of the value added in the economy of Sofia.

In the recent years, Sofia has been turning its economy towards higher value-added sectors, and the rapid pace of development has been dictated by information technology and manufacturing.

The city has seen development in recent years in robotics and automation, with Sofia concentrating the vast majority of companies. According to PARA's mapping of the sector, 100% of the multinational companies have operations in Sofia.

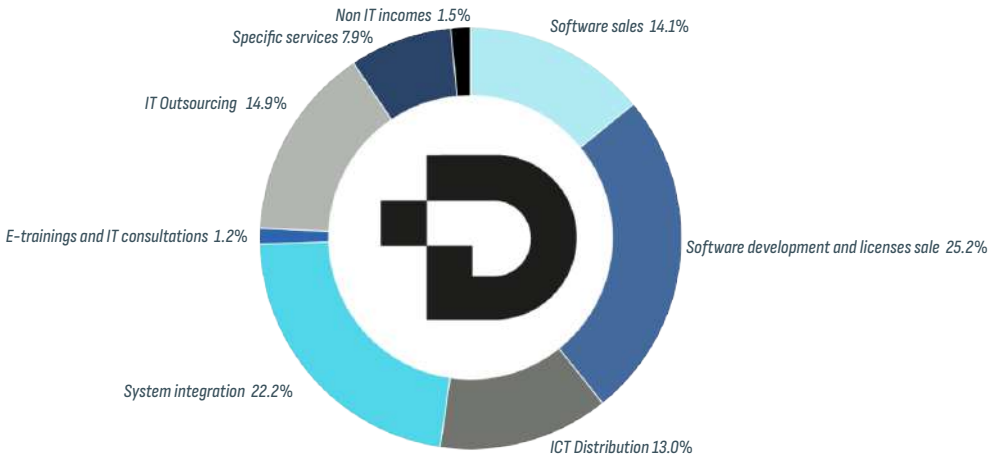
Bulgaria has significant potential for investment in artificial intelligence, high technology and carbon neutral industrial zones. These segments create preconditions for attracting large industries to the country.

# INFORMATION TECHNOLOGY (IT)



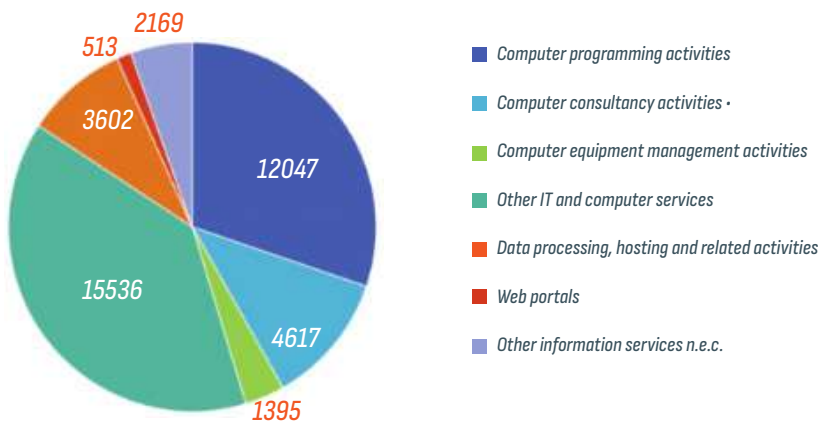
Source: Digitalk 101, 2022

## IT MARKET SEGMENTS



Source: Digitalk 101, 2024

*Distribution of employees in the software development sector:*



According to Pentalog's 2022 annual report, the city of Sofia ranks 6th in the global ranking of best developers.



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## WORLD RANKING OF THE BEST DEVELOPERS

### STATE

01 MOLDOVA 60,85%

02 MEXICO 60,03%

03 ROMANIA 58,91%

04 UKRAINE 58,17%

05 UNITED STATES 56,92%

06 UNITED KINGDOM 56,77%

07 POLAND 55,07%

08 BELGIUM 54,20%

09 FRANCE 53,23%

10 VIETNAM 53,20%

### CITIES

CHISINAU (MOLDOVA) 01

KIEV (UKRAINE) 02

BUCHAREST (ROMANIA) 03

IASI (ROMANIA) 04

HANOI (VIETNAM) 05

SOFIA (BULGARIA) 06

LONDON (UNITED KINGDOM) 07

LION (FRANCE) 08

BRUXELLS (BELGIUM) 09

MONTREAL (CANADA) 10

RANK	COUNTRY	SCORE INDEX	RANK	COUNTRY	SCORE INDEX
1	CHINA	100%	26	NETHERLANDS	78.9%
2	RUSSIA	99.9%	27	CHILE	78.4%
3	POLAND	98.0%	28	USA	78%
4	SWITZERLAND	97.9%	29	UNITED KINGDOM	77.7%
5	HUNGARY	93.9%	30	TURKEY	77.5%
6	JAPAN	92.1%	31	INDIA	76.0%
7	TAIWAN	91.2%	32	IRELAND	75.9%
8	FRANCE	91.2%	33	MEXICO	75.7%
9	CZECH REPUBLIC	90.7%	34	DENMARK	75.6%
10	ITALY	90.2%	35	ISRAEL	74.8%
11	UKRAINE	88.7%	36	NORWAY	74.6%
12	BULGARIA	87.2%	37	PORTUGAL	74.2%
13	SINGAPORE	87.1%	38	BRAZIL	73.4%
14	GERMANY	84.3%	39	ARGENTINA	72.1%
15	FINLAND	84.3%	40	INDONESIA	71.8%
16	BELGIUM	84.1%	41	NEW ZEALAND	71.6%
17	HONG KONG	83.6%	42	EGYPT	69.3%
18	SPAIN	83.4%	43	SOUTH AFRICA	68.3%
19	AUSTRALIA	83.2%	44	BANGLADESH	67.8%
20	ROMANIA	81.9%	45	COLOMBIA	66.0%
21	CANADA	81.7%	46	PHILIPPINES	63.8%
22	SOUTH KOREA	81.7%	47	MALAYSIA	61.8%
23	VIETNAM	81.1%	48	NIGERIA	61.3%
24	GREECE	80.8%	49	SRI LANKA	60.4%
25	SWEDEN	79.9%	50	PAKISTAN	57.4%

The ICT sector, in which software development is the leading sector, has the ambition to become first in terms of revenues in the Bulgarian economy in five years.

Based on recent trends, the software sector is expected to remain structurally dominant. The reason for these forecasts is the accelerated digitalisation of business and the public sector, which will increase the competitiveness of all industries. Revenue growth in the sector is set to exceed 25%, reaching BGN 7.34 billion in 2022. For 2021, the growth is higher by BGN 1.22 billion compared to the previous year 2020, and it has increased its operating income more than 6 times in the last 10 years.

In 2022, the software sector will reach nearly 4.5% of Bulgaria's GDP, a share that has tripled in the last 10 years. This success has been achieved with only 50,000 employees, clearly proving that their contribution to the Bulgarian economy is significant.

## BIOTECHNOLOGY

Start-ups in the field of medicine and biotechnology, as well as R&D centres are successfully developing in Sofia.

The biotechnology and life sciences sectors have been among the fastest growing globally in the recent years. This is also the case in Bulgaria and especially in Sofia, and the pandemic has further accelerated innovation in the sector. Sofia has seen a growing number of start-ups in the medical, biotechnology and life sciences sectors.

Sofia Municipality, Sofia Tech Park and the Biotechnology and Health Cluster signed a Memorandum of Cooperation, which launched the first of its kind in the country Bio Center "Sofia". It was created to unite the efforts of experts, scientists, practitioners, researchers, academic institutions, start-ups, globally established companies, incubators, technology transfer companies, journalists, marketing and PR-experts working for the advancement of biotechnology and life sciences in Bulgaria. The Sofia Bio Centre initiates partnerships and joint projects between the academic, research, industrial and regional communities and they aim to position Sofia on the international map in the field of biotechnology and life sciences. It develops the newest industries in biotechnology, synthetic biology, systems biology, biomedical instrumentation and bioinformatics.

The following organisations are successfully active in the field of biotechnology:

BioSeek – an integrated, multi-component online platform designed to facilitate the process of searching scientific data for Life Sciences research. BioSeek indexes a wide variety of subjects – diseases, genes, drugs, pathways and guides the patient through the process of selecting the best hit by providing dynamic suggestions in a structured, faceted list.

Health & Life Science Cluster Bulgaria – a professional NGO committed to building a sustainable ecosystem in the life sciences sector. The technology focus includes drug discovery, pharma, 3D bioprinting, genetics companies, cleantech and environmental solutions, agtech and food tech.

Micar21 – a "factory" for finding new drug molecules. The company has found a niche in which is able to create a large societal impact by improving the quality of life through novel blockbuster small molecule drugs for a large class of diseases. Micar21 is among the 250 companies included in the global study "New Drug Molecule Discovery Services, 2018–2030."

## AEROSPACE INDUSTRY IN SOFIA

In the recent years, we have witnessed the rapid development of the aerospace industry, driven by increased competition from entering of private companies. This has led to new opportunities to access and use space. These trends have supported the development of the aerospace sector in the country. Bulgaria has started the process of joining the European Space Agency (ESA). This opens up exceptional opportunities for the development of the Bulgarian economy, science and business, towards a high added value area. Due to the increased scientific and economic interest in the aerospace field, more and more state institutions and companies are turning to it. The training of personnel for the Aerospace industry is carried out in Sofia at the Faculty of Physics at Sofia University.

The European aerospace industry accounts for around 34,000 jobs. The space sector poses high challenges and stimulates the development of new technologies with immediate applications. The industry is creating new services based on data generated by space infrastructure – navigation, earth observation from space, telecommunications, etc. It is also using space technologies with non-space applications.



One of the most significant indirect benefits is the increase in manufacturing and the creation of many high-tech companies. New space technologies are creating and developing all sectors of human activity.

A successful example is Endurosat, a Bulgarian start-up company developing nanosatellites that fly in the lowest orbit on Earth and provide affordable satellite connectivity with multiple applications for business and science. Endurosat is the main partner and creator of Europe's largest space science and technology education platform - Spaceport, as well as the largest hands-on space technology education program - Space Challenges.

## ARTIFICIAL INTELLIGENCE (AI)

In recent decades, artificial intelligence (AI) has stood out for its rapid technological advances. Education, commerce, medical diagnostics, scientific discovery are just some of the sectors where the technology is finding applications. AI is widely used for rapid software solutions, programs and projects, and is also applicable to human intelligence tasks including decision making, visual perception, language understanding and speech recognition. A good level of technology development holds the potential for even greater penetration of AI in diagnostics, precision surgery through robots, devices to assist the visually impaired and the use of many other technological innovations that directly benefit people.

In 2020, the Council of Ministers adopted the "Concept for the Development of Artificial Intelligence in Bulgaria by 2030".

The concept of Smart Cities envisages that AI will be at the heart of decision-making technologies in the smart city. Sites in a city like Sofia will be connected with sensors that communicate with each other over the Internet. Generating vast amounts of data through which AI understands and optimises the physical world to make the city a better place to live. Optimizing transportation routes and the efficiency of transportation hubs is another application area for AI. One of the first functionalities is the analysis of traffic data monitored by internet-connected cameras to help manage cities - to reduce congestion and air pollution.

Despite the global challenges of recent years, Bulgarian companies are developing their teams and using AI technologies, which ranks Bulgaria in the Top 3 in Europe in this indicator.

According to AI Report 2022, which explores the state of AI in Bulgaria, including its transformations and trends, there is an increase in the number of companies interested in using it to create innovative solutions.

The total revenue of Bulgarian AI developers reached a record 25.7 million in 2021, a jump of more than 35% compared to the amount in 2019. Bulgarian AI entrepreneurs have a strong local presence, 70% of the companies in the region are owned by Bulgarians.

There is an upward trend in the number of professionals employed in the district, with a record high annual growth rate of 25% in 2020. In 2021, nearly 40% of those employed in the sector were engaged in R&D, up from 29% in 2020.

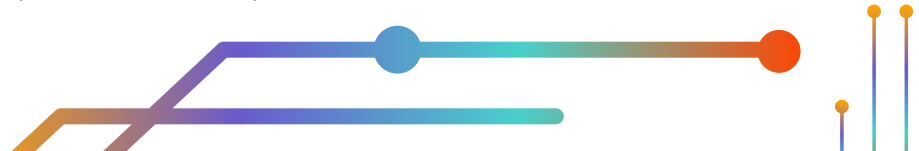
Source : AI Report 2022 Launch - SeeNews

In 2022, the INSAIT Centre for Artificial Intelligence was established in Sofia.

INSAIT - The Institute for Computer Science, Artificial Intelligence and Technology, located in Sofia, Bulgaria, is the first institute in Eastern Europe to offer world-class working conditions.

The Institute is structured as a special unit of Sofia University. It was established in partnership with the Swiss ETH Zurich and EPFL, two of the best technological universities in the world. Leading scientists from top American, European and Israeli universities, and research laboratories guide and advise the institute. INSAIT's focus is on scientific excellence related to attracting international scientists of outstanding achievement and training the next generation of students and technology leaders in the scientific field of AI. The Artificial Intelligence and Cad Systems Laboratory is developing research activities in Sofia Tech-Park. It aims, in collaboration with research organisations and industrial clusters, to become a leading centre that facilitates access to specialised software and CAD systems and contributes to the development and maintenance of highly qualified specialists in the field of artificial intelligence. Research activities are carried out in the field of "Artificial Intelligence in Smart Grids" such as data selection and validation for solving various business problems, designing appropriate Machine Learning and AI solutions enabling real-time data collection and analysis, etc.

The Bulgarian Ecosystem for Artificial Intelligence (BEIA) was established in Sofia in 2021. The organizations that took part in the establishment are the Association "Cluster Artificial Intelligence Bulgaria", LIBRe Foundation, Association "United Drone Society", Association "Biotechnology and Health Cluster" and Association "Cluster for Integration of Emerging Technologies". They exchange information, knowledge, experience and ideas, carry out an active dialogue with state institutions, academia, business and the general public, presenting opportunities for the safe integration of artificial intelligence in the social and business processes of our country.





## FINTECH

According to the latest data of the Bulgarian Fintech Association, there are 156 Fintech companies operating in the country, whose revenues amount to BGN 1.8 billion or 1.3% of Bulgaria's GDP. Despite the global economic instability, data from the Association's 2022 report shows that the total revenues of fintech companies have increased by 24.6%, and in terms of those working in the sector, there has been a 25% increase in employment, reaching an industry record level of 11,862 people in 2021. One of the main reasons for this can be attributed to the average gross salary - BGN 3,248, twice the average salary for the country. The demographics of those employed in the sector are maintaining the trend of previous years and with 44% of people in the sector being female, the average age of employees is 35.4 years.

Fintech is the most attractive sector for venture investments.

The data from the annual fintech report of BPVA also reveal that investments in the fintech industry in Bulgaria are at record highs and significant growth due to the good environment for entrepreneurship development. In the period 2017-2021, investments in Bulgarian fintech companies have increased nearly tenfold from BGN 1.3 million to more than BGN 10 million in 2021. Compared to the total venture capital invested in Bulgarian companies, fintech represents 20% of all venture investments, making fintech the most attractive industry for investment in 2021.

The country's fintech industry in 2023 continues to grow with 290% average revenue growth. Bulgaria's first unicorn Payhawk, valued at \$1 billion, ranks fourth with 267% growth in operating income, followed by licensed open banking experts Iris Solutions.

In 2021, the fintech sector has registered a historic growth in revenues - 25%, reaching BGN 1.8 billion, despite the smaller number of companies created. By comparison, in 2020, the sector's revenues will amount to BGN 1.4 billion and the average annual growth over the last five years is 12%.

The same trend can be observed in operating revenues, which registered an increase of 33% for the period 2020-2021, reaching BGN 1.5 billion last year. This is proof that Bulgarian fintech organisations are stable, mature and ready to take a bigger share of the global fintech market. They are mainly located in the big cities - Sofia, Varna and Plovdiv.

## **OUTSOURCING IN SOFIA AND SHARED BUSINESS SERVICES**

The outsourcing industry occupies a significant share of the country's economy and most of it is located in Sofia. It serves clients from Western Europe, North America and Asia, most of them in the rankings of the world's largest companies. Sofia-based companies outsource IT services (ITO), knowledge process outsourcing (KPO), human resources (HRO), finance and accounting (FAO) and other business services outsourcing (BPO).

In Eastern Europe, Bulgaria is one of the main hubs for the outsourcing industry.

According to data from the annual report of the sector association AIBEST, the revenues of outsourcing companies in Bulgaria in 2021 increased by 22.5% to EUR 4.22 billion. Compared to 2020, growth in the sector is double. The 2021 revenue of outsourcing companies is 5.9% of Bulgaria's total GDP.

Over €10.7 billion was the operating revenue of the outsourcing industry in SEE countries in 2020, up 4.9% from the previous year 2019. IT outsourcing (ITO) generated €5.7 billion, marking a 6.8% annual growth, while business process outsourcing (BPO) brought in another €5 billion (+5% from 2019).

At this rate of development, revenues are expected to double, generating €8.9 billion by the end of 2025. For 2021, profit growth has risen by 47.2% to €468.4 million. Profit margin growth of 11.1% was also reported, the highest recorded in the last five years.

Sofia is one of the most attractive outsourcing destinations. Our capital is preferred by companies in the field of high technology. Important competitive advantages are: educated workforce, low taxes and personnel costs, the country's EU membership, strategic location and infrastructure connectivity. Globally, the cost/value added ratio is one of the best.

Around 80% of outsourcing companies and specialists are located in Sofia.

In recent years there has been a change in the structure of foreign investment and the development plans of companies in Bulgaria. According to the global trends in the outsourcing industry, some companies are looking for new growth opportunities and are outsourcing a number of services in addition to their production, which are being concentrated in new shared service centres in the country.

The challenges for the outsourcing industry are to invest more and more in its own products and to create training centres for staff.

## **SHARED SERVICE CENTRES (SSCS) BOOMING**

The trend in the sector is for more and more outsourcing centres to provide more innovative, high value-added services. The SSCs established in the last 5 years by large international companies, mainly from Germany, the Netherlands and the USA, carry out numerous activities in finance and accounting, trade, human resources, IT services and even support research activities.

Increasingly diverse industries now rely on such multidisciplinary capabilities of the centres in Bulgaria and Romania, where 90% of these SSCs have been established. They started with financial institutions, telecommunications and technology companies and now cover retail, logistics and industry.

The operating revenue of all SSC centres in the South East for 2020 is EUR 1.6 billion or about 15% of the total outsourcing market. They employ more than 35,000 professionals or 14% of the outsourcing workforce.

## OUTSOURCED BUSINESS SERVICES IN SOFIA

Outsourcing services in the country are mainly carried out in the capital. This is because Sofia has the largest concentration of workforce and the largest number of professionals. By 2021, more than 600 outsourcing companies operate in Bulgaria, with centres opening in smaller towns in addition to major cities.

The trend shows that the differences between BPO and ITO are increasingly blurred and many companies are developing their own solutions for higher efficiency and better cost optimization.

The main foreign markets served by Sofia companies are: the USA, Great Britain, Germany, the Netherlands, Switzerland, France, Austria, Belgium, Italy, Sweden, Australia, Russia, China and India.

In 2019, Sofia University, together with the Association for Innovation, Business Services and Technology (AIBEST), created a new Master's programme - "Outsourcing Projects and Companies". This shows a positive trend and a growing need for creating specialists in the field.

## SHARED SERVICE CENTRES

Shared service centres are among the fastest growing sub-segments in Bulgaria, showing a growth of nearly 35% since the beginning of 2020. Recent additions include hubs of global players from various industries such as tourism and travel, financial services, retail and manufacturing. Bulgaria remains the second largest and best developed location for shared services centres in South East Europe, behind Romania, and retains a significant lead over the rest of the region. Bulgaria's main competitive advantage in this segment lies in its access to specialized professionals proficient in both IT and foreign languages. Shared service centres are mostly composed of medium or large enterprises that rely on a large pool of talent that is usually more readily available in larger countries and cities. As of November 2023, only 16% of shared service centers have established additional offices outside of their central offices.



## CREATIVE INDUSTRIES

Investment in the cultural and creative industries has the potential to generate innovation, productivity and jobs, improve the quality of life on the ground, stimulate new ideas and thinking within communities and influence a wide range of priorities. Sofia is a national hub for the cultural and creative industries. The arts, cultural and creative industries, cultural heritage and cultural tourism account for 6.40% (2021 figures) of value added (by factor costs) in the Bulgarian economy. Sofia accounts for over 78.3% of the sector's value added. The media, as part of the cultural and creative industries, account for about a quarter of value added. In the radio, television and new media sector, an added value of over BGN 1 billion has been registered, of which over BGN 770 million is in Sofia. Employment in the sector reaches over 17,000 people nationally and 11,490 employees in the Capital City. For the period 2008-2021, arts, cultural and creative industries, cultural heritage and cultural tourism are the 8th sector in terms of economic contribution to the Bulgarian economy. The share of the creative industries in Sofia Municipality is almost twice as high compared to the national data - 11.6% or 4th place in terms of value added in the Sofia economy.

Sofia is a city of creative economy. According to the experts from the Observatory of Cultural Economics, this sector has been the fourth largest sector in the economy of Sofia for 13 consecutive years, regardless of the pandemic. The turnover of the cultural sector in Bulgaria in 2020 has reached BGN 7.8 billion, which is significantly below the amount of BGN 8.95 billion for 2019. The vast majority of cultural activities, investment and employment in the cultural sector in the country are concentrated in the capital municipality. The number of organisations in the arts, cultural and creative industries, cultural heritage and cultural tourism in 2020 was over 23 thousand, with 12 thousand from Sofia.

The number of organisations in the arts, cultural and creative industries, cultural heritage and cultural tourism in 2008 was 15 537, reaching 24 296 in 2021. Over 50% of the organisations are concentrated in Sofia - 7 114 in 2008 and 12 618 in 2021. Enterprises in the creative economy account for over 10% (2021) of all economic entities in Sofia. In the media sector, the number of organisations reaches over 4,200 - in total for radio, television, new media, print media and news agencies.

## FILM INDUSTRY

The film industry is mainly developed in Sofia. All the leading training and work centres in the area are located here. One of the leading film production studios in Europe, New Boyana Films, is also located in the city. The National Academy of Theatre and Film Arts "Krastyo Sarafov" (NATFA) - Sofia is the largest in Bulgaria.

## GAMING INDUSTRY

Gaming is one of the fastest growing creative industries in Sofia. Currently, there are over 75 gaming companies in Sofia, including affiliates of world leaders, established Bulgarian studios. A variety of games from across the spectrum are being created here, and virtual reality is entering deeper and deeper into our everyday lives.

The market in Bulgaria is small in terms of video game sales, but has a disproportionately large presence in video game development. The total revenues of all developers exceed BGN 167 million in 2022, and the account includes both Bulgarian companies and local branches of gaming giants. They develop games in different genres and for different platforms - from mobile games to blockbusters.

Three gaming giants have offices in Bulgaria. Probably the most famous video game studio in the country is that of Ubisoft. The French company opened an office in Sofia in 2006 and since then some of the most famous titles in its library have passed through Bulgaria. In the beginning there were 11 employees, while today there are over 220.

The Bulgarian team has worked on several world-famous series such as Tom Clancy's Ghost Recon and Prince of Persia. Ubisoft Sofia's most famous works are certainly some of the titles in the Assassin's Creed series, where the Bulgarian team has worked with other Ubisoft offices on Black Flag, Origins, Valhalla, Mirage and the upcoming Shadows, which will be released in November 2024.



# TOURISM

Sofia traditionally attracts tourists from all over the world with diverse interests in ancient cultural and historical heritage, diverse natural resources and congress tourism. With its rich cultural calendar, including over 60 major international events a year, it is the cultural centre of Bulgaria.

The leading foreign markets in terms of number of tourists are Germany, Romania, Israel, Italy, USA, Greece, England, etc.

Tourist products such as the "Wine Map of Sofia", the "Get to Know the Birds of Sofia" map and the "STREET ART SOFIA" map are now also offered to the guests of the capital. Attractions popular destinations for foreigners on walking tours include the ruins of the Eastern Gate from the Roman era, the Rotunda of St. George" from the 4th century, the Byzantine basilica "St. Sofia", the National Theatre "Ivan Vazov" and the Cathedral "St.. Alexander Nevski" and others.

Due to the rapid advent of low-cost airlines and online short-term rental platforms, Sofia has become a much more connected, accessible and popular city tourism destination in recent years. The pandemic has had a devastating effect on tourism, with tourist travel virtually grinding to a halt during the first wave of the virus in 2020. By 2021, a recovery was already underway, which took time due to ongoing containment measures and the country's low vaccination rate. In 2023, overnight tourism levels are close to pre-pandemic levels, with revenues from this activity outperforming 2019.

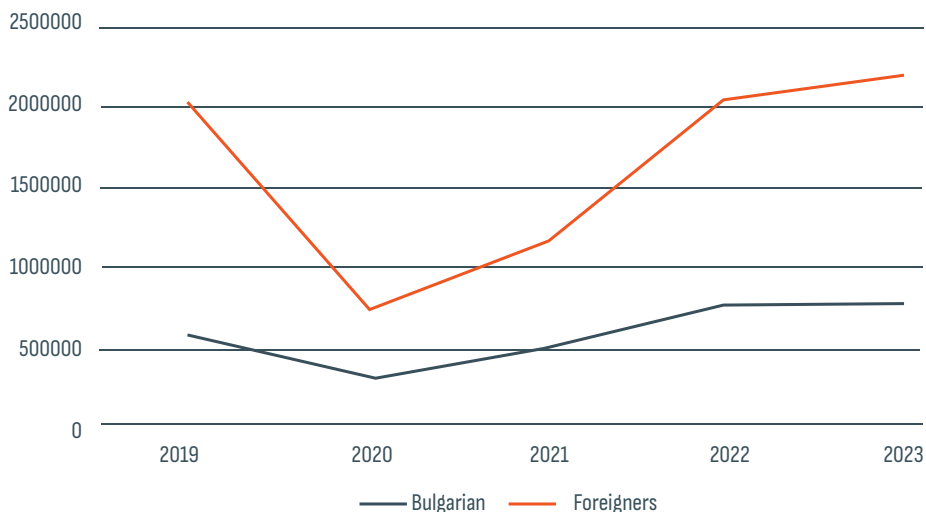
## THE DYNAMIC ECONOMIC DEVELOPMENT OF THE CITY ALSO CONTRIBUTES TO THE GROWTH OF TOURISM

Year	Accommodation number	Beds number	Used beds	Purchased stays number		Overnight stays number		Revenue from overnight stays BGN	
				Total	including foreign nationals	Total	including foreign nationals	Total	including foreign nationals
2019	129	12619	44445416	1998155	1416592	1160162	785887	167440267	133772285
2020	131	13406	3981882	756011	407077	420894	221623	59008394	40553685
2021	120	12896	4455957	1171327	666350	601604	315889	88046680	60146926
2022	155	15211	5066774	2061901	1310943	1014309	589706	178850910	129330713
2023	155	15481	5383246	2185868	1421369	1145946	702760	219919834	161500255

As the table shows, pre-pandemic employment levels are achieved in 2023. Overnight stays are only about 11% less in 2023 than in 2019, and revenues in 2023 are nearly 21% ahead of 2019. Overall overnight stays in 2023 are 1% less than the same period in 2019, and revenues are actually up 31%.

In 2019, there were 1.16 million visitors to the capital and the total number of overnight stays was nearly 2 million, with 786 thousand of the visitors being foreigners. In 2020, the total number of visitors will shrink to 420 thousand people, of which only 221 thousand are foreigners, as a result of the impact of restrictive measures and the suspension of almost all international traffic in the March-June period. In 2023, tourists have gradually recovered and that year Sofia was visited by nearly 1.145 thousand tourists of which over 700 thousand were foreign. There is a small average of 2 overnight stays per person per visitor in Sofia, which is more in line with the profile of business travel and weekend city tourism. The official statistics show that the bed base in Sofia is about 13.4 thousand beds in 2020 and by 2023 it grows to 15.5 thousand beds. This should include those registered in online platforms, which are not covered by the NSI surveys. According to AirDNA's data, AirBnb-listed properties alone are almost 3 thousand, which adds another 5-6 thousand beds. This significant expansion, enabled by the widespread adoption of online platforms, is also helping to establish the capital as a popular tourist destination.

## Number of overnight stays, including foreigners in Sofia (2019-2023)



## PRODUCTION

In 2022, the output of the manufacturing industry in the capital, which is one of the sectors in the added value of the enterprises in Sofia, amountc to BGN 3.4 billion of added value or 8.2%.

This sector is driven by a few large key enterprises with a predominantly export orientation, with important sub-sectors including metal products, food and beverages. Despite the high share of services, industrial activities grew at a relatively fast pace in the last years before the crisis. Sofia is an example of a dynamic municipality producing a high percentage of GDP from manufacturing activities.

Metal products, pharmaceuticals, food, soft drinks, electrical equipment, aircraft parts and repair services, bread and bakery products are produced in Sofia. About 50% of the country's printing industry is based in the capital. 14% of the country's fur and footwear industry is concentrated in the capital. Chocolates for domestic and foreign markets, components for the medical equipment industry are produced in the city, and high-end heat pumps, air conditioners, split systems and energy-efficient convectors, winners of a prestigious award for efficient home air-conditioning solutions, are also manufactured in the city. Our capital city is home to the manufacturing of high-end automotive electronics, aircraft parts and aviation equipment for the giants in the aircraft industry, electric car parts and much more.

## AUTOMOTIVE SECTOR

The automotive industry is about to become the leading industry in Bulgaria. There are about 300 companies in the sector, employing nearly 70 thousand people. The share of the automotive sector in Bulgaria's economy is 11%. A study by the Automotive Cluster in Bulgaria shows that there is potential for this share to reach over 20%. According to the study, the automotive industry could double again in the coming years and become the leading economic sector in the country. Sofia is again the most attractive destination, followed by Plovdiv and Shumen.

### **Overview of the automotive industry in Bulgaria:**

- EUR 4.3 billion annual turnover
- 11% of GDP in 2021
- 67000+ employees
- 8.2% average annual industry growth
- 300 car companies in Bulgaria
- 28 development centers.

# INOVATIONS FROM BULGARIA

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



Source: BIA, Automotive Cluster Bulgaria

## ROBOTICS

For second year in a row, Bulgaria is one of the 15 countries in the world that has a trade surplus in industrial robots (i.e. exports more industrial robots than it imports).

Exported industrial production from Bulgaria in 2022 includes: industrial robots, manipulators, CNC machines and other equipment prepared according to the customer's specifications.

Some of the leading robotics research and development units are located in Sofia. In turn, the use of robots and automated solutions in warehouses and logistics facilities has seen a steady and sustained growth of over 40% per year, according to the latest research by the International Federation of Robotics (IFR).

The start-up Simobotix has created the first Bulgarian autonomous mobile robot that can transform depending on the application. It is called MITO and its mass serial production will start in 2025 in Sofia. The company's base is located in Mizia.

Source: Professional Association for Robotics and Automation and Innovation/ PARAI/

## EXHIBITIONS

A number of exhibitions are held annually in Sofia, the most important of which are:

*Inter Drone Expo* is an exhibition for drones, unmanned machines and avi innovations.

*MACHTECH & INNOTECH EXPO* – the largest international exhibition in Bulgaria for machines and technologies in metalworking.

*EXPOMEBEL* is an international exhibition for furniture, interior textiles and home accessories.

*The tourism exhibition VACANCY & SPA.*

*Energy of Tomorrow* – Green Energy, Energy Efficiency, Renewable Energy Project Finance.

*Architecture & Construction Week* is an international exhibition for energy efficient, environmentally friendly and functional construction.

*Technofurniture* is an exhibition for the furniture and woodworking industry.

*Arena of Beauty* is a specialized exhibition for professional cosmetics, services, equipment and furniture for beauty salons and spas.

*Bulmedica, Buldental and Derma & Aesthetics* are trade fairs for medicine, dental services consumables and technology as well as skin care and aesthetics.

*KOSHER* – A meeting of ideas and events, it is an intersection of business, technology and creative industries.

*Sofia Motor Show* is an exhibition for cars.

*The Milky Way, Bulpek, Meatmania Interfood & Drink* are international exhibitions for dairy, bakery and confectionery, meat and local products as well as for food, beverages, packaging and machinery.

*DiVino.Taste* – Forum about Bulgarian wine.

*The Smart Cities Exhibition* is the place to showcase interactive and accessible information systems for transport, buildings, education, healthcare and more.

*SECURITY EXPO* security and safety forums in the Balkans.

*Green Transition Forum 4.0* is a forum on Green Transition and new perspectives for Central and Eastern Europe.

*SIM EXPO София* – Regional Financial Hub is a forum focused on financial and investment support for Small and Medium Enterprises.

*Green Urban Infrastructure Summit* is a forum for strategic infrastructure and investment.

*Strategic Infrastructure and Investment Forum* – nresentation of major projects in all modes of transport and other critical infrastructure.

*RE-Source Southeast Conference 2024* – the largest regional event dedicated to corporate sourcing of renewable energy and its role in industry decarbonization strategies.

## LIFE IN SOFIA

UTILITIES	TRANSPORT
Basic (electricity, heating, water supply, waste) for apartment of 85m2 126.92 €	Ticket (public transport) € 0.82
Monthly mobile phone fee incl.1000 min and 5 GB data 16.27 €	Annual card (public transport) € 187
Monthly internet fee (over 60 mbps, Unlimited Data, Cable/ADSL) € 12	Taxi - 1 km mileage (regular fare) € 0.6
	Fuel (litre) 1.41 €
	Shared trolleys €0.77 + €0.16/min.
	Car sharing €2-3.25 + €0.15-€0.25/min.
DINING	MONTHLY RENT
Single menu, middle class restaurant € 10	One bedroom apartment in the city center 518.02 €
Menu for two (three courses), middle class restaurant € 40	One bedroom apartment outside the city center 378.10 €
Water 0.33 l € 0.8	Two bedroom apartment in the city center € 975
	Two bedroom apartment outside the city center € 663
SUPERMARKET	
Milk (litre) 1.60 €	
Bread € 1.00	
Chicken (kg) € 7,14	

	Sfia	Bucharest	Vienna	Budapest	Belgrade	London
Quality of life index	139.55	131.91	200.40	136.16	114.95	143.6
Purchasing power	88.4	81.6	118.8	72.9	53.7	118.6
Security Index	60.2	71.9	69.8	66	62	45.3
Health	58.3	54.9	79.6	52.3	53.2	69.8
Price of life	40	40.1	65.9	43	41.7	81.8

## SOFIA - CULTURAL LIFE



ST. ALEXANDER NEVSKY" Cathedral - one of the most significant and emblematic buildings in Sofia and Bulgaria. This Orthodox temple is not only a religious center, but also a symbol of Bulgarian freedom and cultural heritage. The largest Orthodox church in Bulgaria and the second largest in the world.

The highest bell tower is with height of 50.52 m, the temple has a total of 12 bells. In the crypt of the temple is the museum of Christian art.

NATIONAL MUSEUM HISTORY - one of the largest museums on the Balkans, which presents the history of Bulgaria from ancient times to the present day. The collection includes over 650,000 artefacts, including Thracian treasures, medieval icons and relics from the Ottoman period.



THE NATIONAL THEATRE "IVAN VAZOV" - the oldest professional theatre, which is also among the most prestigious theatres offers a rich repertoire of classical and contemporary plays.

THE NATIONAL GALLERY established in 1948, is the largest art museum in Bulgaria with over 41 000 works of painting, sculpture, graphic, decorative and contemporary art. It has the richest collection of Christian art in Bulgarian lands (4th - 19th centuries), some of the best achievements of Bulgarian masters from the Renaissance to the present day, examples of European art. The main exposition of the gallery is presented in two buildings - "Square 500" and "The Palace".





**SOFIA CITY ART GALLERY** - established in 1928, over the years the gallery has established itself as an important cultural space of the capital. The collection numbers over 23,000 works by Bulgarian artists from the late 19th century to the present day. Some of its sculptural works are arranged outdoors in the City Garden. The City Gallery has two branches - the Vaska Emanuilova Gallery, which has a collection of works by the famous Bulgarian sculptor, and the Dechko Uzunov Gallery-Museum.

**NATIONAL PALACE OF CULTURE** - the largest multifunctional congress, conference, exhibition and cultural center in South-Eastern Europe. Located in the heart of Sofia, the National palace of culture is a key place for the cultural and social life of the capital.



**NATIONAL ARCHAEOLOGICAL MUSEUM** - one of the oldest and richest museums in Bulgaria, presenting the history of the country from antiquity to the Middle Ages. It offers educational programmes and workshops for schoolchildren and students, promoting Bulgarian cultural and historical heritage.



**REGIONAL HISTORY MUSEUM** - Sofia - dedicated to the history and culture of Sofia from antiquity to the present. The museum is located in the building of the former Central Mineral Bath - one of the most beautiful and emblematic buildings in the capital. The Regional History Museum - Sofia is not only a place for the preservation and presentation of the historical artifacts of the city, but also an important center for cultural exchange and education, which plays a key role in the preservation of the cultural heritage of Sofia.



**SOFIA THEATRE** - the largest municipal theatre in the capital and one of the leading drama theatres in Bulgaria. Established in 1966, the theatre is known for its diverse and innovative productions, which cover different genres and styles.





#### THEATRE "VAZRAZHDANE" -

Municipal Cultural Institute Theatre Vazrazhdane is housed in the building of the Sofia Library on Pl. Slaveykov 4, since 1994. On the stage of the theatre plays by Bulgarian and European contemporary and classical playwrights are staged with priority. The repertoire policy continues and develops the traditions of dramaturgy of national and international importance.

THE CAPITAL PUPPET THEATRE - the first puppet theatre in Bulgaria is the Capital Puppet Theatre. It is a municipal cultural institute and maintains in its repertoire more than 30 titles, and every new season makes several premieres. The theatre has two stages and its halls are constantly full of spectators of all ages.



#### SMALL CITY THEATRE BEHIND THE CANAL -

established in 1990. The Small City Theatre is the fourth municipal theatre of the capital. It is located near the Sofia Theatre and its auditorium can accommodate up to 200 spectators. The theatre's repertoire includes plays by authors of outstanding importance for the world theatre scene.

BOYANA CHURCH - "St. Nicholas and St. Panteleimon" - one of the most important and well-preserved medieval churches in Bulgaria. Located in the Boyana district, about 8 km southwest of the center of Sofia, it has been part of the UNESCO cultural heritage since 1979. The Boyana Church is an invaluable historical and cultural site that offers a unique insight into medieval Bulgarian culture and art. It is not only a landmark for tourists, but also an important symbol of Bulgarian identity and spirituality.



#### BASILICA OF ST. SOFIA -

one of the oldest and most important Christian temples in Bulgaria, which gave its name to the capital. It is an important architectural and historical monument that represents a significant example of early Christian architecture in the Balkans. The Basilica of St. Sophia is a symbol of the spiritual and cultural heritage of Sofia and Bulgaria. It is one of the most important historical monuments in the country.



#### NATIONAL LIBRARY "ST. CYRIL AND METHODIUS" -

- is the largest library in Bulgaria and one of the largest in Southeast Europe. It plays a key role in preserving the cultural heritage of the country and in scientific research.

#### SOFIA OPERA AND BALLET -

an important institution in the cultural life of the capital of Bulgaria. It plays a key role in the development of music and dance art in the country and is known for its performances of classical opera and ballet works as well as contemporary interpretations and productions.



#### BULGARIA HALL -

one of the largest and most important concert halls in Sofia and Bulgaria as a whole. It is famous for the many cultural and musical events that take place there, as well as for its architectural style and unique acoustics. Bulgaria Hall is known for its diverse program, including classical music, opera, ballet, jazz, rock and pop concerts, as well as other musical and cultural events.



#### MUZEIKO -

the largest children's science centre in Eastern Europe. It has over 130 interactive games, science workshops and art workshops! The interactive games are dedicated to science, engineering, ecology, communication and arts. Children don't just observe the exhibits, but play with them and thus learn a lot about the world, people and



#### CAPITAL ZOO -

the oldest and largest on the Balkan Peninsula. Founded in 1888 by Prince Ferdinand, it quickly gained popularity and became a place for recreation, entertainment and knowledge, with world-famous specialists and breeding of valuable and rare animals. Today, the zoo is spread over 235 acres and houses over 2,100 animals of 237 species, 29 of them endangered.



## FESTIVALS

"KINOMANIA" : A film art festival, which started in 1987 as the World Film Panorama.

SOFIA FILM FEST: Sofia Film Fest is one of the leading cinema events in Central and Eastern Europe. It is included in the ranking of the magazine. "Variety's list of the world's top 50 festivals.

A TO JAZZ : A TO JAZZ tells the story of jazz for three days in July. Since 2011, the festival has been attended by over 100,000 people and has hosted world-renowned jazz musicians such as Branford Marsalis, Christian McBride and others.

PHOTO FACTORY : Annual festival and international platform for professional photography. The festival is part of the Cultural Events Calendar of Sofia Municipality.

SOFIA SCIENCE FESTIVAL : The first and only festival in the country dedicated to the achievements of scientists and young researchers from Bulgaria and abroad. The event is aimed at young people and adults and aims to promote scientific knowledge and innovation.

SOFIA MUSIC WEEKS : Since 1970 the festival has been one of the most important international music events in the region. The programme includes concerts, opera and ballet performances, scientific conferences, photo exhibitions and master classes.

EUROPEAN MUSIC FESTIVAL : One of the most renowned classical music events in Sofia. Includes concerts of symphonic and chamber music, jazz and film music, and a special event for children.

OPERA IN THE PARK : It brings opera and ballet performances outdoors to one of Sofia's parks. The event also aims to democratize the accessibility of high quality musical art.

WORLD THEATRE IN SOFIA : leads world-renowned theatre and dance productions and performers in Sofia. The event provides a platform to meet outstanding theatre productions from around the world.

SOFIA INTERNATIONAL BOOK FAIR : The oldest and most prestigious cultural event in Bulgaria, organized since 1967.

SPRING BOOK FAIR : The largest book fair in the country, which is held outdoors. May 11 - Day of the Holy Brothers Cyril and Methodius and May 24 - Day of Bulgarian Education and Culture and Slavonic Literature.

SOFIA SUMMER FEST : Includes theatre performances, cinema, musical performances, special shows for children, book presentations and a variety of culinary attractions.



## SOFIA - CITY OF SPORT

In 2024, Sofia was awarded the title "World Capital of Sport", which represents a significant recognition for the city and its active sports community. The initiative aims to promote sporting activities, healthy lifestyles and physical activity in cities around the world, as well as expanding social engagement to new forms and activities aimed at sport by people with special needs.

The Sofia Marathon, part of the International Association of Athletics Federations' IAAF Bronze Label events list, began in 1983. Every Saturday morning in Sofia's South Park, a 5KM RUN is held, with children, adults, people with disabilities, parents with strollers and even pets participating.

Water sports are also a significant part of the sports opportunities near Sofia. Lake Pancharevo and Iskar Dam offer opportunities for water skiing, wakeboarding and boating. Wakeboarding enthusiasts prefer the Kazichene Hydro Park, located next to the Sofia ring road. The Struma River, an hour's drive south of Sofia, is known for its preference for kayaking and rafting. In addition, the 84-kilometer-long gorge of the Iskar River is a popular spot for hiking and trekking north of the capital.

### VITOSHA

Vitosha Mountain is one of the most significant natural attractions near Sofia. It is located to the west of the city and plays an important role for the inhabitants of the capital, offering various opportunities for recreation, sports activities and contact with nature. Vitosha is home to a variety of plants and animals, including some rare and endangered species. Vitosha is the oldest nature park in the Balkans.

### MINERAL SPRINGS

Sofia is one of the richest capitals in the world in mineral water deposits - 31 separate deposits and 75 mineral springs with thermal waters. More than half of the total 6000 mineral springs in Europe are located on the territory of Bulgaria.



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