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EIT-Food Startup Guide **Bulgaria**

Contact

EIT Food accelerates innovation to build a future-fit food system that produces healthy and sustainable food for all.

We believe inclusive systems innovation, which enables all people and places to participate and benefit, is essential to a strong food system that is better for everyone. With teams on the ground across Europe, we bridge the gap between countries and regions with low innovation capacity and those leading the way. And we put consumers at the heart of our work, helping build trust by reconnecting them to the origins of their food, directly involving them in the innovation process, and working with the food sector to increase transparency. Collaboration is central to all our work, which spans the whole food value chain, and is vital to meet the big challenges we face. Together with our community, we will build an innovative and resilient food system that in turn creates a healthier society and planet.

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Disclaimer: The guide is intended to help entrepreneurs and startups. However, it does not replace seeking professional advice and guidance. As such, although EIT Food has made every effort to ensure that the information in this book is useful, they do not assume any responsibility for the outcome of your business.



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Welcome to the market!

We are pleased to hand over to you this very latest edition of the EIT-Food's startup guide. Doing business requires strength and resilience, but doing business in agriculture and in the food industry requires passion and willingness to overcome specific challenges. Some of those challenges are nature driven to which we may just need to be able to adapt and manage. The other group of challenges stem from complexity of the markets, regulatory environments or geographical differences. These we can address and that is precisely the aim of this guide. We want to help you in your business location decisions, whether you are at the start of your entrepreneurial journey or already plan to internationalize your business across Central & Eastern Europe.

As an entity building the EIT-Food network in Central & Eastern Europe (as well as in the Nordics region), our Co-Location Centre (North-East) implements a variety of programmes targeting the key challenges and priorities of agricultural and food system development. We are pleased to see your interest in making it happen through products and services brought to our market.

In current macroeconomic environment where supply chains remain volatile and market transparency is hampered, the access to information about the ecosystem is essential. That is why we focus in this guide on helping you quickly determine how a local ecosystem in Bulgaria in the ag-food sector works. In view of that we give you a picture of top regulators, policy makers and startup community developers. We hope the guide would serve as a reference for your entrepreneurial efforts all across the way from being technology developer to acting as a solid market player on the market.

Wishing you all the best for your ag-food business,

Marja-Liisa Meurice
Director of EIT-Food CLC North-East

EIT-Food Startup Guide Bulgaria 2022

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EXECUTIVE SUMMARY

GDP at current prices for the first quarter of 2022:
BGN32, **807 million**

GDP per person: BGN4, **800**

GDP by sector – agriculture: **4.3%**

In June 2022, the industrial confidence indicator increased by **3.0** percentage points in comparison with May 2022.

In the first quarter of 2022, the number of unemployed persons was **158,700** including 84,300 (53.1%) men and 74,400 (46.9%) women.

Workforce by occupation – agriculture: **6.8%**.
Nearly half (49%) of all farm managers are elderly.

In June 2022, **30.2%** of industrial enterprises pointed out the labour shortage as a factor limiting their activity.

In June 2022, **30.2%** of industrial enterprises pointed out the labour shortage as a factor limiting their activity.

January–April 2022, exports of goods totalled EUR **14,349.9 million** (19.1% of GDP).

Bulgaria holds **19.9%** of the world duck liver market; tinned cherries have a **16.4%** share. Bulgaria ranks **17th** among global exporters of fresh eggs.

Bulgaria is the largest producer of lavender oil in the world. Ranks **4th** in bread grain exports. In the ranking of EU member states Bulgaria ranks **6th** in honey exports.

January–April 2022, imports of goods totalled EUR **15,696.9 million** (20.9% of GDP).

January–April 2022, foreign direct investment in Bulgaria grew by EUR **653.2 million**.

Bulgaria is ranked **61st** among 190 economies in the ease of doing business, according to the latest World Bank annual ratings.

According to the fDi European Cities and Regions of the Future 2020–21 report, the Bulgarian capital Sofia ranks **3rd** in Europe when it comes to cost-effectiveness and foreign direct investment strategy.

The Bulgaria Start-up Ecosystem is a regional leader in innovation, ranked at number **36** globally and also ranked at number 6 for start-ups in Eastern Europe. The top-ranked city in Bulgaria is Sofia at 123 globally.

LOCAL AGRIFOOD MARKET INSIGHTS



1



1.1. Introduction

Bulgaria continues to be seen by many investors as an attractive low-cost investment destination, with government incentives for new investment. The country offers some of the least expensive labour in the European Union (EU) and low and flat corporate and income taxes.

The government expects to adopt the euro in early 2024, following its joining the European Exchange Rate Mechanism (ERM II) in July 2020 and the EU's Banking Union in October 2020. The adoption of the euro will eliminate currency risk and help reduce transaction costs with some of the country's key European trading partners.

In 2020, Bulgaria suffered from the COVID-19 pandemic and related shutdowns, although the impact on the economy was less severe than in many other European countries. The deficit spending in 2020 was 3% of GDP, the lowest in the EU. The Bulgarian economy declined 4.2% in 2020.

The agriculture sector in Bulgaria generates 4.4% of the country's total gross value added (GVA) and provides employment to 5.8% of the labour force, which is the second-highest rate in the EU-27.

There are no legal limits on foreign ownership or control of firms. With some exceptions, foreign entities are given the same treatment as national firms and their investments are not screened or otherwise restricted. There is strong growth in software development, technical support and business process outsourcing.

stability

- EU, NATO & WTO member
- Currency board
- Low budget deficit and government debt

educated and skilled workforce

- 80 000 students abroad
- 25% population hold university degree
- 49,5% of population speak at least one foreign language

easy market access

- European Union
- Russia
- Turkey
- Middle East

reduced cost and risk

- Attractive taxation system
- Competitive cost of labor
- Favorable office rents and low cost of utilities

government incentives

- Social security benefits
- Tax benefits
- Vocational education benefits

1.2. Overview of the Bulgarian agri-food industry

"Agriculture is a traditional branch of the Bulgarian economy, with particular importance for ensuring food security, raw materials for the food industry and income for a large part of the population in rural areas of the country. Furthermore, the growth of productivity in the Bulgarian agriculture is leading among the EU-27, achieving 32.9% between 2020 and 2021, compared to the average of 1.5% in the EU. Likewise, the total exports of agricultural products expand dynamically and amounted to over EUR 6 billion in 2021 - 25.8% more than in 2020. Bulgaria is still in the group of "timid innovators", despite the improvement in the country's performance. However, considering the positive balance for Bulgaria in agricultural trade growing twice on an annual basis, reaching nearly EUR 1.6 billion in 2021, the upcoming support in the National recovery plan, and the increased national funding in the EFRD for 2023-2027, the innovation capacity of the Bulgarian agricultural sector is expected to expand. Interventions in the industry will focus on improving competitiveness and implementation of new technologies, including by placing greater emphasis on research, technology and digitalisation, as well as the development of the value chain." - Mariya Hristova, Innovation and Food Expert, Ministry of Agriculture and Food, Bulgaria

Relative share of agricultural commodities in Bulgaria's foreign trade in 2019–2020, in thous. euro

	2019			2020		
	Total for the country	Agricultural sector	Share of agricultural sector in %	Total for the country	Agricultural sector	Share of agricultural sector in %
Export, FOB	29 889 833	4 793 025	16,0	27 968 670	4 775 294	17,1
Import, CIF	33 740 128	3 702 996	11,0	30 730 003	3 997 112	13,0
Exchange of goods	63 629 961	8 496 021	13,3	58698 673	8 772 406	15,0

In 2020, the agricultural sector retained its importance in the country's foreign trade, as according to data from the National Statistical Institute (NSI) it accounted for 15.0% of the total trade for the year, including 17.1% of total exports and 13.0% of total imports.

The data for 2020 show a relative maintenance of agricultural trade with the EU-27 (excluding the UK) around the 2019 level, with the Union's share of total agricultural exports being 63.7% and that of total agricultural imports being 72.1%.

Bulgaria's main partners in agricultural trade among EU countries in 2020 were Romania, Greece, Germany, Italy, the Netherlands, Spain, and Poland. The largest share of agricultural shipments in value terms was directed toward Greece with 19.2%, followed by Romania with 19.0%, Germany with 10.5%, Italy with 9.4%, Spain with 8.5%, and the Netherlands with 8.3%, while the leading Union suppliers were Romania with 17.8%, Germany with 14.1%, Greece with 13.5%, Poland with 9.4%, Italy with 8.4%, and the Netherlands with 7.9%. More than a third of agricultural trade with the EU came from trade with neighbouring Greece and Romania

Export

The slight decrease in total agricultural exports in 2020 was mainly related to a contraction in the sales of cereals outside the country. Although down 14% on yearly basis, the value of exported cereals continued to form the largest share of total agricultural exports at 24.4%. In the second place in the structure of agricultural exports with a share of 12.9% remained the group of oilseeds and fruits, industrial or medicinal plants, and straw and fodder, which showed an increase of 3.2% compared to 2019.

Next were exports of fats and oils of vegetable or animal origin, food residues and prepared animal feed, soft and alcoholic drinks and vinegar, food products based on cereals, flours, starches or milk and cocoa products, representing between 5.1% and 9.1% of all agricultural exports. For most of these groups, there has been a year-on-year increase in exports ranging from 9.2% to 34.9%. The exception is exports of cereal-based food products, which contracted by 6.2%.

Among the other more significant product groups, an increase compared to 2019 was recorded in exports of processed fruits and vegetables, fresh fruit, various types of food products and coffee, tea, and spices, and a decrease in those of meats and offal, milk and dairy products, eggs and honey, vegetables, and tobacco and processed tobacco substitutes.

Import

In 2020, the supply of oilseeds and fruits grew by 66.5% year-on-year in value terms, ranking this group first in the structure of agricultural imports with a share of 13.1%.

Among the more important groups of agricultural products, a significant increase was also observed in imports of fats and oils of animal or vegetable origin, by 43%, and a more moderate increase in vegetables; fruits; cereals; coffee, tea, mate, and spices; soft and alcoholic drinks, and vinegar; food products from fruit and vegetables; different types of food products; food residues and prepared animal feed of between 3% and 9.8%.

On the other hand, the value of imported milk and milk products, meats and offal, tobacco and processed tobacco substitutes, and fish, crustaceans and aquatic invertebrates fell by between 2.9% and 15.2%.

Insights from the literature

Food industry in Bulgaria is a document created under the project “Promoting the advantages of investing in Bulgaria” BG 161P0003-4.1.01-0001-C0001, with the beneficiary Invest Bulgaria agency, implemented with the financial support of the European Union through the European Fund for Regional Development and the national budget of the Republic of Bulgaria.

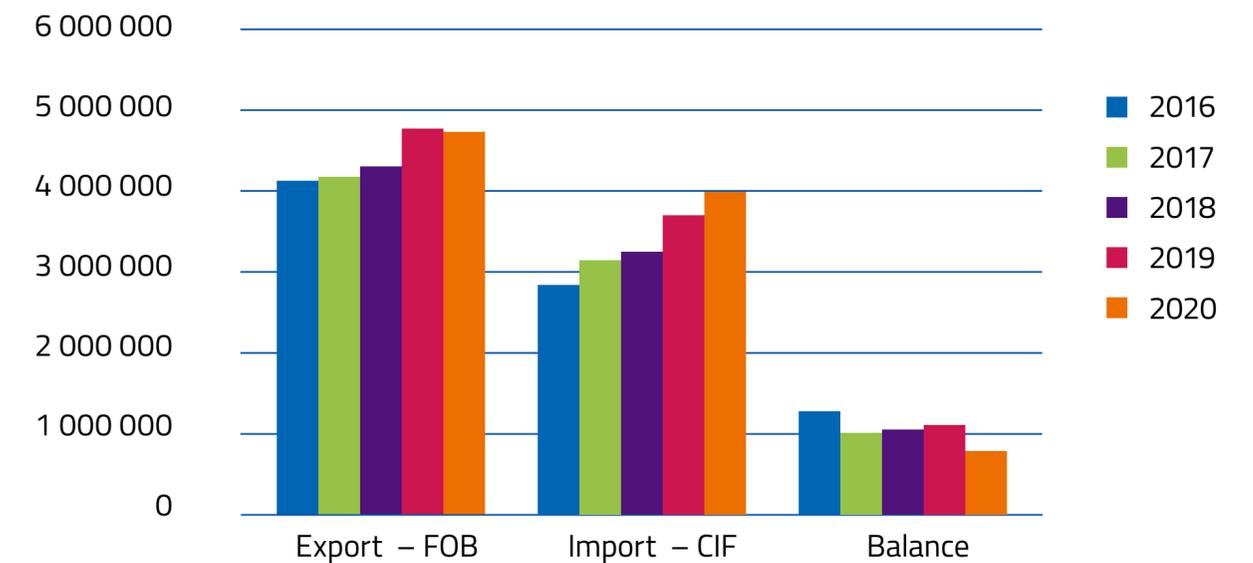
Local Consumption Of Agricultural Products In Bulgaria, G. Aleksiev, Faculty of Economics, Trakia University, Stara Zagora, Bulgaria. The goal of this study is to analyse the local consumption of agricultural products in Bulgaria in order to draw a conclusion on any discrepancies between food supply and demand in the country. The study is focused on a few important topics: analysing the food production structure in the country; studying the local consumption of agricultural products; drawing conclusions and offering development policies focused on sustainability.

Financial needs in the agriculture and agri-food sectors in Bulgaria. This document has been produced with the financial assistance of the European Union and has been prepared with the support of a consortium of Ecorys and the Frankfurt School of Finance & Management gGmbH. This study gives an insight into agriculture and agri-food financing in Bulgaria by providing an understanding of investment drivers, financing supply and financing difficulties, as well as the existing financing gap.

Bulgaria – SME factsheet 2021. SME performance review is one of the main tools the European Commission uses to monitor and assess countries' progress in implementing the SME strategy and the Small Business Act (SBA).

Bulgaria 2021 brochure. The National Statistical Institute prepared the bilingual (Bulgarian/English) brochure Bulgaria 2021 for users of statistical information. The publication contains topical statistical information about the demographic, social and economic development of the country over the 2015–2020 period. The compiled information covers the government system, geographic location, climate and population, as well as the socio-economic development of the Republic of Bulgaria. A comparison between Bulgaria and other countries in Europe and the world is made on the basis of a number of indicators.

Imports and exports of agricultural goods in the period 2016–2020, in thous. euro



Source: NSI data for 2020

Institutions and sustainability – insights from Bulgarian agriculture. This article tries to fill the gap and assesses the impact of the institutional environment on agrarian sustainability in Bulgaria. The interdisciplinary New Institutional Economics framework is applied, and assessment is made on specific effects of major components of the “external” institutional environment on the agrarian sustainability level in different administrative, geographical and ecological regions, subsectors of agriculture, and farms of various juridical types and sizes.

Unfair trading practices in the agri-food supply chain in Bulgaria. Detailed information regarding the legal framework for unfair trading practices developed by two counsels with significant experience in insurance law.

**MAIN
STAKEHOLDERS IN
THE LOCAL AGRIFOOD
INDUSTRY**

2



2.1. Key Bulgarian companies

The food industry in Bulgaria stands well compared to the rest of the EU, although we also saw a decline in food consumption during the period of the COVID-19 pandemic.

Company Name	Scope of the activity	Turnover in 2019 LEV
	<p>Deroni Ltd is one of the leading groups in Bulgaria, a leader in tinned food production, operating in more than 31 countries around the world. Deroni owns three manufacturing enterprises in the cities of Stara Zagora and Haskovo with 14 production lines for the production of more than 500 product groups as well as a plant for growing seedlings.</p>	<p>31,937,000</p>
	<p>Philicon-97 S.A. is a leader in the food industry in Plovdiv; it is one of the largest factories in Bulgaria with traditions in tinned food and beverage production. One of the main trends the company follows in its development is the use of ecologically clean fruits and vegetables.</p>	<p>33,907,000</p>
	<p>Danone Serdika AD. Danone is a leading global health food and beverage company. The company deploys its expertise in four main areas: fresh dairy, water, early childhood nutrition and clinical nutrition. Danone entered the Bulgarian market in 1994 and since 1995 Danone Serdika, a branch of Danone, has been a major innovator on the Bulgarian fresh dairy market.</p>	<p>60,497,000</p>



[LB Bulgaricum EAD](#) was established in 1965 in Sofia. The company is a technological leader in the Bulgarian dairy industry and a leader in the export of know-how, technologies and starters for Bulgarian yogurt and dairy products. Separate units of the organizational structure of the company are the Dairy Industry Institute "ELB Intellect" and the Central Laboratory "ELB Engineering". A Food Testing Laboratory is accredited by the Bulgarian Accreditation Service Executive Agency.

21,868,000



[Bella Bulgaria AD](#) is the largest producer of food products in Bulgaria and a leading representative of the food industry in South-East Europe. It owns commercial structures in Greece and Romania. The company's products are available in over 20 countries on four continents. Bella launched for the first time on the Bulgarian market the product puff pastry. Between 2006-2009 In Bulgaria Bella entered the meat processing industry and developed a full portfolio of meat products. As one of the largest corporate donors, Bella was involved in the formation of the Bulgarian Food Bank.

207,783,000



[Gradus AD](#) implements a closed production cycle. The company holds its own fodder plant, hatchery, parent flock farms, broiler fattening farms and poultry processing plant. In 2019, Gradus won an award for making the biggest contribution to the Bulgarian capital market.

56,039,000



[Tandem B Ltd](#) produces high-quality meat products and delicacies – fillets, sausages, dried delicacies, ham, bacon, etc. Tandem is a co-founder of the Bulgarian Food Bank.

23,990,000



[Zaharni Zavodi AD](#) is the largest food production complex in Bulgaria, leading in the production of sugar, confectionery and ethyl alcohol in the country. The Zaharni Zavodi group includes several factories – for sugar production, confectionery, ethanol and high-protein fodder – a printing house, an in-house thermal-electric power station and a mechanical repair factory. Zaharni Zavodi is a market leader in the sale of hard candy and Turkish delight in the Bulgarian market.

63,053,000



The story of [Nestlé Bulgaria AD](#) in Bulgaria started in 1994, when Nestlé bought the largest chocolate and confectionery manufacturer in Sofia. The product range of Nestlé Bulgaria is extremely rich – children's foods, culinary products, chocolates, desserts, chocolate and plain biscuits, dairy products, cereals, pet food, etc.

271,465,000



[Chipita Bulgaria SA](#) set up production plants in Bulgaria in 1996. It holds 75% of the market in croissants and packaged snack food in Bulgaria Brands.

187,218,000



[Domaine Boyar](#) was the first private wine-producing company; it was founded in 1991 and started operating in Sofia and in London simultaneously. The company's key markets are the UK, Benelux, the USA, Canada, Asia and the Scandinavian countries.

20,354,000



[Carlsberg Bulgaria AD](#) is the leading beer producer in Bulgaria and one of the most dynamic and fast-growing companies in the industry. Shumensko Pivo and Pirinsko Pivo are the national brands.

198,629,000



[Zagorka AD](#) brewery is one of the most modern in the region of Central and Eastern Europe.

145,940,000



[DEVIN AD](#) is the leading producer of bottled water in Bulgaria. In March 2017, DEVIN became the property of the Belgian company Spadel. The main activity of DEVIN is the bottling and sale of mineral water, spring water, and carbonated and non-carbonated soft drinks. The company has certificates for the quality of its DEVIN mineral and spring water issued by the Bulgarian health institutions. It is the first water bottling certified carbon-neutral company in Bulgaria.



OLIVA AD

[Oliva AD](#). The main activities of Oliva AD include international trade in grains and oilseeds, and production and trade in vegetable oils and meal, as well as grain storage. Oliva is by far the largest crusher of oilseeds in Bulgaria. It operates in three oil refineries in the country. With its three plants, Oliva AD operates over 30% of the active oil processing facilities in Bulgaria and is a clear market leader.

715,935,000BULGARIAN ROSE
KARLOVO

[Bulgarska Roza AD](#) is a major producer of natural fragrances, synthetic products, perfume compositions for scenting detergents and soaps, raw materials for the cosmetic and food industries, and cosmetic products including perfumes, shampoos and bioemulsions.

6,305,000esseterre
ARTES

[Esseterre Bulgaria EOOD](#) was established in 2015 and is a 100% investment by the American corporation dōTERRA to initially produce some of their Lavender and Melissa essential oils. All of the production at Esseterre is to satisfy the essential oil needs of dōTERRA alone and Esseterre does not trade any products on the internal market. This is one of the few distilleries in Bulgaria with its own laboratory and research and development team.

60,497,000

BIOPROGRAMME

[Bioprogramme Co](#) is the leading producer of Bulgarian tea and tea infusions and is among the leading Bulgarian producers of packed herbs on the local pharmaceutical market. In addition, it is one of the leading companies exporting whole and cut Bulgarian herbs, dried fruit and spices as raw materials for many industries in Western Europe and the United States such as pharmaceuticals, tea production, cosmetics, food, etc.

14,345,000

2.2. Public institutions

The Ministry of Agriculture

is the central public administrative body responsible for the development and implementation of the state policy in the field of agriculture, rural development, food and feed safety, plant protection, veterinary medicine and zootechnics, forestry management, hunting, fisheries, and aquaculture.

The National Agricultural Advisory Service

aims to support the implementation of state policy in the agricultural sector and the achievement of priorities and goals set by the MA for efficient and competitive agriculture in the Republic of Bulgaria, assisting in the development of the national system of knowledge and innovation in agriculture and offering farmers high-quality consulting services, up-to-date and useful information, training, and technical assistance.

State Fund Agriculture

was established in 1998 with the Agricultural Producers Support Act (APSA). Through the Fund, Bulgarian beneficiaries receive financial support from the national budget and from the instruments of the Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP) of the European Union (EU).

The EFSA Center

was established and started its activities in 2007. The EFSA provides scientific advice and communicates risks related to the food chain.

The Bulgarian Food Safety Agency (BFSA)

is an integrated body for controlling the safety and quality of food and feed in the Republic of Bulgaria. Established at the beginning of 2011, the BFSA follows the best European practices for implementing the highest standards of controls in the areas of safety and quality of food, food and feed additives and drinks, veterinary medicine and animal welfare, plant protection and fertilizers, phytosanitary controls, feed, border inspections and others.

2.3. Exhibitions and events

[The International Agricultural Exhibition](#)



“AGRA” is the largest agribusiness economic event in South-East Europe. It attracts manufacturers and retailers by showing its world-class innovative products and services to more than 40,000 visitors and industry professionals. The event is hosted by the Ministry of Agriculture, Food and Forestry and is favoured by farmers because of the opportunity to learn about new products and services, purchase equipment and inventory, and exchange ideas and experiences. It has attracted media reports from more than 400 exhibitors from 19 countries and more than 200 publications from different media.

[Interfood & Drink](#)



is an annual exhibition that last happened in November 2021 in Sofia. It offers an environment for exchanging experiences and innovative approaches to the manufacturing processes in the food sector by providing modern business space for interactions and collaborations. It also provides the opportunity to meet senior buyers and decision-makers from all facets of the industry and get informed about the latest technologies on the market.

[Foodtech](#)



is an international exhibition of food, machinery and technology, and the most representative forum for the Bulgarian food industry. The main exhibit categories are food, food industry raw materials and supplies, food processing machinery and equipment, packaging, beverages, and tobacco products.

[The Bulgarian Association of Traders of Agromachinery \(BATA AGRO\)](#)



is a professional organization that brings together companies authorized by the manufacturer to import and distribute self-propelled and attached agrotechnics in the territory of Bulgaria. BATA AGRO was established in 2005 and today the Association is enjoying significant success with a number of important initiatives for the industry. The first of them as the most important project is organizing independently the Specialized Agricultural Exhibition BATA AGRO, which takes place every year at the airport in Stara Zagora.

2.4. Educational network of colleges and universities

[The Technical University of Sofia](#)



is the first and largest university, having fostered the emergence of most of the higher technical colleges in the country with the highest accreditation grade of all higher schools in Bulgaria, setting educational standards and introducing national priorities for the development of education and science. The University is a leader in the field of nanotechnologies, virtual engineering, energy efficiency, renewable energy resources, engineering ecology and engineering design in the application of the best practices as philosophical and fundamental principles in engineering. Annually more than 70 Bulgarian and international companies and organizations take part in the Career Days.

[The Agricultural University of Plovdiv](#)



was established in 1945. It has strengthened its position as a national centre of agricultural science and education in Bulgaria. The Agricultural University has developed as a modern national and European educational, research and development centre during its over 70- year history, which has integrated into the European Education Area with a significant contribution to the sustainable and smart growth of agriculture, tourism and regional development. Highly qualified specialists are trained in the offered 20 bachelor's degree majors, 28 master's and 26 doctoral degree programmes. The graduates are able to work toward the provision of top-quality safety food, forages and biofuels that comply with the high requirements of the European standards.

[University of Food Technologies, Plovdiv](#)



Founded in 1953 as the Higher Institute of Food and Flavour Industries (HIFFI), today the University of Food Technologies combines modern techniques with traditional concepts and a dynamic approach to teaching and research. The students are involved in a wide range of areas of study in food science, engineering and technology, tourism, biotechnology, economics, and computer and information technology. Training is structured into three degrees – bachelor's, master's and doctoral.

[Agricultural Academy, Sofia](#)



In 2018, the Agricultural Academy became a national autonomous budget organization as a part of the Minister of Agriculture, Food and Forestry that deals with issues related to scientific research, applied, innovation and educational activities in the field of agriculture and food.

AGRIFOOD ECOSYSTEM



3



3.1. Funding opportunities for agrifood start-ups

The basic funding opportunities are divided into three areas, the first of which is the Common Agricultural Policy (CAP), which mainly finances direct payments and measures to regulate or support agricultural markets, research, and innovation, and employment in rural areas.

Every farmer has a variety of financing options available to meet their investment needs. Farmers have access to credit from commercial banks. Registered farmers have access to different types of subsidies to help develop their farm. Subsidies are provided in the form of grants from the European Agricultural Fund for Rural Development (EAFRD) or from the State Fund for Agriculture (SFA). The government also provides state aid, short-term loans from the State Agricultural Fund and other sources to finance investment projects in agriculture. It should be noted that a relatively significant part of the funds also comes from farmers' self-financing.

Bulgaria will have over 880m euros under the Rural Development Programme over the next two years. This became possible after the European Parliament finally approved the Transitional Regulation.



Vitosha Venture Partners invests in growing companies in Bulgaria. It supports new ideas and strategies. During August it conducts a programme in order to help smaller and new companies and people with ideas become a bigger business company. Vitosha Venture Partners invests between EUR25,000 and EUR1,000,000.



Empower Capital provides funding in the form of equity or quasi-equity instruments and invests in Bulgaria-based companies. Empower Capital manages companies in Bulgaria and helps them grow and gain knowledge and experience. Investments range from EURO.25m to EUR 3m.



Based in Central and Eastern Europe, **NEVEQ's** companies are focused on delivering products and services to customers worldwide. NEVEQ II is mandated to invest between EUR300,000 and EUR3.0 million per company in Bulgarian businesses targeting the global market and with exit potential.



Sofia Tech Park has established partnerships with local and international venture capital funds, angel-investor clubs, cluster organizations, accelerators and organizations supporting innovative business models and technology development. There are opportunities to participate in joint projects with the laboratory complex for research and development, through the latest generation of high-tech equipment.



Innovation Capital's mission is to provide Bulgarian start-ups with access to equity and quasi-equity finance. Their goal is to find innovative ideas and help them to transform into high-potential start-ups. For companies at the idea stage with revenue below EUR10,000 EUR, funding is up to EUR25,000. For companies with an annual revenue of EUR10,000+, funding is up to EUR50,000. For companies with an annual revenue of EUR100,000+, funding is up to EUR1,000,000.



BrightCap Ventures encourages companies and helps them reach their full potential. It also offers advisors with expertise to help them continue to grow bigger as companies and also runs accelerator programmes.



LaunchHub Ventures is investing in technology start-ups in the seed and series A funding stages. They work with countries in Central and South-Eastern Europe. They work with SEE and CEE founders in leading start-up hubs worldwide.



Invisе Business Consulting focuses on two areas: green industry innovation and welfare technology. Its goal is to finance projects in Bulgaria and help them grow. The minimum amount of grant applied for is EUR5,000, while the maximum amount is EUR80,000.

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Eleven has two programmes: 1) Health Tech Innovation Programme (fast-track innovation and business development. Overall, EUR200,000 is invested in health techs as part of the programme); 2) Visa Innovation Programme (it gives partnership opportunities, mentorship and up to EUR100,000 funding).



Post Scriptum Ventures invests in the following areas: large-scale renewable energy, energy storage, distributed/off-grid generation, energy efficiency, IT and digitalization, resource efficiency and recycling.



F6S is the largest start-up community globally delivering billions in growth through funding, contracts, grants and other opportunities to more than four million company and start-up members. F6S leads in delivering growth to start-ups and companies in Bulgaria as well.

"Bulgaria is a great place to start a business and validate a business idea, especially if you have a tech-related venture. Initial fees are low, first customers are relatively cheap to reach through digital channels. There are various potential investors and business angels with a strong preference for tech, SAAS, climate-related projects, robotics, and space. For FMCG products, the initial investment is much higher and needed in advance to test & start the product. Nevertheless, if aspiring entrepreneurs have substantial resources to create, validate, and grow their potential FMCG venture by themselves - that's doable. It's a matter of money, time, patience and product-market fit. The best source of knowledge about setting-up a company is the existing ecosystem – mentors and institutions. Luckily, thanks to the active NGOs and VCs organizing events to help businesses grow, there is a real sense of community, and plenty opportunities such as networking events, accelerator programs and competitions with small-sized grants."

Jasmina Gevezieva-Berova, Food Innovation Entrepreneur, General Manager and Co-Founder at Cardinal Bites

3.2. Local incubators and accelerators that support agrifood start-ups

The agtech and foodtech arena is a rapidly growing and changing industry and there are many challenges facing agripreneurs starting out in business in this space.

Up to 90% of new ideas fail, so incubators and accelerators can be invaluable in providing support to start-ups in agtech and foodtech. It is important to note the difference between the two. An incubator focuses on early-stage ideas and helps an agripreneur to build their business from the ground up with no defined time frame. An accelerator is often then the next step, as its purpose is to help an agri-food start-up move to the next stage of its business development. Accelerator programmes generally extend some form of investment and accept equity as a form of payment from participant start-ups.

Innovation Capital

“Innovation Capital” has developed a programme called “XLRADAR Consumer Goods” to build a sustainable brand and to get financial, strategic and operational support for your venture. Applying available until 06.09.2021



Bulgaria Innovation Hub

The programme “Growth Acceleration” by “Bulgaria Innovation Hub” is a three-week programme that takes place virtually. There are 27+ virtual workshops over the course of three weeks to help start-ups prepare for their global expansion. Access to a mentor, advisor and investor network is available.



Vitosha Venture Partners

The “Vitosha Venture Acceleration” Programme – Vitosha ACCELERATE – consists of a revolving programme with cycles that take place throughout the year. Each cycle has a three-month timeline with an individually tailored programme, with weekly touch points, both in-person and online. There is daily support for strategy, team, business development and follow-on funding for a start-up.



Sofia Tech Park

The “INCUBATION PROGRAMME” by Sofia Tech Park is aimed at start-up companies that are registered in Bulgaria and develop technology and/or innovation in any of the following focus areas: information and communication technologies, green and clean energy, and life sciences.



3.3. Co-working spaces in Bulgaria



Best co-working space in Bansko

We are very keen on creating a community of individuals from all walks of life and providing them with a collaborative working space where new, long-lasting friendships can begin. Our aim is also to encourage community support by sharing experience and knowledge so that we, as a group, better ourselves daily. Our company's second goal is to provide an environment that is a healthy combination of home and office. In our co-working centre you will find all the comforts of your home, mixed with everything you need in order to experience that modern shared office space feeling, right in the middle of the beautiful ski resort that is Bansko. Bansko is one of the prime ski resorts in Eastern Europe, but also an amazing place in the summer for hiking, mountain biking and mountains.



SOHO Sofia

SOHO provides easy and flexible access to a fully equipped workplace for freelancers, entrepreneurs and professionals from the creative sector. Renting a desk, an office or an event space also comes with value-added business services and opportunities for professional development, cultural enrichment and relaxation – all happening “at home”. All the practical necessities of office life are also provided without the mundane time drain of you having to worry about them yourself. SOHO's "co-inhabitants" form a community of like-minded professionals, which stimulates creative exchange among them.



Coshare HIVE

Coshare HIVE is Sofia's first co-working space for mature businesses – a co-working space for motivated and driven people in Sofia. It offers diverse, yet relevant events that will not only provide opportunities for our worker bees to spend quality time together but will also allow them to meet new people – potential friends, colleagues, investors and mentors.



COSMOS Coworking Camp

Cosmos is a co-working space based in the centre of Sofia, Bulgaria. We are situated in a house that is a cultural monument. At COSMOS Coworking Camp you can get a hot seat, a dedicated desk or a private office to organize an event or to host a meeting. Suitable for freelancers, digital nomads, small teams and start-ups, it is based in the centre of Sofia.





Biz Labs

Located in the centre of the ancient city of Plovdiv, Bulgaria, Biz Labs is an entrepreneurial hub that provides a variety of services, such as a virtual office, social media marketing, job boards, event space and events organizing, to help your business growth. At the moment, the shared office space is the main HQ of the company and anyone who wants to make Biz Labs their home is welcome. Here you will find: collaboration for your project; a friendly environment for growth and expertise; a cosy, light and spacious co-working space for you and your team, or a room for conferences and events.



Innovator

Innovator is the first maker and co-working space of its kind in Varna, where enthusiasts, designers, creators, innovators, artists and freelancers can meet, work and interact in the perfect environment. Innovator is located in the creative district of Varna – “Taliana” – and offers the best working atmosphere for various professionals.



BeaverHive

Situated in the centre of Ruse, BeaverHive is a small community offering a cosy, small but very comfy space for you to focus and get your work done whilst still being part of the buzz of the city.



Biz Hub

The location is the top business location in Sofia. Being near the airport, Capital Fort, European Trade Center (The Mall), the Business Park and more, it has become a desirable location for all types of businesses. It offers easy access to the city (public transportation including underground trains and buses).



3.4. Contact details for the hub organization

Mrs Mariyana Hamanova

mail: mariyana@cleantech.bg

phone: 00359 88 825 6123



HOW TO SET UP A COMPANY IN BULGARIA



4



4.1. Setting up a legal entity in Bulgaria

Registering a company in Bulgaria is very simple and is aimed at encouraging business ventures. To register one's own company only an ID card or a passport is needed. Several actions are mandatory before starting a business in Bulgaria:

- 1 Decide on the form of business. According to the [Invest Bulgaria agency](#), an OOD – Bulgarian limited liability company – is one of the most popular choices for small and medium-sized businesses. The Invest Bulgaria agency is a government organization established to attract investments to Bulgaria, to assist in setting up projects and to ensure successful project development resulting in new jobs, exports and know-how transfer for the Bulgarian economy.
- 2 Bulgarian company foundation documents must be executed in front of a notary. Help for notary services can be found in [Notary Chamber of Republic of Bulgaria](#). This is an organization of notaries in the Republic of Bulgaria established under the Law on Notaries and Notarial Activity. The online platform provides an opportunity to find the nearest and most suitable notary.
- 3 The minimum share capital will be deposited in a bank account. [Register Of The Licensed Banks And The Foreign Banks' Branches In The Republic Of Bulgaria](#).
- 4 The notarized documents are to be registered with the [Commercial Register](#) that is maintained by the [Registry Agency](#) to the Ministry of Justice. Applications for entry in the Commercial Register are based on application forms and can be submitted both in paper form and electronically. Applications and attachments thereto shall be submitted in Bulgarian. Documents may be submitted in any official language of the European Union with a certified translation into Bulgarian attached.
- 5 After entry into the Commercial Register on the basis of the data in the register, an ex officio registration of the merchant as a contributor to the National Insurance Institute is made and also in the Register of the [National Revenue Agency](#) for tax purposes (VAT). The obligation to register for VAT arises upon the provision of a taxable supply of goods or services in Bulgaria. Taxable supplies also include supplies taxed at a zero rate. Currently Bulgarian law provides for a turnover limit of BGN50,000 (approx. EUR25,000). Registration for VAT purposes is mandatory if the above limit is exceeded by a taxable person established in Bulgaria during a period of 12 consecutive months. Any non-resident taxable person has to apply for a mandatory VAT registration at least seven days prior to the performance of a taxable supply with a place of supply in Bulgaria.
- 6 A lawyer's advice on doing business in Bulgaria should be sought. [Bulgarian Bar Register](#) is the place where all lawyers and bar associations are registered.

The opportunities that Bulgaria provides for developing food & agri sector innovative solutions:

- Unique natural conditions for the cultivation of a wide variety of crops, fruits and vegetables
- 50% of the country's territory is farming land
- Ecologically clean and fertile soils
- Very high quality of organic products (ban on GMOs)
- Established local producers and a strong tradition in the sector
- Long-standing distribution channels in the former Eastern Bloc
- The EU acquis on food has been transposed into Bulgarian legislation
- Very high health and environmental protection standards make Bulgarian food products fully prepared to meet even the highest and most complex consumer requirements
- Major foreign investments by multinational companies account for a large – even dominant – market share in several key sectors such as confectionery, dairy products, and food and beverages
- The growing demand for new and local food and beverages in Western Europe and beyond will boost the demand for traditional Bulgarian products
- Workforce available throughout the country at some of the most competitive prices in Europe

Legal forms used most frequently in Bulgaria:

- 1) Sole proprietor (ET);
- 2) Sole owner limited liability company (EOOD)/Limited liability company (OOD);
- 3) Sole owner joint-stock company (EAD)/Joint-stock company (AD).



4.2. Opening a sole owner limited liability company (EOOD)/Limited liability company (OOD)

The difference between an EOOD and an OOD is in the number of people who own the company's capital. In the case of an EOOD, the entire capital belongs to one person. An EOOD may be incorporated by one person. In order to incorporate an OOD owned by more than one person, there have to be at least two founders (natural persons or legal entities). There is no requirement for the parties to make equal capital contributions.

The company name must contain the designation "Limited Liability Company", or "OOD" for short, or "Sole Owner Limited Liability Company", or "EOOD".

Advantages

- The partners in an OOD, or the sole owner in an EOOD, are not directly liable to the creditors for the company's liabilities. If the company is declared bankrupt, the partners, or the sole owner, respectively, will only lose their partnership share in the company, i.e. they are only liable up to their partnership share.
- The minimum capital required amounts to BGN2, which means that minimal funds are necessary to incorporate a company. The partners may increase the company's capital. It is also possible to attract new partners who receive a share in the company.

Disadvantages

- The registration fee is significantly higher than that for the registration of an ET.
- The deregistration of an EOOD or OOD requires a liquidation procedure, which is long and complicated.
- Additional bank fees are paid to open an escrow account to raise the company's capital.

"The registration of a legal entity in Bulgaria is a relatively easy procedure and its benefits are extremely favorable. The corporate tax and dividend tax in Bulgaria are among the lowest in Europe, and the obligation to register for VAT arises only after the turnover of the company for the last 12 calendar months reaches BGN 50,000. A great benefit of registering a legal entity - a limited liability company is that you, as a partner in it or its sole owner, are liable to third parties only up to the amount of the capital you have contributed. Company registration in 2022 can be done entirely online. The most common question - what is the difference between EOOD and OOD? The only difference is that the former always has only one owner, and the latter two or more. The state fee for the registration of an EOOD and OOD company is BGN 110 if the documents are submitted on paper to the Registration Agency, and BGN 55 if they are submitted electronically. After submitting the company registration documents, if everything is in order, it should be registered within 2-3 working days. Trademark registration is optional, but every responsible business owner should consider protecting their brand."

STEP 1

Reservation of a name (company name)

This step is not mandatory; however, anyone may reserve the name of the company prior to the filing of the [registration application](#).

The company name is determined freely by the trader and must not be misleading or harmful to public order and morals. It is mandatory that the name is written in Bulgarian, while it may be written in another language as well.

! Prior to filling in the application on the website of the [Commercial Register](#) you can check whether the name chosen has already been selected by another trader.

Reservation of a name is made by virtue of filing a standard form application with the Commercial Register. The application form is form "D1" (in Bulgarian: Д 1) and it may be filed on site at the registration desk of the Registry Agency or online via the website of the [Commercial Register and the Register of Non-Profit Legal Entities](#).

A [qualified electronic signature](#) held by the applicant or a person authorized by the applicant is required to file an online application.

A name is reserved for the applicant over a period of six months. During this time, only the applicant may register a company under that name.

When the six-month term expires, there is no obstacle to filing a new application or to reserving the name for a new period of six months.

STEP 2

Holding of constituent assembly and signing of the articles of association/incorporation

The constituent assembly is summoned by one of the company's founding partners. The constituent assembly makes a resolution to incorporate the company and it sets the respective share of the company's capital to be held by each of the founding partners. This share usually depends on the contribution made to the company's capital by the respective founding partner.

Articles of association, respectively articles of incorporation for an EOOD, have to be signed at the constituent assembly and a management body has to be appointed for the company. The articles of association/incorporation have to specify:

- Company name, registered address and address of management;
- Object of activities and term of the agreement;
- Name, company name, respectively, and unified identification code of the partners;
- Capital and, when it is not fully paid in upon incorporation, the agreement has to set out the deadlines and terms and conditions for the full payment of the capital. The deadline for the payment of the full amount of the capital may not exceed two years following the registration of the company, or the capital increase, respectively;
- The shares that the partner holds in the company's capital;
- The governance and mode of representation. One of the partners, the sole owner of the capital or a third person (outsider) may be appointed general manager;
- Other rights, obligations and benefits for the partners.

It is mandatory to prepare minutes from the constituent assembly, which shall state the agenda of the assembly and list the decisions taken.

STEP 3

Contribution of the company capital to a special escrow bank account

Documents needed to open a bank account in Bulgaria

Opening a bank account in Bulgaria is an easy process. To open a bank account in Bulgaria the following are needed:

- A valid passport or national ID card
- A valid [Bulgarian residency](#) card
- An address for correspondence purposes
- A minimum deposit amount to activate the account (BGN10)
- A certificate of good standing (required for company bank accounts)

The bank account is activated and a slip with your online login details is handed to you on the spot. The bank card can be delivered to your address abroad or collected from the bank in person once issued.

Bank account for non-residents

Since 1st August 2019, it is required to hold a Bulgarian residency card in order to open a bank account in Bulgaria.

Bank accounts of non-resident companies in Bulgaria

Non-resident companies should provide an apostilled certificate of good standing and memorandum of association.

The **opening of a special escrow account** is part of the procedure for the registration of a commercial entity. The partners/sole owner shall pay their share of the capital to this account in the way stated in the articles of association/incorporation of the company. The funds in the escrow account represent the capital of the commercial entity that is to be incorporated.

An escrow account may be opened in every commercial bank in Bulgaria (the fee for the opening of such an account depends on the tariff of the respective bank). The articles of association or articles of incorporation, as well as the minutes from the constituent assembly, must be presented in order to open the account.

When registering a company with capital exceeding BGN2, at least 70% of the capital must be paid in order to register at the Registry Agency.

STEP 4

Obtaining a permit/licence (if applicable)

When the object of activity of the company is specific, there may be a requirement to obtain a permit/licence issued by a competent authority in order to commence business (for example, sale of tobacco products).

STEP 5

Entry of the company in the Commercial Register

Entry into the Commercial Register is done by filing an application in a standard form, which is available at Format A4.

The required set of documents includes:

- Registration application, articles of association or articles of incorporation;
- Minutes for the incorporation of the company;
- Notarized specimen of each of the appointed general managers;
- Declaration in the meaning of Article 142 of the Commerce Act, signed by each of the appointed general managers;
- Declaration in the meaning of Article 141, paragraph 8 of the Commerce Act, signed by each of the appointed general managers;
- Certificate issued by a bank as to the paid-in capital; resolution of the management body/the body representing the partner – legal entity for taking part in the company;
- Document confirming the existence of the partner – legal entity (e.g. excerpts from Companies Register) and its statutory representatives (only for a partner – foreign legal entity or entity that is not registered in the Bulgarian Commercial Register and Register of Non-Profit Legal Entities);
- Document for paid state fee for the incorporation of a company;
- Declaration under Article 13, paragraph 4 of the Law on the Commercial Register signed by the general manager – candidate;
- Respective licence or permit in accordance with a specific law dealing with the performance of a specific activity (where applicable).

The filing of the registration application may be carried out entirely electronically if the candidate has a QES. In such a case, the registration fee to be paid is significantly lower.

FEE

- Reservation of company name – BGN40 / electronically – BGN20;
- Minimum capital to incorporate the company – BGN2;
- Bank fees – depending on the tariff of the respective bank;
- Notarization of the specimen of the general manager – BGN6 per signature;
- Fee to the Registry Agency – BGN110 upon filing of the document on site; BGN55 if the documents are filed electronically.

4.3. Sole proprietor (ET)

A sole proprietor is a natural person to whom the law assigns the capacity of “proprietor”, whereby that person falls in the “self-employed” category, and as such she/he is obliged to pay social security, health insurance and taxes. Schedule No. 4 of the Local Taxes and Fees Act (LTFA) provides a full list of all patent activities the performance of which requires ETs to pay patent tax. The list includes certain categories of accommodation and dining and entertainment establishments.

If a sole proprietor carries out an activity falling in the category of patent activities, she/he owes patent tax if the two conditions listed below are met:

- Her/his turnover in the preceding year does not exceed BGN50,000;
- She/he is not registered under the Value Added Tax Act (VATA), except for cases where the ET is registered on the grounds of Article 97a, Article 99, paragraphs 1–6 or Article 100, paragraph 2 of the VATA.

Key benefits

- This is the simplest legal form, as there is no capital requirement and no requirement to have partners;
- The deregistration (termination) procedure for a sole proprietor is relatively uncomplicated;
- The items acquired by the spouse/sole proprietor during the marriage for the purpose of exercising the business activities and included in the business (e.g. production assets, machinery, equipment, devices, etc.) are their personal property and do not represent a matrimonial community of property. This means that in the case of a divorce, these assets are not divided between the spouses but remain the property of the spouse/sole proprietor (Article 22, paragraph 3 of the Family Code).

Disadvantages

- The sole proprietor is liable without limitation as to the liabilities undertaken, i.e. liable with their entire property, including personal property, except items that are not subject to sequestration;
- The sole proprietor shall pay social security, health insurance and taxes at the year end.

How to register as an SP?

In accordance with Article 56 of the CA, any legally capable natural person residing in the country may register as a sole proprietor. However, there are certain exceptions set out in Article 57 of the CA. It should be pointed out that no person may be a sole proprietor if he/she:

- Is undergoing bankruptcy proceedings;
- Is bankrupt without restored rights;
- Has been sentenced for bankruptcy;
- Was a general manager, or member of a management or controlling body of a company terminated due to bankruptcy during the last two years preceding the date of the decision for announcement of bankruptcy, if unsatisfied creditors have remained;
- Was a general manager, or member of a management or controlling body of a company for which it has been established by virtue of an entered into force penal pronouncement for non-performance of his/her obligations to create and maintain the required reserves under the Crude Oil and Petroleum Products Reserve Act.

A person who would like to register as a sole proprietor shall declare the absence of the above circumstances by providing a statement, which is attached to the registration application. The sole proprietor shall register with the Commercial Register on the grounds of a registration application filed with the Registry Agency. A specimen of the proprietor's signature and a statement that he/she has not been banned from exercising commercial activities are also provided together with the application.

A template of the application for registration in the Commercial Register may be found on the website of the Commercial Register ([form A1](#)).

The application may be filed on-site at the reception desk at the Registry Agency and online on the website of the Registry Agency. To do this online, you need a qualified electronic signature (QES). The state fee due to the Registry Agency upon filing the application amounts to BGN30 when filing the application on-site, and BGN15 when filing the application electronically.

Requirements for the name (company name) of an SP

The name under which the sole proprietor will be entered in the Commercial Register has to contain the first and family or middle name of the natural person without abbreviation.



4.4. Required permits for agri-food businesses

There are no specific permits needed for agri-food business. A number of National Regulations set rules for working with animals, growing different crops and plants, storing goods, and producing food, and the subsequent transportation and sales.

National Regulatory Authorities:

- [Ministry of Agriculture, Food and Forestry](#)
- [Bulgarian Food Safety Agency](#)
- [Ministry of Economy](#)
- [Ministry of Transport, Information Technology and Communications](#)

Registration of farmers

Initial registration of farmers takes place throughout the business year (business year starts on 1st October and ends on 30th September). The set of documents required for the registration of farmers includes:

- Questionnaire – to be certified at the Regional Directorate of Agriculture;
- Application form – to be certified at the Municipal Agriculture Office where the activity of the farmer is carried out. Contains up-to-date information on the activities of the farmer in the field of agriculture or livestock farming. A separate application form shall be completed for each farming land. When carrying out activities with primary fodder, farmers are obliged to submit a declaration form to the Municipal Agriculture Office. The application forms shall be certified by the Municipal Agriculture Office and shall be submitted within 20 days from the date of certification by the CA or his/her authorized person to the Regional Directorate of Agriculture.
- An inventory of ear tag numbers/electronic identifiers certified by the official veterinarian shall be provided [if animals are kept](#). The registration number of the farmland shall also be entered. The AF shall be authenticated by the date, signature and stamp of the official veterinarian.
- In the case of registration with [agricultural land](#), an inventory of the agricultural areas and documents proving the legal basis for their use for the business year shall be submitted. Where the farmer participates in agreements or orders in force for the allocation of the land under Article 37c(2) and (4) of the Land Allocation Act, an inventory of the areas in accordance with the agreement concluded and the orders issued shall also be submitted.

[Initial registration of agricultural machinery](#) shall be carried out at the Regional Directorate of Agriculture at the permanent address for natural persons, or at the address of the judicial or commercial registration for legal entities and sole proprietorships, within 30 days from the acquisition of ownership.

4.5. Organizations providing support in setting up company in the hub country

There are many law and accounting companies that can avoid going through the steps described above and can set up a company for a small fee. Most of them provide free online consultations with their experts. Most of the consulting companies provide a professional online company registration service, and it is not necessary to go physically to their office.

[Company Formation Bulgaria](#) is a web space where the process of setting up a company is described in detail along with possible questions and related issues. There is a chat option and all questions that are raised can be answered in real time by experts.

Unfortunately, the organizations that provide free support mostly operate in Bulgarian.

[Pravatami.bg](#) is an open and free online platform for providing useful and practical legal information presented in an understandable way for people without a legal education.

[National Legal Aid Bureau](#) has a network of 13 regional centres in different cities in Bulgaria.

[Invest Bulgaria agency](#) is a government organization that helps potential and existing investors explore the investment opportunities in Bulgaria and carries out greenfield investment projects in the country.

There are also a number of **[European programmes](#)** that can be applied for and can provide funds to register a company and start a good business in a village. However, for these programmes, it is necessary to register as an ET and as a farmer at least 14 months before applying for them.



SOURCES

[Republic of Bulgaria National Statistical Institute »](#)

[Bulgaria Country Commercial Guide »](#)

[Doing Business 2020 »](#)

[Economic Assessment of Bulgaria 2021 »](#)

[Bulgaria Start-up Ecosystem Country Guide »](#)

[National Agricultural Register »](#)

[Republic of Bulgaria Ministry of Economy and Industry »](#)

[Financial needs in the agriculture and agri-food sectors in Bulgaria »](#)



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