

Migratory pathways for start-ups and innovative entrepreneurs in the EU and Norway

Common Template for EMN Study 2019

Final version: 4th March 2019

Action: EMN NCPs to complete this template and submit their National Report by 3rd June 2019.

Further clarifications can be provided by directly contacting the EMN Service Provider (ICF) at emn@icf.com and to Veronika Vasileva (veronika.vasileva@icf.com) and Jonas Kaufmann (JonasBenjamin.Kaufmann@icf.com).

1 BACKGROUND AND RATIONALE FOR THE STUDY

According to the European Commission (2016b), to remain a globally competitive player, the EU needs to find better ways to attract migrant innovative entrepreneurs and support migrant entrepreneurs already present in the EU. Attracting and retaining start-ups' founders and employees from third countries is part of the objective of upgrading the single market (European Commission, 2015). Although the primary rationale is routed in economic policy perspective, attracting start-ups is also in line with the broader objectives of the EU migration policy, such as tackling demographic change and satisfying labour market needs.

The notions of 'start-up' and 'innovative entrepreneurship' relate to an environment where individuals are motivated to innovate, create new products or services and take risks. Entrepreneurship can have a beneficial impact on the economy, through job creation, innovation and investment. The concept of 'innovative entrepreneurship' is not a strictly defined one and a level of complexity derives from the concept's linkage, on the one hand, with other concepts such as innovation, the knowledge economy, the digital society, and on the other hand with similar but nuanced notions - self-employment, new business formation and SMEs (European Commission, 2016a).

This Study specifically focuses on 'start-ups' and '**innovative** entrepreneurship'. This is distinguished from general self-employment which falls outside of scope of the Study. However, start-ups and innovative entrepreneurs can be admitted on different types of visas and/or residence permits – including special permits where such exist in Member States, general permits for self-employment, investors or highly skilled. Thus, **although the focus of the study is start-up and innovative entrepreneurs, the Study explores all migratory channels (e.g. residence permits and visas) through which start-up and innovative entrepreneurs can be admitted.**

Although definitions in the literature vary, an innovative entrepreneur is someone who creates a (radically) new product/service or provides a new solution through a viable business model to meet a marketplace need or problem. 'Innovation' can be defined in this context as new expertise that an entrepreneur brings to the market whether through introducing a new or improved product, a new method of production, a new market, a new source of supply or the reorganisation of management.

In recent years we have seen a proliferation of start-up schemes across EU Member States - as well as globally - offering various incentives for start-up entrepreneurs from third countries. Start-up admission schemes aim at developing entrepreneurial ecosystems, fuelling economic growth and innovation, and making the country more competitive in the globalised knowledge economy. However, other EU countries (especially those that have entrepreneurial hubs) that do not have special scheme in place are attracting entrepreneurs via other entry pathways. EU economies, such as Germany and Sweden, have been attracting innovative entrepreneurs without having a specific scheme in place. The United States example (where no special visa exists, however attraction is high) shows that the existence of a tailor-made legal

Migratory pathways for start-ups and innovative entrepreneurs in the EU

framework for start-ups and innovative entrepreneurs is only one of several factors that are important in attracting start-ups and innovative entrepreneurs and that entrepreneurial culture and supportive environment may play a more decisive role. **The main focus of the Study is to identify the factors and prerequisite for attracting and retaining start-ups and innovative entrepreneurs from third countries as well as examining the different admission pathways available, including specific start-up schemes.**

The Study also explores the **role of cities and regions and particular locations as entrepreneurial hubs** in attracting start-up founders and employees from third countries. Major European cities, such as Berlin, Stockholm and Madrid attract entrepreneurs from all over the world due to their fast-growing start-up scene and a successful infrastructure for financing and funding¹. Certain regions and locations are hubs for particular industries and sectors. For example, in the Netherlands, there are a number of established innovation and technology hubs and clusters, including, inter alia, Rotterdam, Delft and Hague for clean-tech, aerospace and cyber security; Amsterdam for the creative and graphic industry; Twente and Leiden for bio science, med-tech, nanotechnology and pharma (European Commission, 2016a).

With regard to those Member States which have introduced specific start-up schemes, having an innovative idea is a common condition of admission (EMN, 2018)². Despite some similarities, these schemes vary significantly across Europe. For instance, whilst 'innovativeness' is a key criterion everywhere, Member States define 'innovation' in very different ways (EMN, 2018). This has been further complicated by the fact that alongside specific start-up schemes, a number of Member States are considering introducing other innovative pathways for self-employed migrants and entrepreneurs, who may contribute to innovation and economic growth (e.g. visas meant for freelancers, digital nomads³ and so on). This is why this Study does not focus solely on 'start-up visas and residence permits' as such, but all migratory pathways available to start-ups and innovative entrepreneurs.

Due to varying terminology across the examined countries, the terms 'visas' and 'residence permits' mean allowing entry and stay for a certain period of time for setting up a business/start-up. The term 'scheme' can be used in a broader context with regard to the admission under a particular visa/residence permit and any additional benefits it may provide.

While the EMN Inform on attracting and retaining start-up founders (2018) offered some basic insights into the topic, the measures and activities in place are changing rapidly and there is currently no comprehensive EU-wide overview of migratory pathways for start-ups and innovative entrepreneurs. Hence, it would be useful to explore it in-depth and offer a platform for Member States to share their experiences and learn from each other. The ability for third-country nationals to invest across the single market and for start-up to scale up across the EU is an obvious advantage that national policies cannot offer on their own. This would also make Europe a more attractive destination for innovators from outside the EU.

2 STUDY AIMS AND OBJECTIVES

The overall aim of this Study is to provide an overview of migratory pathways that are available for start-ups and other innovative entrepreneurs in the EU to stimulate economic growth, innovation and raise global economic competitiveness.

More specifically, the Study aims to:

- Describe the process and requirements for obtaining a start-up visa/residence permit or other type of residence permit/visa for innovative entrepreneurs;
- Examine the incentives in place in EU Member States and Norway to attract and retain third-country national start-up founders/ employees or other innovative entrepreneurs;
- Provide a statistical overview of the number of third-country national start-up founders/employees present in EU Member States and Norway from 2014-2018, their origin and recognition rates;

¹ For example: <https://www.berlin-partner.de/en/the-berlin-location/the-place-to-be-for-startups/>

² EMN (2018) Inform: Attracting and retaining foreign start-up founders. Accessible: https://ec.europa.eu/home-affairs/sites/homeaffairs/files/inform_startups_2018_final_revised.pdf

³ Digital nomads are a type of people who use telecommunications technologies to earn a living and, more generally, conduct their life in a nomadic manner. Such workers often work remotely from foreign countries, coffee shops, public libraries, co-working spaces, or recreational vehicles

Migratory pathways for start-ups and innovative entrepreneurs in the EU

- Outline the challenges and good practices of EU Member States and Norway with regard to the attraction and retention of third-country national start-up founders/ employees or other innovative entrepreneurs.

3 SCOPE OF THE STUDY

The overall focus of this Study are third-country nationals who are either start-up founders, start-up employees or are engaged in other form of innovative entrepreneurship (see definitions below and Section 1). Admission for general self-employment purposes and setting up small business which is not considered innovative falls outside of scope of the Study. Although the focus of the study is start-up and innovative entrepreneurs, the Study is not limited to start-up schemes and includes all schemes which can be used to admit start-up founders and employees and innovative entrepreneurs from third countries. The Study covers the period from 2014-2018.

4 EU LEGAL AND POLICY CONTEXT

In recent years, migrant entrepreneurs are increasingly less attracted to EU Member States than they are to other OECD countries (OECD, 2016). Currently, no EU instrument that formalises self-employed workers' conditions of admission and rights is in place. This does not mean however that this group is totally excluded from the scope of the current EU legal framework on legal migration as the transversal Directives cover self-employed on certain aspects. While the EU has a dedicated framework for highly qualified workers, start-up founders and innovative entrepreneurs are not included in its scope.

Against this backdrop, the topic of migration schemes for start-up founders and employees from third countries has become a priority for many Member States. In addition, the Competitiveness Council has invited, in its Conclusions adopted on 27 May 2016 (9510/16), both the Commission and the interested Member States to explore whether a European start-up visa scheme would be of added value at EU level, could boost cross-border expansion of start-ups and EU's attractiveness for innovators, while respecting national competences and including the necessary safeguards. At national level, almost half of the Member States have adopted a specific scheme to attract and retain start-up founders (EMN, 2018). In order for the EU to be competitive internationally and to avoid competition between the Member States, synergies need to be created between the different national schemes.

One of the European Commission's goals is to encourage an environment conducive to entrepreneurship. This principle was already at the core of the Lisbon Strategy as early as 2000. Making it less bureaucratic to start-up a new business is a basic element in this context. Moreover, the European Charter for Small Enterprises, in one of its ten lines of action, called for cheaper and faster business start-ups.⁴

5 PRIMARY QUESTIONS TO BE ADDRESSED BY THE STUDY

The Study will aim to address the following research questions:

- What is the business environment for starting up a business in EU Members State and Norway? What are the administrative procedures/requirements to start up a business?
- To what extent is the attraction and retention of entrepreneurs and start-up founders a policy priority for Member States? What are the sectors and industries in EU Member States and Norway which are aiming to attract entrepreneurs?
- What are the main factors and prerequisites in attracting start-up founders/employees and innovative entrepreneurs from third countries?
- What migratory legal frameworks are in place in EU Member States and Norway for admission of start-ups and innovative entrepreneurs?
- What are the requirements for obtaining a start-up visa/residence permit or other type of residence permit/visa for innovative entrepreneurs?
- How many applications have been submitted on these grounds? What is the acceptance rate? From which countries do they mostly originate?
- What measures have EU Member States and Norway implemented in order to attract and retain start-up founders/employees and other innovative entrepreneurs?
- What have been the main challenges in implementing these measures?

⁴ Available at:

<https://ec.europa.eu/docsroom/documents/12229/attachments/1/translations/en/renditions/native>

Migratory pathways for start-ups and innovative entrepreneurs in the EU

- Which good practices are in place in EU Member States and Norway related to the attraction and retention of start-up founders/employees or other innovative entrepreneurs? Have Member States and Norway measured the success of such schemes?

6 RELEVANT SOURCES AND LITERATURE

EMN Studies and other sources

- EMN (2018) Inform: Attracting and retaining foreign start-up founders. Accessible: https://ec.europa.eu/home-affairs/sites/homeaffairs/files/inform_startups_2018_final_revised.pdf
- EMN (2017) Briefing Paper: Attracting and retaining foreign start-up founders, EMN Estonia. Accessible: <http://emn.ee/wp-content/uploads/2016/10/nr12.pdf>
- EMN (2015): Changes in immigration status and purpose of stay: an overview of EU Member States approaches. Accessible: https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/networks/european_migration_network/reports/docs/emn-studies/emn-studies-00.emn_study_on_the_change_of_status_final.pdf
- EMN (2014): Admitting third country nationals for business purposes. Accessible: https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/networks/european_migration_network/reports/docs/emn-studies/emn_study_admitting_third_country_nationals_for_business_purposes_synthesis_report_04_may2015.pdf
- EMN (2013): Attracting Highly Qualified and Qualified Third-Country Nationals. Accessible: https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/networks/european_migration_network/reports/docs/emn-studies/attracting/emnsr_attractinghqworkers_finalversion_23oct2013_publication.pdf

EMN AHQs

- Start-up policies for third-country nationals (part 1) – requested by EE EMN NCP on 12th June 2017;
- Start-up policies for third-country nationals (part 2) – requested by EE EMN NCP on 12th June 2017;
- Ad-Hoc Query on the impact of start-up policies for third country nationals – requested by ES EMN NCP on 15th of December 2015

Other studies and reports

- European Commission (2018), European Innovation Scoreboard, Accessible: https://ec.europa.eu/growth/content/european-innovation-scoreboard-2018-europe-must-deepen-its-innovation-edge_en
- ICF report commissioned by European Commission (2016a), 'Admission of migrant entrepreneurs'. Accessible: https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/legal_migration/volume_ii_-_admission_of_migrant_entrepreneurs_en.pdf
- European Commission (2016b), Communication from the Commission of 6 April 2016, accessible: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52016DC0197&rid=1>
- European Commission (2016c). Annexes to the Impact Assessment Accompanying the document Proposal for a Directive of the European Parliament and the Council on the conditions of entry and residence of third-country nationals for the purposes of highly skilled employment. Accessible: https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/proposal-implementation-package/docs/20160607/directive_conditions_entry_residence_third-country_nationals_highly_skilled_employment_impact_assessment_part_6_en.pdf
- European Commission (2015). Upgrading the Single Market: more opportunities for people and business. Communication of 28 October 2015. Accessible at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2015%3A550%3AFIN>
- Competitiveness Council, in its Conclusions adopted on 27 May 2016 (9510/16). Accessible: <http://data.consilium.europa.eu/doc/document/ST-9510-2016-INIT/en/pdf>

Migratory pathways for start-ups and innovative entrepreneurs in the EU

- OECD and European Commission (2016). Recruiting Immigrant Workers: Europe 2016. Accessible at: <http://www.oecd.org/migration/recruiting-immigrant-workers-europe-2016-9789264257290-en.htm>

7 STATISTICS TO BE COLLECTED

National level

- Number of applications submitted to the relevant authority/committee for assessment since 2014
- Number of start-ups that have been recognised by the relevant authority/committee since 2014
- Recognition rate for the applications submitted to the relevant authority/committee
- Number of applications for start-up related visas lodged each year since 2014
- Number of applications for start-up related residence permits lodged each year since 2014
- Number of positive visa applications since 2014
- Number of positive residence permit applications since 2014
- Acceptance rate for start-up related visas and residence permits lodged each year since 2014
- Main countries of origin of applicants to the relevant schemes
- Main sectors in which persons granted start-up/innovative entrepreneurship visas/permits are active
- Number of renewals of start-up visas and residence permits since 2014
- Survival rate of start-ups after 3 and 5 years of starting the company
- Success rates of start-ups (e.g. jobs created and investment generated)

8 DEFINITIONS

The following key terms are used in the Common Template:

'Accelerator programmes' see 'Incubator' below;

'Entrepreneur/business-founder': An individual who founds and runs a business, assuming all risks and rewards of the venture. Commonly seen as an innovator, a source of new ideas, goods, services and business/or procedures (Source: Investopedia⁵);

'Entrepreneurship': Capacity and willingness to develop, organise and manage a business venture along with any of its risks in order to make a profit (Source: Business Dictionary⁶);

'Entrepreneurial culture': Refers to the social environment in which entrepreneurship is seen positively, individuals are encouraged to start and grow a business and entrepreneurial success is celebrated. Risk-taking and innovation are prized and not excessively penalised (EY G20 Entrepreneurship Barometer 2013⁷);

'Ecosystem' (also known as a hub): environment or "ecosystem" made of private and public players, which nurture and sustain start-ups and entrepreneurs, making the action of entrepreneurs easier. For example, the existence of prior ventures, the availability of start-up financing mechanisms, a patent system and a culture tolerating failure all facilitate the creation of new firms (Source: Lexicon, The Financial Times⁸);

'Employee' means a worker holding an explicit or implicit employment contract, which gives them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work;

'Employer' means any natural person or any legal entity, for or under the direction or supervision of whom or which the employment is undertaken;

'Family members' is a third-country national, as specified in Art. 4(1) of Directive 2003/86/EC (normally members of the nuclear family – i.e. the spouse and the minor children), who has entered the territory of the European Union for the purpose of family reunification (EMN Glossary Version 6.0);

⁵ <https://www.investopedia.com/terms/e/entrepreneur.asp>;

see also <https://ec.europa.eu/epale/en/blog/innovative-entrepreneurs-why-are-they-different-others>

⁶ <http://www.businessdictionary.com/definition/entrepreneurship.html>

⁷ <https://www.g20yea.com/images/reports/EY-G20-Entrepreneurship-Barometer-2013-Report.pdf>

⁸ <http://lexicon.ft.com/Term?term=entrepreneurial%20ecosystem>

Migratory pathways for start-ups and innovative entrepreneurs in the EU

'Highly qualified migrant' is defined in the EU context as a third-country national who seeks employment in an EU Member State and has the required adequate and specific competence, as proven by higher professional qualifications (EMN Glossary Version 6.0);

'Hub': see 'Entrepreneurial ecosystem' above;

'Incubator' is an organisation designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections. **Business incubation programs** are often sponsored by private companies or municipal entities and public institutions, such as colleges and universities. Their goal is to help create and grow young businesses by providing them with necessary support and financial and technical services. (Source: <https://www.entrepreneur.com/encyclopedia>);

'Innovative entrepreneur' is an individual who founds and runs a business bringing to the market whether through introducing a new or improved product, a new method of production, a new market, a new source of supply or the reorganisation of management. (European Commission, 2016a);

'Labour shortage' is defined as a shortage of labour of a particular type in a particular labour market which may be said to exist when the number of vacancies has been (or is expected to be) above a level considered to represent 'normal' turnover at the prevailing wages and working conditions for an extended period. (EMN Glossary Version 6.0);

'Long-stay visa' means an authorisation issued by a Member State as provided for in Article 18 of the Schengen Convention or issued in accordance with the national law of Member States not applying the Schengen acquis in full; (EMN Glossary Version 6.0);

'Pull factor' is the condition(s) or circumstance(s) that attract a migrant to another country (EMN Glossary Version 6.0);

'Residence permit' is defined as "an authorisation issued using the format laid down in Regulation (EC) No 1030/2002 entitling its holder to stay legally on the territory of a Member State"; (EMN Glossary Version 6.0);

'Start-up': A start-up is an independent for-profit organisation, which is younger than five years and is aimed at creating, improving and expanding a scalable, innovative, technology-enabled product with high and rapid growth. (European Start-up Network – available [here](#));

'Short-stay visa' is defined as the authorisation or decision of an EU Member State with a view to transit through or an intended stay on the territory of one or more or all the EU Member States of a duration of no more than 90 days in any 180-day period; (EMN Glossary Version 6.0);

In terms of short stay visas, the UK operates differently to the Schengen Area. In the UK - which is outside the Schengen Area - a Standard Visitor visa usually permits people to stay in the UK for up to six months, rather than 90 days, over a 180 day period, which is relevant duration for short-stay/visa free travel in the Schengen Area;

'Survival rate' is defined as the rate of start-ups which are still operating after a certain period of time. (Hyytinen A. et al (2015), 'Does innovativeness reduce start up survival rates?', Journal of Business Venturing – available [here](#));

'Third-country national' is defined as "any person who is not a citizen of the European Union within the meaning of Art. 20(1) of TFEU and who is not a person enjoying the Union right to free movement, as defined in Art. 2(5) of the Schengen Borders Code". (EMN Glossary Version 6.0).

Migratory pathways for start-ups and innovative entrepreneurs in the EU

9 ADVISORY GROUP

An "Advisory Group" (AG) has been established within the context of this Study for the purpose of providing support to EMN NCPs during the development of the specifications for the Study, as well as the drafting of the Synthesis Report. In addition to COM, and the EMN Service Provider (ICF and Odysseus), the members of the AG for the Study include EMN NCPs from EE, ES, FI, FR, LT, LU, LV, PL, SE and UK. EE NCP is the chair of the Advisory Group. EMN NCPs are thus invited to send any requests for clarification or further information on the Study to the following representatives of the AG:

- ★ COM: Magnus Ovilius Magnus.OVILIUS@ec.europa.eu; Marie Boscher Marie.BOSCHER@ec.europa.eu
- ★ EMN Service Provider: emn@icf.com; Veronika Vasileva veronika.vasileva@icf.com; Jonas Kaufmann JonasBenjamin.Kaufmann@icf.com
- ★ Odysseus: Sylvie Saroléa sylvie.sarolea@uclouvain.be; Jean-Baptiste Farcy jean-baptiste.farcy@uclouvain.be
- ★ EE EMN NCP: Barbara Orloff barbara.orloff@tlu.ee
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- ★ FI EMN NCP: Johanna Väänänen johanna.vaananen@migri.fi; Rafael Bärlund Rafael.Barlund@migri.fi
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- ★ LV EMN NCP: Ilze Silina-Osmane ilze.silina-osmane@pmlp.gov.lv
- ★ PL EMN NCP: Marcin Wrona Marcin.Wrona@mswia.gov.pl
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- ★ UK EMN NCP: Paul Casey Paul.Casey@homeoffice.gov.uk

10 TIMETABLE

The following timetable presents the key milestones in preparation of the Study:

Date	Action
12 th December 2018	1 st Advisory Group meeting
20 th December 2018	Circulation of <u>Version 1 of the Common Template</u> for the Study to COM and AG members
28 th January 2019	2 nd Advisory Group meeting
4 th February 2019	Circulation of the revised Common Template for the Study to COM and AG members
7 th February 2019	Deadline for comments on revised template from COM and AG members
12 th February 2019	Circulation of the <u>revised Common Template</u> for the Study to COM and EMN NCPs
19 th February 2019	Deadline for comments to the revised template for the Study from EMN NCPs
22 nd February 2019	Circulation of the final draft Common Template to EMN NCPs and COM
5 th March 2019	Finalisation of the Common Template and official <u>launch</u> of the Study
3 rd June 2019	<u>Submission of National Reports</u> to EMN Service Provider by EMN NCPs
15 th August 2019	Circulation of <u>Version 1 of the Synthesis Report</u> for the Study to COM and AG Members
10 th September 2019	Circulation of the <u>revised Synthesis Report</u> for the Study to COM, AG members and EMN NCPs
10 th October 2019	<u>Finalisation</u> of the Synthesis Report for the Study and of the National Reports for publication on the EMN website

11 TEMPLATE FOR NATIONAL CONTRIBUTIONS

The template provided below outlines the information that should be included in the National Contributions of EMN NCPs to this Study. The indicative number of pages to be covered by each section is provided in the guidance note. For National Contributions, the total number of pages should **not exceed 35-40 pages**, including the questions and excluding the Statistical Annex. A limit of **25-30** pages will also apply to the Synthesis Report, in order to ensure that it remains concise and accessible.

Common Template of EMN Study 2018

Migratory pathways for start-ups and innovative entrepreneurs in the EU

National Contribution from Bulgaria⁹

Disclaimer: The following information has been provided primarily for the purpose of contributing to a Synthesis Report for this EMN Study. The EMN NCP has provided information that is, to the best of its knowledge, up-to-date, objective and reliable within the context and confines of this study. The information may thus not provide a complete description and may not represent the entirety of the official policy of the EMN NCPs' (Member) State.

Top-line factsheet [max. 1 page]

The top-line factsheet will serve as an overview of the **National Contribution** introducing the Study and drawing out key facts and figures from across all sections, with a particular emphasis on elements that will be of relevance to (national) policy-makers. Please add any innovative or visual presentations that can carry through into the synthesis report as possible infographics and visual elements.

Please provide a concise summary of the main findings of Sections 1-5:

Since 2007, Bulgaria has been providing one of the most favourable business environments in Europe. Many foreign companies and investors prefer to start a business in Bulgaria. The corporate tax is 10%, making it the lowest in the EU. Physical persons have only 10% of their income tax. Bulgaria has signed a double taxation agreement (AADT) with more than 70 pages.

The National Strategy for Small and Medium-sized Enterprises Promotion (NSSMEP) was adopted in 2014 by Council of Ministers' Decision 37/2014. This Strategy is in full compliance with the Small Business Act of the European Commission.

The implementation of the NSSMEP is based on Annual Programs (AP) approved by the minister of economy. These AP contain measures aimed to promote the development of the SMEs. The main financial instruments for the implementation of these measures are the structural funds of the EU and the national budget.

The main strategic goal of the NSSMEP is to increase the competitiveness of the small business through promotion of the starting and viable small and medium-sized enterprises, to assist their efforts to be innovative, ecological and export-orientated and to create more favourable conditions for their development by:

- improving their access to finance;
- entrepreneurship promotion and developing entrepreneurship abilities;
- facilitating the administrative and regulatory requirements for the small and medium-sized enterprises.

One of the goals of the NSSMEP is before 2020 Bulgaria to become a country where the entrepreneurship initiative will have all necessary conditions for fast start and easy realization. The following guidelines are addressed for this purpose:

- facilitating the conditions for starting a business;
- facilitating the access to finance;
- creating the programs for start-up enterprises.

⁹ Replace highlighted text with your **Member State** name here.

Migratory pathways for start-ups and innovative entrepreneurs in the EU

Another strategic goal of the NSSMEP is to guarantee a free access to finance for SMEs at all phases of the company's life-cycle from venture capital funds and start-up finance, mezzanine finance and credit guarantees. As action guideline for achieving the goal are identified strengthening the venture capital funds, creation of a favourable environment for risky investments, including the development of business angel networks and creation of the finance funds for start-ups.

Section 1: Contextual overview of the business environment to start up a business in the (Member) State

This introductory section aims at providing a contextual overview of the business environment in your (Member) State in **general (including for nationals of your (Member) State)** whilst the remaining sections focus specifically on attracting migrant start-ups and 'innovative entrepreneurs' from third countries. Please provide qualitative evidence to support your answers, where appropriate.

Q1a. Are there **specific policies or strategies** which aim at fostering start-ups and innovative entrepreneurship in your (Member) State in general? ****Please note that this question refers to your MS' general start-up/entrepreneurship policy and is not specific to TCNs.***

- Yes. Please describe briefly:
 No

The National Strategy for Small and Medium-sized Enterprises Promotion (NSSMEP) was adopted in 2014 by Council of Ministers' Decision 37/2014. This Strategy is in full compliance with the Small Business Act of the European Commission.

The implementation of the NSSMEP is based on Annual Programs (AP) approved by the minister of economy. These AP contain measures aimed to promote the development of the SMEs. The main financial instruments for the implementation of these measures are the structural funds of the EU and the national budget.

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Q1b. Is fostering start-ups and innovative entrepreneurs in general a **national policy priority**?

Migratory pathways for start-ups and innovative entrepreneurs in the EU

Please note that this question refers to your (Member) State' general start-up/entrepreneurship policy and is not specific to TCNs.

- Yes. Please describe briefly:
 No

By Order of the Minister of Economy of September 2018, an inter-institutional working group was set that shall explore the changes in the existing legal framework concerning the starting a business in Bulgaria. The working group includes representatives of the Ministry of Economy, the Council of Ministers, the Ministry of Justice, the Ministry of Finance, the Ministry of Foreign Affairs, the Ministry of Labour and Social Policy, Ministry of Interior, State Agency for National Security, employers' organizations (Bulgarian Industrial Capital Association, Bulgarian Industrial Association, Bulgarian Chamber of Commerce and Industry and Union for Private Economic Enterprise) and the National Representation of the Bulgarian Start-up Entrepreneurial Community (BESCO).

The working party has the task to study the practice of other countries and to get acquainted with various proposals received from NGOs active in the field of start-up entrepreneurship. In addition, this group had to propose amendments to the legal framework to improve the conditions for starting a business in Bulgaria as a whole and, in particular, by third-country nationals.

Q2. Does your (Member) State have (a) a legal definition (e.g. provided in legislation or soft law) or (b) a working definition (e.g. in policy documents, strategies or internal definitions used by relevant institutions) of a 'start-up' and/or 'innovative entrepreneur'?

- Yes, there is a legal definition of a start-up/innovate entrepreneur. Please explain:
 Yes, there is a working definition of a start-up/innovative entrepreneur. Please explain:
 No

According to the Innovation Strategy for Intelligent Specialization of the Republic of Bulgaria 2014-2020, adopted by Council of Ministers Decision 857/2015, updated by Decision 384/2017:

„Innovation "is the introduction of a new or significantly improved product (product or service) or production process, a new marketing method or a new organizational method in business practice, work organization or external relations that create market benefits and this increases the competitiveness of companies.

“Innovative activities” are carried out by entrepreneurs who use existing knowledge and technology to develop and distribute new products and practices. An ecosystem that promotes entrepreneurship creates the conditions for identifying business opportunities and facilitates access to the 'raw materials' needed for their development.

Q3a. What are the requirements for starting up a business (i.e. start-up) in your (Member) State? Please describe briefly¹⁰:

The Bulgarian legislation allows to the third country nationals to register by providing a power of attorney for this. The procedure for creating a legal entity in Bulgaria is quick and easy. The procedure ends for a few days. The minimal starting capital is only 2 BGN (1 €). The following corporate forms exist under Bulgarian law:

- limited liability company,
- joint-stock company
- general partnership,

¹⁰ Some information is available in the 'Starting a business portal' here:

https://europa.eu/youreurope/business/running-business/start-ups/starting-business/index_en.htm

Migratory pathways for start-ups and innovative entrepreneurs in the EU

- limited partnership, and
- partnership limited by shares.

Commercial companies are set up as legal entities separate from their founders. Regardless of the nationality of their founders, all companies registered in Bulgaria are considered to be Bulgarian legal entities which are established and existing under Bulgarian law.

Foreign equity participation in a Bulgarian company can be up to 100%. The incorporated companies receive the capacity of legally established entities since the moment of entry into the commercial register kept by the Registry Agency.

The time required for entry or deletion and announcement of documents in the commercial register of trade companies is immediately the expiry of three working days of receipt of the applications in the commercial register, unless the law provides otherwise.

Q3b. What is the **process** for setting up a new business in your (Member) State, from the initial application to the official registration?

The limited liability company is a preferred form of business entity because of the minimum capital requirement of BGN 2 (1 €), the limited liability of the shareholders to the amount of the registered capital and simplified corporate governance structure.

Shares may be transferred and inherited. The transfer of company shares to third parties requires the prior approval of the company general meeting. Transfer of shares should be performed by means of a notarized contract entered in the commercial register.

The governance structure of a limited liability company consists of:

- General meeting of shareholders;
- Manager(s) who manage and represent the company before third parties.

There are no restrictions for foreigners to be appointed managers of the company.

The registration of a limited-liability company (“OOD”), and a sole-owner limited liability company (“EOOD”) is provided by subscribing in the Commercial Register by the Registry Agency. The registration procedure includes:

- 1) Check in the electronic register of the Commercial Register and/or reservation of a business name;
- 2) Holding of an Incorporation Meeting, adoption of a Memorandum of Association or an Act of Incorporation, appointment of managing director/s;
- 3) Depositing the company capital into a special capital raising account (the minimum capital amount is BGN 2);
- 4) In case of any specific business, an authorisation by the competent authority shall be provided when filing the documents with the Commercial Register.

Required documents are:

- application for registration;
- Memorandum of Association or Act of Incorporation;
- Minutes of the Meeting of Incorporation of a company;
- notarized specimen signatures of all appointed managing directors;
- declaration pursuant to Article 142 of the Commerce Act signed by each of the appointed managing directors;

Migratory pathways for start-ups and innovative entrepreneurs in the EU

- declaration pursuant to Article 141, paragraph 8 of the Commerce Act signed by each of the appointed managing directors;
- certificate of the deposited capital issued by the bank;
- resolution of the body managing and representing a member who is a legal entity;
- excerpt from the relevant business register regarding a member who is a foreign legal entity;
- document evidencing payment of the state fee for incorporation of a limited-liability company;
- declaration under Article 13, paragraph 4 of the Commercial Register Act signed by the applying managing director;
- the relevant license or permit according to any special law on the performance of a specific business.

The registration of a joint-stock company is provided by subscribing in the Commercial Register by the Registry Agency. The minimum registered capital required for the formation of joint-stock company of BGN 50,000 (approximately 26,000 Euros).

The corporate governance structure of the joint-stock company consists of:

- General meeting of shareholders;
- Board of directors (in case of a one-tier management system) or a Supervisory board and Management board (in case of a two-tier system).

There are no restrictions for foreigners to be appointed managers of the company.

The registration procedure includes:

- 1) Check in the electronic registry of the Commercial Register and/or reservation of a business name;
- 2) Holding of a Meeting of Incorporation, subscription of shares by the founders, adoption of Articles of Association or an Act of Incorporation, election of a Supervisory and Managing Boards, respectively of a Board of Directors;
- 3) Depositing the company capital into a special capital raising account (the minimum capital amount is BGN 50 000);
- 4) In case of any specific business, an authorisation or license by the competent authority shall be provided when filing the documents with the Commercial Register.

Required documents are:

- Application for registration;
- Articles of Association or Act of Incorporation;
- Minutes of the shareholders' Meeting of Incorporation;
- attendance list of the incorporation meeting;
- list of the subscribers of shares at the incorporation meeting;
- declaration pursuant to Article 160, paragraph 2 of the Commerce Act;
- specimen signature of an executive director;
- declaration under Article 234, paragraph 2 and paragraph 3 of the Commerce Act;
- declaration under Article 237 of the Commerce Act;

Migratory pathways for start-ups and innovative entrepreneurs in the EU

- minutes from a meeting of the Board of Directors;
- certificate of the deposited capital issued by the bank;
- resolution of the managing body representing a shareholder who is a legal entity;
- excerpt from the relevant business register regarding a shareholder who is a foreign legal entity;
- document evidencing payment of the state fee for incorporation of a company;
- declaration under Article 13, paragraph 4 of the Commercial Register Act signed by the applying managing director;
- the relevant license or permit according to any special law on the performance of a specific business.

3. For the establishment of foreign investments under Bulgarian law, in addition to five different companies listed above, the investor may choose one of the following corporate forms:

- Branch and
- Trade representation

A commercial legal entity who has the right to perform commercial activity under their national law may register a branch in the Commercial Register. The branch is not considered a separate legal entity. The branch is not required to have any paid up capital or separate governance structure. Its assets and liabilities are considered assets and liabilities of the mother company.

4. Foreign persons authorized to do business under their national law, may establish a representative offices in Bulgaria. A representative office is registered at the Bulgarian Chamber of Commerce. The representative office is not a separate legal entity and cannot carry on business activity. Thus, the purpose of the representative office is to perform activities such as promotions, exhibitions, demonstrations, training and advertising of products or services.

Required documents are:

- 1) Official registration document of the foreign person issued by the relevant competent authority as per its national legislation;
- 2) official document regarding the persons managing and representing the foreign person;
- 3) resolution of the managing body of the foreign person for opening a representative office in Bulgaria;
- 4) special notarized original power of attorney issued by the person/s/ representing the company for the person authorised to register and manage the representative office in Bulgaria specifying the powers granted to the latter;
- 5) original specimen/s/ of the signature/s/ of the person/s/ being representative/s/ in Bulgaria, whether by virtue of law or by special authorisations, certified by a notary public;
- 6) document evidencing payment of the registration fee for the representative office;
- 7) completed registration card for the IT system of the Bulgarian Chamber of Commerce and Industry.

- **Registration in the Bulstat Register**

The Bulstat Register is used for registration of branches of foreign persons that are not business entities, representative offices of foreign persons registered at the Bulgarian Chamber of Commerce and Industry. The documents required for the registration are the following: certificate of registration/registration with the Bulgarian Chamber of Commerce and Industry; copy of the

Migratory pathways for start-ups and innovative entrepreneurs in the EU

resolution for appointment of the person managing and representing the entity; filled in application form for registration provided by the Bulstat Register.

The following categories of foreign persons are also subject to registration and shall be issued the ID card and ID code (Bulstat code):

- foreign legal entities which carry out a business in Bulgaria or whose effective management is located within the country, or that own real property in the country; as well as
- foreign natural persons who have no Bulgarian personal ID number or a foreigner's personal ID number and conduct a business or provide independent private services in Bulgaria, including by a permanent establishment, or own real property in the country, or are social security contributors.

Q3c. How long does it take to set up a business in your (Member) State? Please distinguish between (a) maximum timeframe for registration as declared by the relevant institution and (b) the time it takes in practice:

The time required for entry or deletion and announcement of documents in the commercial register of trade companies is immediately the expiry of three working days of receipt of the applications in the commercial register, unless the law provides otherwise.

Terms for registration of a limited-liability company, a sole-owner limited liability company and a joint-stock company:

- Regarding an application for registration or deregistration no later than the end of the first business day after its acceptance;
 - Regarding an application for notification – immediately.
1. The terms for registration of foreign person's representative office are between 1 hour and 3 days (according to the declared wish and the fee paid).
 2. The registration is made at the time of submitting the due documents, and a registration certificate is issued which is valid for one month until the issue of the ID card.

Q3d. What is the cost to register a business?

The registration of the OOD and EOOD is implemented by the Registry Agency by subscription in the Commercial Registry. The fee of the Commercial Register for registration of a company amounts to BGN 160/80 if the application and the documents attached thereto are submitted electronically;

A fee in the amount of BGN 50 is paid for reservation of a name / if the application is submitted electronically a fee of BGN 25 shall be paid.

The registration of the joint-stock company is implemented by the Registry Agency by subscription in the Commercial Registry. The fee of the Commercial Register for registration of a company amounts to BGN 460/230 if the application and the documents attached thereto are submitted electronically;

A fee in the amount of BGN 50 is paid for reservation of a name / if the application is submitted electronically a fee of BGN 25 shall be paid.

For registration in the Bulstat Register the following fees are collected:

- foreign legal entity – BGN 40;
- representative office – BGN 70;
- branch of a non-profit legal entity – BGN 15.

Migratory pathways for start-ups and innovative entrepreneurs in the EU

Q3e. Have there been any **evaluations** or **public debates** on the business environment in your (Member) State? – i.e. have any administrative barriers been identified on how easy or difficult (burdensome) is to set up a business in your (Member) State? What are the main conclusions? Please explain, providing evidence, if available:

The identified need for necessary legislative changes to meet the current economic situation led to the formation of an inter-institutional working group that shall explore the changes in the existing legal framework concerning the starting a business in Bulgaria. The working group includes representatives of the Ministry of Economy, the Council of Ministers, the Ministry of Justice, the Ministry of Finance, the Ministry of Foreign Affairs, the Ministry of Labour and Social Policy, Ministry of Interior, State Agency for National Security, employers' organizations (Bulgarian Industrial Capital Association, Bulgarian Industrial Association, Bulgarian Chamber of Commerce and Industry and Union for Private Economic Enterprise) and the National Representation of the Bulgarian Start-up Entrepreneurial Community (BESCO).

The working group had to study the practice of other countries and to get acquainted with various proposals received from NGOs active in the field of start-ups and innovation entrepreneurship. As a result of its activities, draft amendments and supplements to the Commerce Act (in order to envisage the possibility of creating the so-called "facilitated joint-stock company"), the Law for Foreigners in the Republic of Bulgaria (to introduce the so-called "start-up visa" or rather a new ground for long-term residence from third-country nationals) and the Law for Investment Promotion.

After the finalization of the elaboration procedure the relevant draft laws shall be proposed for public discussion and the proposals received shall be evaluate and eventually implemented into the draft law.

Q4a. Do **hubs** and **ecosystems** (see definitions) exist in your (Member) States?

Yes. Please describe:

No, there are no major entrepreneurial hubs and ecosystems.

In recent years hundreds of young entrepreneurs have been funded through various channels in Bulgaria - some funds, others from business angels, others with independent efforts. Selected start-up funds and venture capital and private equity funds, funding projects can be defined as a model for the most promising technologies. These are, in practice, funds with a visionary mission and, with the help of their accumulated financial resources, determine the direction and directions of technological development through selected projects for financial support. The creation of a successfully functioning ecosystem of start-up entrepreneurship opens up prospects for developing a new global trend - focused support for skeleton companies.

Despite the fact that Bulgaria is still below the EU average level of employment in the ICT sector, the sector is traditional for the Bulgarian economy and in recent years it has been identified as one of the fastest growing in the country, with an attractive profile and results for investors, creating an increasingly successful image for Bulgaria as a competitive European location for the development of IT start-up companies and attracting venture and private equity funds.

There are many companies that started as ideas in Bulgaria and have developed into a world business. Telemark, Sirma Group (the first IT company, the list of the Sofia Stock Exchange), Vayant Travel Technologies, Mobysystems, Bianor Holding, Fadata, Bulpros, Musala Soft, StangaOne1, ProSyst, Melon and Smartcom are only a small part of the Bulgarian companies where the country is recognized as an attractive destination for IT solutions. In recent years, as a result of fund support for start-up practices in the country, a number of young and innovative companies have created software products and solutions with international recognition and are already successfully working on global customer deals.

Migratory pathways for start-ups and innovative entrepreneurs in the EU

Production of hardware and software products for visualization, 3D modelling, and rendering applications. The V-Ray product is an almost worldwide monopoly in the field of rendering applications. The list of proprietary products includes names like V-Ray for Autodesk® 3ds Max® and Autodesk® Maya®, SimCloth, Phoenix for 3ds Max®, chaosAurora. The British Museum, AstraZeneca, The Institution of Engineering and Technology. The company has offices and development centres in Sofia and Varna, has sales offices in London and Washington.

Annual turnover in the ITO segment is 24.15% for 2011 and 8.92% for 2012. The revenues of the top 7 companies account for 80% of the total turnover of the 2012 outsourcing segment. However, the fastest growth in economic activity shows start-up companies with an increase in revenue from 4.3 million Euro in 2010 to 33 million Euro in 2012, accounting for a remarkable growth of 667 percent in just three years. The ITO segment of the outsourcing industry in Bulgaria has an untapped potential for development and economic activity. However, the ITO segment appears to be the most appropriate to attract investment due to a remarkable revenue growth of start-up companies (667% over three years) and the country's established image as a regional Tech Hub for Southeast Europe. In the targeting of new companies from both outsourcing segments, it is appropriate to apply a different selection of countries due to geographic specialization in the sectoral development trends. On the basis of the review of the state of the outsourcing industry in Bulgaria, the following strategic advantages could be summarized for attracting investment in the sector, along with macroeconomic indicators not presented here:

- 1st place as an outsourcing destination in Europe in 2014 and 9th in the world (Global Services Location Index™);
- Outsourcing European Destination 2015 (European Outsourcing Association);
- Sofia is in the top 10 of the best cities to start a start-up investment (Forbes magazine, November 2015);
- 8.6% - the average annual growth rate of BPO and ITO companies in the country in 2010-2012 (Bulgarian Outsourcing Association);
- 19.3% - increase in the number of employees in the industry for 2010-2012 (Bulgarian Outsourcing Association);
- The Bulgarian Outsourcing Market - € 498.9 million in 2012, € 448.7 million in 2011 and € 365 million in 2010 (survey of the Bulgarian Outsourcing Association among 69 companies);
- High ITO segment profitability - 667% revenue growth of IT outsourcing start-ups in 2010-2012 (Bulgarian Outsourcing Association);
- By 2020 - 20% annual growth of outsourcing; (Bulgarian Outsourcing Association);
- Free staffing potential - 5.58% of graduates in Informatics and Computer Science, 7.14% of graduates in Communication and computer technology, 11.32% of graduates in Administration and Management and 9.66% of Economics graduates are employed in other spheres (2013-2014) in Bulgaria) and others.

Q4b. What is the **role of cities or specific regions** in creating and supporting entrepreneurial ecosystems and start-up hubs in your (Member) State? Please describe by providing examples.

On February 4, 2019, Sofia Municipality opened a call for proposals with a pilot program for innovative, start-up and social entrepreneurs Accelerative Start-up Sofia. The Accelerator Start-up Sofia program aims to facilitate accelerated access to innovative, start-up and social entrepreneurs on the territory of the Sofia Municipality by assisting them in developing and presenting well-founded proposals to potential investors and funding organizations by increasing their capacity for

Migratory pathways for start-ups and innovative entrepreneurs in the EU

full-interacting with the banking sector and encouraging them to develop and promote innovative high value-added products and services.

Accelerator Start-up Sofia is implemented in pursuance of the main goals and the flagship initiatives of the Europe 2020 Strategy and the Intelligent Specialization Innovation Strategy of Sofia and represents a joint platform for action between the Municipal Guarantee Fund for Small and Medium Enterprises in Sofia the Municipality of Sofia, the Municipal Agency for Privatization and Investments and the "Europe" Program of Sofia Municipality

The Pilot Edition will take place in two integrated parallel stages for a period of up to four months - financing in the form of a competitive grant program totalling 100 000 BGN.

Accelerator Start-up Sofia will provide support for projects that demonstrate, develop and/or improve an innovative product (product or service) or process falling within the main thematic priorities of ISIS of Sofia.

Support will also be given to creating new and expanding the activities of existing social enterprises in order to provide employment through psychological assistance and motivation of persons from vulnerable groups and creation of suitable conditions for their professional integration in the sphere of the social economy.

The Program will provide mentoring, communication and institutional support to innovative, start-ups and social entrepreneurs through educational and consulting activities and providing access to networking, shared workspace and environment. Beneficiaries will be prepared for the next stages in their development, to successfully attract partners and strategic investors.

The implementation of the pilot will use the experience of the Europe Program to provide financial support for innovative and digital initiatives of non-governmental organizations, as well as the experience of the Sofia Development Association in support of innovation and digital technologies.

Q5. What are the main **sectors** and **industries** in which your (Member) State aims to attract/attracts start-ups and innovative entrepreneurs? Please briefly explain, if possible to allow for comparison, with **reference to the main sections (i.e. section level classification)** of NACE Rev.2 classification of economic activities¹¹.

The National SME Promotion Strategy is aimed at small and medium-sized enterprises in the mining, processing and services sectors (non - financial enterprises in sectors from B to M according to the NACE Rev.2).

¹¹ <https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF/dd5443f5-b886-40e4-920d-9df03590ff91?version=1.0>

Migratory pathways for start-ups and innovative entrepreneurs in the EU

Section 2: National legal and policy framework in the (Member) State for admission of start-ups and innovative entrepreneurs from third countries

*This section aims to provide an overview of the national legal framework and policies in EU Member States and Norway in relation to start-ups and innovative entrepreneurs from **third countries**. Please provide qualitative evidence to support your answer, where appropriate.*

Q6. Is attracting start-ups and innovative entrepreneurs from third countries a national policy priority?

- Yes, this is a national policy priority. Please explain:
 No, this is not a major national policy priority. Please explain:

The awareness of the need of legislative changes in Bulgaria led to the formation of the inter-institutional working group that shall explore the changes in the existing legal framework concerning the starting a business in Bulgaria.

This working group includes the representatives of all interested institutions, national representative employers' organizations and National Representation of the Bulgarian Start-up Entrepreneurial Community (BESCO).

The working group has the task to study the practice of other countries and to get acquainted with various proposals received from NGOs active in the field of start-up entrepreneurship. In addition, this group should propose amendments to the legal framework to improve the conditions for starting a business in Bulgaria.

Q7a. Does your national legislation provide for a special **visa or residence permit** to facilitate the immigration of start-up founders and innovative entrepreneurs from third countries?

- Yes, a special visa is in place to facilitate the immigration of TCN start-up founders. Please explain:
 Yes, a special residence permit is in place to facilitate the immigration of TCN start-up founders. Please explain:
 No, other type of residence permit is commonly used to facilitate the immigration of start-ups/innovative entrepreneurs from third countries. Please explain:
 No, a visa or residence permit is not in place, however, there is a specific programme or other initiatives intended to facilitate the immigration of start-ups and innovative entrepreneurs from third countries. Please explain:

At the moment the process of drafting of the Law for amendment and supplement of the Law for Foreigners in the Republic of Bulgaria is in course. This Law provides a new ground for the third-country nationals for obtaining the long-term residence permit. They shall have the intention to start a high-tech and/or innovative business in Bulgaria and have issued start-up certificate, issued by the Bulgarian Investment Agency. Separate provisions shall arrange the procedure for obtaining of such a long-term residence permit (necessary documents, deadlines, etc.).

After the finalization of the elaboration procedure the relevant draft laws shall be proposed for public discussion and the proposals received shall be evaluate and eventually implemented into the draft law.

Q7b. If your (Member) State has a special visa/residence permit in place for start-up founders, please explain your (Member) State's **rationale** for adopting such schemes:

At the moment the process of drafting of the Law for amendment and supplement of the Law for Foreigners in the Republic of Bulgaria is in course. This Law provides a new ground for the third-country nationals for obtaining the long-term residence permit. They shall have the intention to start a high-tech and/or innovative business in Bulgaria and have issued start-up certificate, issued by the Bulgarian Investment Agency. Separate provisions shall arrange the procedure for obtaining of such a long-term residence permit (necessary documents, deadlines, etc.).

Migratory pathways for start-ups and innovative entrepreneurs in the EU

After the finalization of the elaboration procedure the relevant draft laws shall be proposed for public discussion and the proposals received shall be evaluate and eventually implemented into the draft law.

Q7c. If yes, when was the start-up scheme introduced?

The regulation for the access of the third-country nationals to the territory of the Republic of Bulgaria with the aim to create a start-up organization is still in a project form and the specific requirements that the candidate shall cover to obtain such an access will be discussed after that.

Q7d. If yes, what legal pathways were used by start-up founders before introducing a specific start-up scheme?

The regulation for the access of the third-country nationals to the territory of the Republic of Bulgaria with the aim to start the innovative entrepreneurship is still in a project form and the specific requirements that the candidate shall cover to obtain such an access will be discussed after that.

Q7e. If no, has there been a policy debate about the reasons for not introducing a special scheme?

N/A

Q8a. Does your national legislation provide for a special visa/residence permit to facilitate the immigration of TCN start-up **employees**?

- Yes, a special visa is in place to facilitate the immigration of start-up employees from third countries. Please explain:
- Yes, a special residence permit is in place to facilitate the immigration of start-up employees from third countries. Please explain:
- No. Please explain:

At the moment the process of drafting of the Law for amendment and supplement of the Law for Foreigners in the Republic of Bulgaria is in course. This Law provides a new ground for the third-country nationals for obtaining the long-term residence permit. They shall have the intention to start a high-tech and/or innovative business in Bulgaria and have issued start-up certificate, issued by the Bulgarian Investment Agency. Separate provisions shall arrange the procedure for obtaining of such a long-term residence permit (necessary documents, deadlines, etc.).

After the finalization of the elaboration procedure the relevant draft laws shall be proposed for public discussion and the proposals received shall be evaluate and eventually implemented into the draft law.

Q8b. If your (Member) State has a special visa/residence permit in place for start-up employees, please explain the **rationale** for adopting such schemes:

N/A

Q8c. If yes, when was the start-up scheme for employees introduced:

N/A

Q9a. Are there any **planned changes** in law/ policy/ practice regarding start-ups or other innovative entrepreneurs from third countries in your (Member) State?

- Yes. Please explain:
- No.

The identified need for necessary legislative changes to meet the current economic situation led to the formation of an inter-institutional working group that shall explore the changes in the existing legal framework concerning the starting a business in Bulgaria. The working group includes representatives of the Ministry of Economy, the Council of Ministers, the Ministry of Justice, the Ministry of Finance, the Ministry of Foreign Affairs, the Ministry of Labour and Social Policy,

Migratory pathways for start-ups and innovative entrepreneurs in the EU

Ministry of Interior, State Agency for National Security, employers' organizations (Bulgarian Industrial Capital Association, Bulgarian Industrial Association, Bulgarian Chamber of Commerce and Industry and Union for Private Economic Enterprise) and the National Representation of the Bulgarian Start-up Entrepreneurial Community (BESCO).

The working group had to study the practice of other countries and to get acquainted with various proposals received from NGOs active in the field of start-ups and innovation entrepreneurship. As a result of its activities, draft amendments and supplements to the Commerce Act (in order to envisage the possibility of creating the so-called "facilitated joint-stock company"), the Law for Foreigners in the Republic of Bulgaria (to introduce the so-called "start-up visa" or rather a new ground for long-term residence from third-country nationals) and the Law for Investment Promotion.

After the finalization of the elaboration procedure the relevant draft laws shall be proposed for public discussion and the proposals received shall be evaluate and eventually implemented into the draft laws.

In the draft Law for amendment and supplement of the Law for Foreigners in the Republic of Bulgaria is provided a new ground for the third-country nationals for obtaining the long-term residence permit. They shall have the intention to start a high-tech and/or innovative business in Bulgaria and have issued start-up certificate, issued by the Bulgarian Investment Agency. Separate provisions shall arrange the procedure for obtaining of such a long-term residence permit (necessary documents, deadlines, etc.).

Q9b. If your (Member) State does not have any special schemes in place for start-up founders/employees, is your (Member) State **planning to introduce** these regulations in coming years?

- Yes. Please explain:
 No. Please explain:

The identified need for necessary legislative changes to meet the current economic situation led to the formation of an inter-institutional working group that shall explore the changes in the existing legal framework concerning the starting a business in Bulgaria. The working group includes representatives of the Ministry of Economy, the Council of Ministers, the Ministry of Justice, the Ministry of Finance, the Ministry of Foreign Affairs, the Ministry of Labour and Social Policy, Ministry of Interior, State Agency for National Security, employers' organizations (Bulgarian Industrial Capital Association, Bulgarian Industrial Association, Bulgarian Chamber of Commerce and Industry and Union for Private Economic Enterprise) and the National Representation of the Bulgarian Start-up Entrepreneurial Community (BESCO).

The working group had to study the practice of other countries and to get acquainted with various proposals received from NGOs active in the field of start-ups and innovation entrepreneurship. As a result of its activities, draft amendments and supplements to the Commerce Act (in order to envisage the possibility of creating the so-called "facilitated joint-stock company"), the Law for Foreigners in the Republic of Bulgaria (to introduce the so-called "start-up visa" or rather a new ground for long-term residence from third-country nationals) and the Law for Investment Promotion.

After the finalization of the elaboration procedure the relevant draft laws shall be proposed for public discussion and the proposals received shall be evaluate and eventually implemented into the draft laws.

In the draft Law for amendment and supplement of the Law for Foreigners in the Republic of Bulgaria is provided a new ground for the third-country nationals for obtaining the long-term residence permit. They shall have the intention to start a high-tech and/or innovative business in Bulgaria and have issued start-up certificate, issued by the Bulgarian Investment Agency. Separate

Migratory pathways for start-ups and innovative entrepreneurs in the EU

provisions shall arrange the procedure for obtaining of such a long-term residence permit (necessary documents, deadlines, etc.).

Q9c. Have there been any recent or ongoing **national public/policy debates** with regard to facilitating the immigration of start-ups and innovative entrepreneurs from third countries?

Yes. Please explain, providing qualitative evidence:

No.

During the last few years, many events with international participation have been organized on the territory of Bulgaria and with the assistance of the competent institutions (Ministry of Economy, Bulgarian Investment Agency, etc.).

Migratory pathways for start-ups and innovative entrepreneurs in the EU

Section 3: Admission conditions for start-ups and innovative entrepreneurs from third countries

This section aims to provide an overview of the admission conditions for start-ups and innovative entrepreneurs from third countries. To facilitate comparison:

- *Section 3.1. focuses on evaluating the business (i.e. start-up) and should only be completed by (Member) States who have a specific process of evaluation for start-up/business plan for TCNs - If there is no specific process in place and general registration for a new business applies, please only answer Q3 in Section 1.*
- *Section 3.2 should be completed only by (Member) States which have a specific scheme in place.*
- *Section 3.3 should be completed only by (Member) States which do not have a specific scheme in place.*
- *Section 3.4. looks at four fictional scenarios and should be completed by all (Member) States.*

3.1. Admission conditions from the business (start-up) perspective – evaluating the business plan and conditions that need to be met to qualify as a start-up [ONLY FOR THOSE (MEMBER) STATES WHICH HAVE SPECIFIC PROCESS TO EVALUATE THE BUSINESS/START-UP]

Q10. Please explain what are the **requirements/criteria to be qualified as a start-up or innovative entrepreneur** (e.g. investment, innovative scalable business model¹², prior registration in the MS, etc)?

The Law for amendment and supplement the Law for Investment Promotion provides that the Executive Director of the Bulgarian Investment Agency shall issue, modify or withdraw a start-up certificate after receiving the opinion from a specialized Advisory council to the Bulgarian Investment Agency. For this decision the candidate shall cover some specific requirements that will be determined in addition on expert level and will be consulted with all stakeholders before to be implemented into national legislation.

Q11. Please explain the **process of evaluating** the start-ups/innovative entrepreneurship, with regard to:

Q11a. Who assesses the eligibility of the start-up? Please explain:

The Law for amendment and supplement the Law for Investment Promotion provides that the Executive Director of the Bulgarian Investment Agency shall issue, modify or withdraw a start-up certificate after receiving the opinion from a specialized Advisory council to the Bulgarian Investment Agency. For this decision the candidate shall cover some specific requirements that will be determined in addition on expert level and will be consulted with all stakeholders before to be implemented into national legislation.

This certificate will be a ground for gain a long-term residence permit by the third-country national.

Q11b. What **documents** have to be submitted for the assessment? Please explain and indicate in case it differs for TCNs that have already founded a start-up abroad and those who are yet to set up a business:

- Business plan. Please explain:
- Means of financing (e.g. bank statements). Please explain:
- Patents, trademarks, intellectual property. Please explain:
- Qualifications and diplomas of the start-up founder. Please explain:

¹² "Scalability is one of the most important factors for entrepreneurs considering starting a new business or hoping to take a current business to the next level. Successful business growth depends on a scalable business model that will increase profits over time, by growing revenue while avoiding cost increases." Source: www.entrepreneur.com

Migratory pathways for start-ups and innovative entrepreneurs in the EU

- Evidence of registration in a national commerce register. Please explain:
- Others. Please explain:

The Law for amendment and supplement the Law for Investment Promotion provides that the Executive Director of the Bulgarian Investment Agency shall issue, modify or withdraw a start-up certificate after receiving the opinion from a specialized Advisory council to the Bulgarian Investment Agency. The terms for this will be determined in addition and probably will be the shortest ones starting from the time the application is submitted by the applicant.

Q11c. On average, **how long** does it take to make a decision on whether the start-up qualifies for the scheme? Please explain distinguishing between (i) maximum processing time set in legislation and (ii) average processing time in practice:

The Law for amendment and supplement the Law for Investment Promotion provides that the Executive Director of the Bulgarian Investment Agency shall issue, modify or withdraw a start-up certificate after receiving the opinion from a specialized Advisory council to the Bulgarian Investment Agency. The terms for this will be determined in addition and probably will be the shortest ones starting from the time the application is submitted by the applicant.

Q11d. How long after the decision has been communicated to the applicant, s/he can register their company/apply for the residence permit? Please explain:

All procedural issues will be arranged by the adoption of the necessary amendments and supplements of the Law for Foreigners in the Republic of Bulgaria and in Law for Investment Promotion.

Q11e. How is the application process managed? Please explain:

- Online. Please explain:
- In person. Please explain:
- Other. Please explain:

All procedural issues (incl. process) will be arranged by the adoption of the necessary amendments and supplements of the Law for Foreigners in the Republic of Bulgaria and in Law for Investment Promotion.

3.2 Admission conditions from the person perspective (start-up founders and employees) [ONLY FOR THOSE (MEMBER) STATES WHICH HAVE A SPECIFIC START-UP SCHEME]

Q12a. What are the **requirements** for applying for a **start-up visa** – if applicable (e.g. sufficient means, prior approval of start-up by the responsible authority, insurance, etc.)? Please differentiate in case it applies to:

- Start-up founders. Please explain:
- Start-up employees. Please explain:

In Bulgaria the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form. The requirements for obtaining this right shall be determinate by the existing legislation.

Q12b. What are the **requirements** for applying for a start-up **residence permit** – if applicable (e.g. sufficient means, prior approval of start-up by the responsible authority, insurance)? Please differentiate in case it applies:

- Start-up founders. Please explain:
- Start-up employees. Please explain:

In Bulgaria the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form. The requirements for obtaining this right shall be determinate by the existing legislation.

Migratory pathways for start-ups and innovative entrepreneurs in the EU

Q12c. Are there different requirements for TCNs **applying from abroad and those looking to change their status** (e.g. from a student to a start-up visa)? Please differentiate in case it applies:

- Start-up founders. Please explain:
- Start-up employees. Please explain:

In Bulgaria the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form. At the moment is still not clear if such hypothesis will be provided by the future national legislation.

Q12d. Are different **statuses** compatible and/or possible **at the same time**? (e.g. a TCN that is in your country as a highly skilled employee (or under other migratory category), and at the same time is setting up a start-up, or even running it)

- Yes. Please explain:
- No.

In Bulgaria the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form. At the moment is still not clear if such hypothesis will be provided by the future national legislation.

Q13. How is the application processed? Please explain:

All procedural issues (incl. processing time) will be arranged by the adoption of the necessary amendments and supplements of the Law for Foreigners in the Republic of Bulgaria and in Law for Investment Promotion.

Q13a. To which **authorities** is the application submitted?

The Law for amendment and supplement the Law for Investment Promotion provides that the Executive Director of the Bulgarian Investment Agency shall issue, modify or withdraw a start-up certificate after receiving the opinion from a specialized Advisory council to the Bulgarian Investment Agency.

The abovementioned draft law provides that the Advisory council shall include the representatives of the NGOs providing services or programs to support the initial growth of companies developing high-tech and/or innovative business and representatives of non-governmental organizations whose members are: venture capital funds; companies or organizations owning or managing shared workspaces; entrepreneurs or companies and/or organizations developing high-tech and/or innovative activities. Upon a decision of the council, individual and non-voting sessions may also be attended by experts and representatives of nationally representative employers' organizations, higher education institutions, representatives of state and local authorities concerned or knowledgeable in the field of high-tech and/or innovative activities.

Q13b. Where can the application for the start-up visa/residence be submitted? Please explain:

- Online. Please explain:
- In person. Please explain:
- Other. Please explain:

All procedural issues (incl. processing time) will be arranged by the adoption of the necessary amendments and supplements of the Law for Foreigners in the Republic of Bulgaria and in Law for Investment Promotion.

Q13c. Could the start-up founder **employ third-country nationals**? Under which scheme? What are the conditions that they have to fulfil?

In Bulgaria the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form. At the moment is still not clear if such hypothesis will be provided by the future national legislation.

Migratory pathways for start-ups and innovative entrepreneurs in the EU

Q13d. What is the **processing time** for application of start-up visa/ start-up residence permit? Please explain distinguishing between (i) maximum processing time set in legislation and (ii) average processing time in practice:

All procedural issues (incl. processing time) will be arranged by the adoption of the necessary amendments and supplements of the Regulation of the Implementation of the Law for Foreigners in the Republic of Bulgaria.

Q13e. What is the **duration** of the visa/residence permit granted?

The duration of the residence permit of this category third-country national should not differ from the overall one provided in the Law for Foreigners in the Republic of Bulgaria – 1 year.

Q13f. What are the **challenges** regarding admission of start-ups and innovative entrepreneurs from the national stakeholders' perspective as well as if possible, from the TCNs perspective? *For each challenge mentioned, please describe a) for whom it is a challenge (e.g. policy-maker, organisation, other stakeholders), b) why it is considered a challenge and c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).*

There is not any information available about good practices because the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form. After the adoption of the relevant legislation and the analysis of its implementation some conclusions about existing challenges for admission of the third-country nationals could be made.

Q13g. What are the **good practices** identified in your (Member) State? *For each good practice mentioned, please describe a) for whom it is a good practice (e.g. policy-maker, organisation, other stakeholders), b) why it is considered a good practice and c) c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).*

There is not any information available about any good practices because the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form. After the adoption of the relevant legislation and the analysis of its implementation some conclusions about existing good practices for attracting third-country nationals could be made.

3.3 Admission conditions in those (Member) States which do not have a specific scheme for start-ups [FOR THOSE (MEMBER) STATES WHICH DO NOT HAVE A SPECIFIC START-UP SCHEME]

Please not that this section should only be answered by (Member) States which do not have a specific scheme for start-ups/innovative entrepreneurs in place.

Q14a. What types of **visas / residence permits** does your (Member) State have in place that could be used by TCN start-up founders / innovative entrepreneurs to establish themselves in your country?

In the draft Law for amendment and supplement the Law for Foreigners in the Republic of Bulgaria the new ground for obtaining the right of long-term residence for third-country nationals who have intention to start a high-tech and/or innovative activities in Bulgaria and who have start-up certificate issued by the Bulgarian Investment Agency is provided. There are also provisions concerning the procedure for obtaining the right of long-term residence (necessary documents, place of submission, deadlines, etc.).

Q14b. What are the **requirements** for obtaining the residence permit?

All procedural issues (incl. processing time) will be arranged by the adoption of the necessary amendments and supplements of the Regulation of the Implementation of the Law for Foreigners in the Republic of Bulgaria.

Q14c. What are the **factors/conditions that incentivise** start-ups and innovative entrepreneurs to use specific immigration routes?

Migratory pathways for start-ups and innovative entrepreneurs in the EU

In Bulgaria the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form. At the moment is still not clear if such hypothesis will be provided by the future national legislation.

Q14d. Which **authority** (ies) is/are responsible for granting the residence permit?

According to the Law for Foreigners in the Republic of Bulgaria the competent authority for granting the residence permit for third-country nationals in the territory of the Republic of Bulgaria is “Migration” Directorate of the Ministry of Interior.

Q14e. What is the **processing time** for application for the residence permit in your legislation? Please explain distinguishing between (i) maximum processing time set in legislation and (ii) average processing time in practice:

All procedural issues (incl. processing time) will be arranged by the adoption of the necessary amendments and supplements of the existing national legislation in the field of legal migration.

Q14f. What is the **duration** of the visa/residence permit?

Following the logic of the existing national legislation in the field of legal migration probably the duration of the residence permit will be 1 year.

Q14g. Could the start-up founder **employ third-country nationals**? Under which scheme? What are the conditions that they have to fulfil?

In Bulgaria the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form. At the moment is still not clear if such hypothesis will be provided by the future national legislation.

Q14h. What are the **challenges** regarding admission of start-ups and innovative entrepreneurs from the national stakeholders’ perspective as well as if possible, from the TCNs perspective? *For each challenge mentioned, please describe a) for whom it is a challenge (e.g. policy-maker, organisation, other stakeholders), b) why it is considered a challenge and c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).*

There is not any information available about good practices because the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form. After the adoption of the relevant legislation and the analysis of its implementation some conclusions about existing challenges for admission of the third-country nationals could be made.

Q14i. What are the **good practices** identified in your (Member) State? *For each good practice mentioned, please describe a) for whom it is a good practice (policy-maker, organisation, other stakeholders), b) why it is considered a good practice and c) c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).*

There is not any information available about any good practices because the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form. After the adoption of the relevant legislation and the analysis of its implementation some conclusions about existing good practices for attracting third-country nationals could be made.

3.4. Case study scenarios [FOR ALL (MEMBER) STATES]

With the use of fictional scenarios, the following question aims to provide an understanding of the possible admission options of different types of start-ups and innovative entrepreneurs. This question should be answered by all (Member) States – i.e. those with a specific scheme in place and those without such a scheme.

Q15. Please consider the following fictional scenarios (case studies) and for each scenario, please answer the following questions:

1. What are the migratory pathways (visas/residence permits) available?

Migratory pathways for start-ups and innovative entrepreneurs in the EU

2. Would the person qualify for the permit and if yes, under what specific conditions?
3. Which authority would assess the eligibility of the applicants?
4. What is the application process?
5. How long would it take for the person to obtain the permit?

For Bulgaria these cases are very hypothetical, so the answers are related to the existing (or not) other pathways.

1. TCN outside of the EU, has not set up business yet: Start-up at business plan stage, has not registered the company in the Member State, wants to apply from outside the EU

Vihaan is a highly skilled professional from India with a Master's degree from University of Delhi, currently living in Delhi. For the past few months he has been working in an IT company there, but he plans to start his own business in the near future. He already has a business plan for a service-based app that he thinks could do well in your Member State. His goal is to come to your Member State and start his company there. What is the process that Vihaan would have to go through to build his start-up in your Member State?

1. According to the existing Bulgarian legislation, Vihaan would need to apply to obtain a Freelance Work Permit (FWP). If later he wants to hire employees, he would need to change the grounds for his residence. In all cases visa is needed for the entry to Bulgaria and later the residence permit is issued.

2. Vihaan would qualify for a FWP if he presents a business plan.

3. Vihaan's eligibility for a FWP is assessed by the Employment Agency to the minister of labour and social policy.

4. The application process is as follows:

- He submits the documents to the Employment Agency;
- After obtaining the FWP, he applies to the nearest consular service for a visa Type D;
- After entry to Bulgaria with visa Type D, he applies for a residence permit to MoI;
- After obtaining the residence permit, he can start working.

5. The period consists of:

- 30 days for the FWP (if all the required documents are supplied correctly);
- 35 days for obtaining a visa Type D;
- A maximum of 30 days for obtaining the plastic residence permit (could be shorter depending on the urgency and the payment of the respective higher fee for it – 3 days for express issuance, 10 days for urgent issuance).

2. TCN already in the EU, working as a highly skilled employee: Highly skilled third-country national who came on an EU Blue Card or an alternative national permit for highly skilled workers working for a company in a certain industry; after 2 years of working for the company wants to start his/her own business

Amel is a Tunisian citizen working for "B Solutions", a biotech company in your Member State on an EU Blue Card permit or an alternative national permit for highly skilled workers arranged through her employer. After having worked for the company for two years, she feels that she is ready to take on a new challenge. She would like to start her own business in the same sector and set up a company that offers high-tech solutions to recycle waste in new, innovative ways, remaining in your Member State. What are her possibilities?

1. According to the existing Bulgarian legislation, Amel has to change her grounds for residence – from EU Blue card (no national Work Permit /WP/ is available in her case) to a FWP.

2. Same as case 1.

Migratory pathways for start-ups and innovative entrepreneurs in the EU

3. Same as case 1.
4. Same as case 1.
5. Same as case 1.

3. TCN outside of EU, registered company: Start-up just started, registered company outside the EU would like to set up in the Member State

Sergey from Minsk, Belarus owns a company "Icomp Technologies", a manufacturing company which has just launched the production of electronic components in IoT (Internet of Things) technology sector. The company has already shipped some experimental production to third country markets, such as Japan and Malaysia, and based on the initial success it was decided to reallocate company's headquarters to your Member State for further business development. What is the process that Sergey would have to go through to move the headquarters? Are there any additional provisions for other staff members aiming to reallocate to a Member State?

1. According to the existing Bulgarian legislation, there is no such option as to "relocate a business" of foreigners, because they are not beneficiaries of the 4 freedoms in EU. Sergey would need to reestablish his business as a new entity under the Bulgarian/EU legislation. In this case he would apply for a residence permit, not a work-related one.

2. Yes, if he proves the conditions for residence.

3. Migration Directorate within MoI

4. The application process is as follows:

- He submits the documents to the Migration Directorate within MoI;
- After approval, he applies to the nearest consular service for a visa Type D;
- After entry to Bulgaria with visa Type D, he receives the residence permit from MoI.

5. The period consists of:

- 35 days for obtaining a visa Type D;
- A maximum of 30 days for obtaining the plastic residence permit (could be shorter depending on the urgency and the payment of the respective higher fee for it – 3 days for express issuance, 10 days for urgent issuance).

4. TCN already in the EU, PhD or master student

Auri is a Dominican PhD student at a university in your Member State in the field of biotechnology studies. In parallel to her studies (outside her PhD contract), Auri researched fermentation and revealed yet unknown characteristics of the investigated ferment. Auri discovered that the reaction between the researched ferment and a specific enzyme could have a particular effect on human's skin regeneration. She was approached by a potential investor who saw the potential of the discovery in the medical cosmetology sector. Auri would like to register a company in your Member State and undertake further necessary research to receive patents and start the production of agents as a next stage. What are her possibilities?

1. Auri would need to establish her business as a new entity under the Bulgarian/EU legislation. In this case she would apply for a residence permit, not a work-related one.

2. Same as case 3.

3. Same as case 3.

4. Same as case 3.

5. Same as case 3.

Migratory pathways for start-ups and innovative entrepreneurs in the EU

Section 4: Attracting start-ups and innovative entrepreneurs from third countries

This section examines the measures and incentives to attract TCN start-ups and other innovative entrepreneurs in place in the (Member) States.

Q16. Does your (Member) State have specific **measures** in place to **attract** start-up founders and innovative entrepreneurs from third countries?

- Yes. Please explain briefly here the main measures and complete table in Q18 below:
 No

At the moment there are not any existing measures because the necessary legislative framework is still missing.

Q17a. Are the following **actors** involved in attracting and encouraging the start-ups and innovative entrepreneurs from third countries?

- Private sector. If yes, please elaborate how are they involved:
 Universities and Higher Education Institutions (i.e. encouraging international students to stay as start-up entrepreneurs). Please elaborate:
 Local and regional authorities (e.g. cities and regions). Please elaborate:
 Other actors. Please elaborate:

By Order of the Minister of Economy of September 2018, an inter-institutional working group was set that shall explore the changes in the existing legal framework concerning the starting a business in Bulgaria. The working group includes representatives of the Ministry of Economy, the Council of Ministers, the Ministry of Justice, the Ministry of Finance, the Ministry of Foreign Affairs, the Ministry of Labour and Social Policy, Ministry of Interior, State Agency for National Security, employers' organizations (Bulgarian Industrial Capital Association, Bulgarian Industrial Association, Bulgarian Chamber of Commerce and Industry and Union for Private Economic Enterprise) and the National Representation of the Bulgarian Start-up Entrepreneurial Community (BESCO).

Q17b. Do government authorities cooperate with the **private sector** in attracting start-ups and innovative entrepreneurs from third countries? Please specify which government institutions and private-sector actors (e.g. companies, employer associations etc.) are involved.

- Yes. Please explain:
 No

By Order of the Minister of Economy of September 2018, an inter-institutional working group was set that shall explore the changes in the existing legal framework concerning the starting a business in Bulgaria. The working group includes representatives of the Ministry of Economy, the Council of Ministers, the Ministry of Justice, the Ministry of Finance, the Ministry of Foreign Affairs, the Ministry of Labour and Social Policy, Ministry of Interior, State Agency for National Security, employers' organizations (Bulgarian Industrial Capital Association, Bulgarian Industrial Association, Bulgarian Chamber of Commerce and Industry and Union for Private Economic Enterprise) and the National Representation of the Bulgarian Start-up Entrepreneurial Community (BESCO).

Q18. Please complete the table below with regard to the (applicable) **(I) Rights and (II) Incentive measures** in place to attract start-up founders (not employees) from third countries in your (Member) State.

I. RIGHTS

Rights	Brief description of the rights granted
Facilitation to access permanent residence	Not in place

Migratory pathways for start-ups and innovative entrepreneurs in the EU

Access to employment	Not in place
Possibility to be accompanied by family members	Not in place
Family members allowed to access the labour market	Not in place
Other rights (please specify)	Not in place

II. INCENTIVE MEASURES (refers to governmental, private sector and structural incentives)

Measure	Brief description of the measure	Are the attraction measures campaign-like or permanent measures?	Who implements the measure? (<i>state, private sector, in cooperation etc</i>)	Applies to:	
				TCNs only	General
Facilitations for admission; <i>If yes, please explain what they entail (shortened processing time, reduced documentary requirements etc.)</i>	Not in place				
Access to special funding and investments (e.g. micro-loans)	Not in place			<input type="checkbox"/>	<input type="checkbox"/>
Co-working and dedicated spaces (facilities for shared use of start-ups/businesses)	Not in place			<input type="checkbox"/>	<input type="checkbox"/>
Access to incubation/accelerator support programmes	Not in place			<input type="checkbox"/>	<input type="checkbox"/>
Tax incentives (benefits, reductions, exemptions, etc.)	Not in place			<input type="checkbox"/>	<input type="checkbox"/>
Consultation services/facilitators help in networking/accessing networks	Not in place			<input type="checkbox"/>	<input type="checkbox"/>
Training programmes for start-ups	Not in place			<input type="checkbox"/>	<input type="checkbox"/>
Financial support to cover administrative and/or staff costs	Not in place			<input type="checkbox"/>	<input type="checkbox"/>
Other special incentives <i>Please add new rows as applicable</i>	Not in place			<input type="checkbox"/>	<input type="checkbox"/>

Q19. Are there any measures to encourage and foster innovative entrepreneurship and start-ups for third-country nationals **already present** in the (Member) State? (e.g. in the context of integration measures)

The awareness of the need of legislative changes in Bulgaria led to the formation of the inter-institutional working group that shall explore the changes in the existing legal framework concerning the starting a business in Bulgaria.

In the draft Law for amendment and supplement the Law for Foreigners in the Republic of Bulgaria the new ground for obtaining the right of long-term residence for third-country nationals who have intention to start a high-tech and/or innovative activities in Bulgaria and who have start-up certificate issued by the Bulgarian Investment Agency is provided. There are also provisions concerning the procedure for obtaining the right of long-term residence (necessary documents, place of submission, deadlines, etc.).

Q20a. Does your (Member) State carry out **promotional activities and dissemination of information** targeted to start-up founders and innovative entrepreneurs?

Yes. If yes, please explain/elaborate, specifying which actors are responsible (and whether it is a public or private actor) giving examples:

If yes, please specify if the promotional activities are carried out in your (Member) States or abroad:

No.

There is not any information available about any existing promoting activities or information campaigns because the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form.

Q20b. Does your (Member) State aim to create a national / regional '**brand**' (e.g. visual image, perception, etc.) of the start-up scheme?

Yes. Please explain:

No.

At the moment these issues are not a part of the discussions.

Q20c. Have there been any **evaluations of the effectiveness** of promotional activities in Q19a. carried out?

Yes. Please explain and by whom, provide qualitative evidence:

No.

There is not any information available about any existing evaluations concerning the effectiveness because the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form.

Q21. Based on existing national sources (evaluation reports, media reports, etc.), what are the **factors affecting the attraction of start-up founders/employees** in your (Member) State – *including both positive factors and obstacles*? Please select all relevant boxes.

Hubs and locations for start-ups (e.g. cities). If yes, please elaborate:

Culture. If yes, please elaborate:

Socio-economic factors (e.g. living costs). If yes, please elaborate:

Other (please specify):

There is not any information available about any existing evaluations, report, etc. The process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form.

Migratory pathways for start-ups and innovative entrepreneurs in the EU

Q22a. What are the main **challenges** in attracting start-ups and innovative entrepreneurs from third countries in your (Member) State? *For each challenge mentioned, please describe a) for whom it is a challenge (policy-maker, organisation, other stakeholders), b) why it is considered a challenge and c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).*

There is not any information available about any existing challenges because the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form.

Q22b. What are the **good practices** identified in attracting start-ups and innovative entrepreneurs from third countries in your (Member) State? *For each good practice mentioned, please describe a) for whom it is a good practice (policy-maker, organisation, other stakeholders), b) why it is considered a good practice and c) c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).*

There is not any information available about any good practices because the process of implementation of such ground for the third-country nationals to obtain the right of residence is still in a project form.

Section 5: Renewal of residence permits/visas and retention measures for start-ups and innovative entrepreneurs

This section aims at exploring the possibilities for renewal of residence permits/visas granted to start-up founders and innovative entrepreneurs as well as retention measures. The section should be answered by all (Member) States. In case there is no specific start-up visa/residence permit in your (Member) State, please answer with reference to the schemes/visas/permits TCN start-up founders and innovative entrepreneurs can apply for.

Q23a. Is it possible to **renew** the start-up visa/residence permit?

- Yes. Please describe:
- No

N/A

The process for implementation into Bulgarian legislation of the new ground to obtain the right of residence is still in a project form. The draft law provides the possibility to renew the right of third-country national to stay and the conditions for this will be determined and incorporated into national legislation after that.

Q23b. If yes, what is the renewal period and are the following renewal options possible:

- a time limited extension to a visa/residence permit. Please describe:
- a permanent residence. Please describe:

N/A

Q23c. What are the **main requirements for renewal** of an initial start-up visa/residence permit?

N/A

Q23d. Is the actual establishment of the business checked by the responsible authorities when deciding on the extension of the residence permit?

N/A

The process for implementation into Bulgarian legislation of the new ground to obtain the right of residence is still in a project form. The relevant legal acts will probably find a place for provisions regulating the right for competent authorities to manage such a control.

Q23e. What are the procedures foreseen for TCNs with start-up visas/residence permits if:

- Their business ceases being a 'start-up' (e.g. they manage to turn their company into a successful business – *this may be defined differently in different (Member) States*). Please elaborate, explaining after what period and under what conditions the business is no longer considered as a 'start-up':
- Their start-up fails. In this case, please clarify what would happen to the start-up founder and whether there are other visas/residence permits available for the TCNs to remain in your MS:
- Their business plan changes after approval:

N/A

The process for implementation into Bulgarian legislation of the new ground to obtain the right of residence is still in a project form. The relevant legal acts will probably find a place and provisions regarding the regulation of the aforementioned hypotheses.

Q24a. Are the following **retention measures** in place for the start-up founders and innovative entrepreneurs?

- Simplified renewal process
- Tax relief schemes
- Others. Please elaborate:

Migratory pathways for start-ups and innovative entrepreneurs in the EU

N/A

There is not any existing scheme to attract third-country nationals who have intention to create a start-up organization or some innovative entrepreneurship. After the adoption of the relevant legislation and the analysis of its implementation some conclusions about the appropriate measures for attracting third-country nationals could be made.

Q24b. What are the main **challenges** regarding the retention of start-ups and innovative entrepreneurs in your MS? *For each challenge mentioned, please describe a) for whom it is a challenge (policy-maker, organisation, other stakeholders), b) why it is considered a challenge and c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).*

There is not any existing scheme to attract third-country nationals who have intention to create a start-up organization or some innovative entrepreneurship. After the adoption of the relevant legislation and the analysis of its implementation some conclusions about existing challenges for attracting third-country nationals could be made.

Q24c. What are the **good practices** identified with regard to retention of start-ups and innovative entrepreneurs in your (Member) State? *For each good practice mentioned, please describe a) for whom it is a good practice (policy-maker, organisation, other stakeholders), b) why it is considered a good practice and c) c) what is the source of the statement – e.g. based on input from experts, surveys, evaluation reports or from other sources (please indicate which ones).*

N/A

Q25a. Has any **misuse of the migratory pathway** for start-ups and innovative entrepreneurs has been detected in your (Member) State (for example, if someone applies for a start-up/entrepreneur visa to gain access to your (Member) State's territory without the actual intention of founding a start-up/business)?

Yes. Please elaborate and answer Q24b.:

No

There is not any available information.

Q25b. Do you have any information or statistics on the **misuse of migratory pathways**¹³ for start-ups and innovative entrepreneurs in your (Member_ State)?

No.

Q25c. What is the **survival rate** of start-ups launched by TCNs in your (Member) State? *Survival rate refers to the number of start-ups that manage to become profitable businesses (see definition).* Please explain.

N/A

Q25d. Have there been **any evaluation or studies** of your national schemes on start-ups or other innovative entrepreneurs? Please summarise the main findings.

N/A

¹³ Misuse of migratory pathways refers solely to the cases in which someone has used the start-up visa/residence permit channel but does not intend to really set up a business and does not refer to potential illegal practices start-ups may be involved in as part of their business.

Section 6 Conclusions

This section of the Synthesis Report will draw conclusions as to the (Member) States' policies and practices related to attracting and retaining start-ups and innovative entrepreneurs.

Q26. With regard to the aims of this study, what conclusions would you draw from your findings reached in elaborating your national contribution? In particular, what is the relevance of your findings to (national and/or EU level) policy-makers?

The adoption of the new national legislation is expecting to create the possibility for attracting third-country nationals who have intention to start their own business in form of start-up organization or innovative entrepreneurship. The aim is to promote the entrepreneurship and to create real conditions for bigger competition inside the country and for more significant participation on the international level in the field of innovations.

The Strategic Analysis for identification of new key industries with a high potential for attracting foreign direct investment made by the Bulgarian Investment Agency in 2015 indicates that the Global Innovation Index places Bulgaria at 44th place in the world. At the same time, the Global Entrepreneurial Index for 2015 (<http://thegedi.org/>) places Bulgaria at 44th place in 130 countries. The Forbes magazine places Sofia in the top 10 of the best cities to start a start-up investment. A number of other international rankings that determine the trends and prospects for global business development are increasingly beginning to mark Bulgaria as an emerging start-up market.

Annex 1 National statistics

Please fill in the attached excel sheet with the respective statistics for your (Member) State – provided in a separate Excel file. The Statistical Annex consists of the following:

Annex 1.1. Applications and decisions for visas/residence permits for start-ups and innovative entrepreneurs and start-up employees (where applicable)

Annex 1.2. Status changes

Annex 1.3. Renewals

Annex 1.4. Main sectors and industries of start-ups launched by TCNs in your (Member) State

Annex 1.5. Survival rates after 3 and 5 years after launch and other success measures

Annex 1.6. Other data



Start-up Statistical
annex.xlsx

There is not any available information.