

# REGIONAL ACTION PLAN

On improving the framework conditions for alternative finance  
for start-ups and social enterprises

**BULGARIA**



Symbolic map

*Author:*

<i>Bulgaria</i>	<i>Union of Bulgarian Black Sea Local Authorities</i>
-----------------	---

*Published in May 2019*

**Disclaimer**

Responsibility for the information and views set out in these publication lies entirely with the authors. These publications do not necessarily reflect the opinion of the European Union. Neither the European Union institutions and bodies nor any person acting on their behalf may be held responsible for the use which may be made of the information contained therein. While these publications have been prepared with care, the authors and their employers provide no warranty with regards to the content and shall not be liable for any direct, incidental or consequential damages that may result from the use of the information or the data contained therein. The online versions of these publications may include hyperlinks to other websites which are not under our control. The use of such hyperlinks is fully at your own risk. Reproduction is authorised provided the source is acknowledged.

## Table of Content

<b>1. Introduction .....</b>	<b>4</b>
<b>2. Main regional challenges and development needs .....</b>	<b>5</b>
<b>3. Visions.....</b>	<b>6</b>
<b>4. Proposed actions to address the regional challenges .....</b>	<b>7</b>

# Bulgaria

## Regional Action Plan

(Output 3.1)

### 1. Introduction

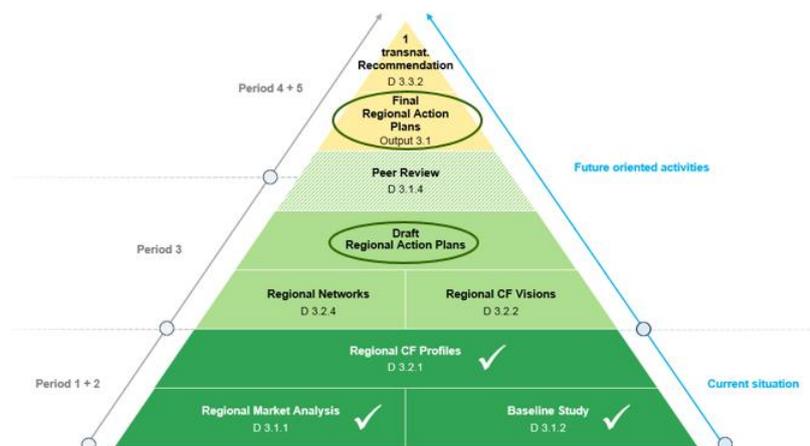
Within the CrowdStream project, each partner region has implemented a process of analysis of local conditions, stakeholder involvement and definition of long-term targets on Crowdfunding. These activities lead to the formulation of the Regional Action Plan (RAP) on the basis of the following inputs (available on <http://www.interreg-danube.eu/approved-projects/crowdstream>):

- Regional Market Analysis on Crowdfunding (D3.1.1)
- Baseline study (D3.1.2)
- Regional Profiles (D3.2.1)
- Regional Stakeholder meetings (D3.2.3)
- Regional Crowdfunding Visions (D3.2.2)

The Regional Action Plan provides concrete measures for improving the access to alternative finance for innovative businesses and social enterprises. A peer review process was established to develop the final version of the Action Plans.

RAPs will be linked to the Pilot Actions that will be organized at partner region level in order to showcase solutions how public business support organizations can support CF campaigns of start-ups and social enterprises.

Inputs from the Regional Action Plans of all Danube area partner regions will feed into Policy recommendations aiming at improving the access to alternative finance for innovative businesses incl. social and creative entrepreneurs.



## 2. Main regional challenges and development needs

### **Challenge #1: To enable Crowdfunding hub to help entrepreneurs turn their own ideas and visions into successful businesses**

Crowdfunding is becoming more and more popular in Bulgaria. Apart from the capital, Varna also becomes a center for the development of start-up companies. At the same time, there is a growing awareness of training and accelerating new companies. The main challenge is to create a sustainable structure to support start-up's society.

We understand from the studying that there are separate organizations and communities working on the subject. Fundamentally, training and some small funding opportunities are provided. What is lacking is institutional support and opportunity for large funding. But the two challenges are related. In order to allow for greater funding, support from the municipality, the Region and other institutions is also needed. The challenge is to properly involve the community in supporting the start-up community. The second challenge is the ability of start-up entrepreneurs to test their developments, innovations and business models. After consultations with stakeholders, it was suggested to create a cross-foaming hub. The Hub has to be equipped with the necessary equipment for creating prototypes, jobs, meeting rooms, and more. The budget for creating a hub is significant for the community and it is necessary to include the municipality.

### **Challenge #2: To develop Crowdfunding possibilities for social entrepreneurs**

Solving environmental and social problems can also be accomplished through Crowdfunding. This target group is different from the above. People who are capable of solving these problems usually do not have an entrepreneurial culture. But many of these problems have a self-sustaining solution that makes them sustainable. Specific training and funding opportunities through Crowdfunding are needed.

There is a Medical University in Varna where doctors and cadres are being prepared for the social sphere. Our survey showed that these people are well-trained specialists in their field but lack the necessary knowledge to attract investment. The prerequisite is to adapt a training program that is attractive and useful to this target group.

### **Challenge #3: To provide regional tool for Crowdfunding focused on digital technologies and innovations**

Given that there are 7 universities in the region that have strong digital literacy training. The challenge is to use knowledge and human resource to create new businesses. A serious problem is the lack of start-up companies that have plummeted and EUR 1,000,000 capitalization. Learning from the experience of the partners, UBBSLA will try to create conditions for fast development of digital technologies and innovations.

Digital technology and innovation are a sector that has tremendous growth potential. At national level, these issues are set out in the innovation growth strategy and a significant financial resource is expected. The challenge is to create a tool, training, and counseling to help grow a promising starter.

### 3. Visions

#### Vision 1:

#### **UBBSLA to become Regional Hub in 2022 to support entrepreneurs turn their own ideas and visions into successful businesses**

##### **Explanation:**

There are 7 universities (Economic, Technical, Naval, Medicine, Varna free, Management, Hidrology) in Varna and more than 25000 students studying their high education in Varna. This is a huge potential for start-ups. We have common understanding with municipality of Varna to create a digital hub for accelerating of startup. Our goal is to provide not only financial backing, but also fundraising and networking guidance. Working together with students and universities, we will constantly be on the lookout for next genius idea or key partnerships.

SWOT analysis shows that the main regional threats are insufficient education system and shortage of qualified workforce (despite the high share of university graduates). We organize local trainings of students how to promote their ideas, how to develop successful business, etc. We organize trainings for new business models and how to develop the business from zero.

Another gap is limited cooperation between the business and the academic communities. We try to get them together and increase the collaboration between them.

From the meetings with the stakeholders, a concrete proposal was made to the municipality to create an innovation hub and a special department in the municipality. The proposal was accepted personally by the mayor of Varna. The location of the hub is already well known and was adopted by the mayor.

#### Vision 2:

#### **“Crowdfunding to become known and accessible source of financing for SME’s and social enterprises in Bulgarian Black Sea region by 2020”**

##### **Explanation:**

Crowdfunding is very well developed in the Bulgaria and in particular in the Bulgarian Black Sea Region. However its focus is still limited to certain topics and target groups along with the major share of donation based model.

The aim is to attract new funds to work in Varna. Talks were also held with the European Commissioner for Digitization, and she was committed to supporting the process of securing European funds.

### **Vision 3:**

**“Crowdfunding will be implemented in regional strategic documents as one of the financing instrument for innovations, social entrepreneurship, start-ups etc. by 2020”**

#### **Explanation:**

In order to develop the concept of supporting Crowdfunding as one of the new alternative way of financing on regional level the topic itself has to be integrated into basic strategical documents and processes. This includes participation on regular updates and political decisions through the network of regional stakeholders.

It has already begun the process of concluding a new strategic document on alternative financing in Varna. Some universities have set up a grouping and training for group funding. The aim is to create financial instruments for innovation and social entrepreneurship with EU funding. For one project in the social field, a proposal has been developed to finance half a million euros to the Innovation Norway Fund.

## **4. Proposed actions to address the regional challenges**

Following conclusions of Regional Market Analysis on Crowdfunding (D3.1.1), Baseline study (D3.1.2), above mentioned challenges as well as visions and the most importantly feedbacks from Regional Stakeholder meetings (D3.2.3) we have defined three main measures (Actions) to be carried out on regional level.

### **Action 1 – Integration of Crowdsourcing / Crowdfunding topic in the regional policies and strategies**

#### **Description**

In order to boost activities related to CS / CF it is crucial to integrate the topic into regional strategies, ideally within Regional Innovation Strategy and within Regional Action Plans' database which lists main strategical projects on the regional level and finally into essential strategy on regional level called Regional Development Plan which is to be updated due 2019.

#### **Objectives**

Main objective is to integrate the topics of CS/CF into mentioned documents via cooperation with respective institutions.

#### **Involved parties / target groups**

- RAPIV

- Varna Technical University
- Varna Economic University
- working groups for the update of Regional Development Plan
- Municipalities Varna and Burgas

The access to update the Regional Development Plan leads through participation at dedicated working groups which will be formed for this purpose once the contractor of this update will be hired by the Municipality of Varna.

**Activities** (*no chronological order*)

- meetings and workshops with relevant organizations and decision makers
- elaboration of recommendations to be integrated into the regional documents
- lobbying for the inclusion of the reviewed recommendations
- active participation in working group for the update of the Regional Development Plan

**Timeframe**

- Regional Innovation Strategy development – due September 2019
- Regional Action Plans database – September 2019
- Regional Development Plan – December 2019

**Impacts**

Essential precondition for further support of the topic from the side of regional authorities and responsible organizations. The integration also ensures that further subsidy schemes, support programmes or strategical decision will have to take the topics into account or at least consideration.

**Resources**

UBBSLA staff

**Sustainability**

Once this action is carried out sustainability is secured.

## **Action 2 – Formation of Digital Varna Hub focusing on Crowdfunding of digital and blockchain technology**

**Description**

In conducting numerous meetings with the local start-up society, it was concluded that it was necessary to create a Digital Hub and a department in the municipality that would work to improve the Crowdfunding establishment in Varna region. Meetings have taken place with the Mayor of the municipality, who embraced the idea, and for the time being, the stakeholders have to propose a concept for the structure of the digital hub and the role of the municipality. This is expected to dramatically improve the quality of new projects and increase the chances of success.

## **Objectives**

The main goal is to create a digital hub, involving all the countries involved. The role of the Hub will be to provide a test ground for digital innovation and to help companies find funding.

## **Involved parties / target groups**

- Varna Municipality
- Varna Technical University
- Varna Free University
- Varna Economic University
- Black Sea Energy Cluster
- ICT cluster
- Innovator co-working shared place
- Agency for supporting SME

## **Activities** *(no chronological order)*

- active participation on formation of the Digital hub
- communication with stakeholders, decision makers
- elaboration of strategy for integration of CS/CF into platform's future activities
- collaboration with synergic projects

## **Timeframe**

June 2018 – December 2020 (tbc)

## **Impacts**

Main impact lies in improvement of access to CS/CF for social entrepreneurs, NGO's or business ideas / projects with positive social impact.

## **Resources**

Human resources of engaged stakeholders and synergies of activities related projects (Innovation Norway fund, banks.).

## **Sustainability**

The digital hub will have budget provided by the Municipality of Varna, which will secure the sustainability.

## **Action 3 – Initiation of Laboratory for Digital Innovations /LDI/**

### **Description**

The idea is to create a well-trained laboratory where experiments can be carried out. This will provide a good opportunity to grow good ideas. We expect the laboratory LDI to be established in October 2019. The property for the LDI head office will be provided by Varna Municipality.

### **Objectives**

Main objective is to initiate Digital hub Varna dedicated for digital innovations and blockchain.

### **Involved parties / target groups**

- Black Sea Energy Cluster
- ICT cluster
- Varna Technical University

### **Activities** *(no chronological order)*

- cross-border consultations, meetings
- core team formation
- stakeholder (as well as future potential operator) involvement
- market, gap and gap analysis for deployment of such platform / tool
- elaboration of strategy for either localization of existing tool or new solution development
- funding opportunities monitoring

### **Timeframe**

- September 2018 – December 2019

### **Resources**

Human resources of engaged stakeholders and synergies of activities related projects and initiatives.

### **Sustainability**

Sustainability of this measure would be secured if the management model was implemented correctly hence the initiation steps like analysis have to be carried out very carefully and detailed.