Innovations in Bulgaria

Policies
Strategies
Stimulation and incentives

09th July 2014, Gabrovo
**Bulgarian Smart Specialization Strategy**

- Analyses and development of S3 in Bulgaria are performed at national level. The Ministry of Economy and Energy (MEE) is in charge of developing Bulgaria’s S3. MEE subcontracted the analysis to the World Bank. Expert group from MEE performed complementary analyses to the World Bank’s report for adding regional dimension and information on export-oriented sectors.

- Bulgarian S3 2014 – 2020 is in project (10th June 2014 – final draft)

- Smart specialization is a strategic approach for economic development through result-oriented support to R&D and innovations

- The new approach will improve the competitiveness through focused investments in R&D and innovations based on partnership projects between business and science organizations, adopted to the market niches in Bulgarian export of products and services.
Bulgarian Smart Specialization Strategy

In order to improve its competitiveness Bulgaria should invest in:

1. Workforce development.
2. Research and development of new technologies.
3. Implementation of innovations from the market.
4. Development of innovation capacity of SMEs.

Bulgarian innovations:

- production cost decreasing innovations and very rarely - innovations in development of new products and technologies

- low percentage of R&D projects in business (about 9% of SMEs participated) because of low capacity and lack of networking
Bulgarian Smart Specialization Strategy

Vision:
Bulgaria to move from “the group of the timid innovators” to “the group of moderate innovators” till 2020

Main objectives:
Objective 1: Focus on the innovative potential in identified thematic areas (for creation and development of innovations, increasing the competitiveness and added value of the national products and services)

Objective 2: Support to innovations for resources effectiveness and ICT applications in companies in whole industry (to accelerate implementation of new technologies)
**Bulgarian Innovation Strategy for Smart Specialization**

- S3 is based on the analyses and conclusions of Bulgarian Innovation Strategy (2004) and the reported results of OP “Competitiveness” 2007-2013

- S3 is developed in accordance with the goals and priorities of the National Program of reforms and the National Development Program Bulgaria 2020

- S3 is developed according to the National Strategy for R&D 2020 and the national Road map of the science infrastructure

- S3 is coordinated with the National Strategy for SMEs 2014-2020, based on the annual reports for development of SMEs.
Operational Programme "Innovations and Competitiveness" 2014-2020

Final project of OPIC was sent to European Commission on 31st May 2014.

OPIC addresses the main needs and challenges for Bulgarian economy:

- Low level of innovations in the activities of Bulgarian companies as a result of insufficient networking between business – R&D centers - universities;
- Complicated access to financial resources and low level of investment activities;
- Insufficient entrepreneurs’ pro-activity and structure of economy divided by sectors, different than in EU;
- Low level of internationalization;
- Deteriorated structure of export;
- High level of resource and energy intensities of production;
- Low level of implementation of new technologies;
OPIC 2014-2020 Activities:

- Development of partnerships for innovations business – business and business – science, incl. internationalization of innovation process;
- Support to innovations in companies, including R&D of new products, processes and business models;
- Support to create environment and infrastructure for innovations and research works.

Objectives:

1. Stimulation of partnerships between innovative companies with potential for innovations.
2. Implementation of specific measures to support innovation activities in companies.
3. Development of the existing and implementation of new financial tools.
5. Internationalization of the innovation process.
6. Promotion of good practices in innovation activity.

Financial resource: 295 282 553 EUR or 20,88 % of the total budget of OPIC
Gabrovo - General information

- Total area: 555.57 km²
- Registered unemployed: less than 7%
- European transport corridor #9
- Railway CE 95 of the European Railway net
- Well developed educational system
- National industrial center
- Quality recreation and tourism
- Capital of Humour and Satire

Gabrovo is a traditional industrial center. Strategically important sectors in terms of employment and export are machine building, plastics, textiles, knitwear and leather industry.
**Gabrovo Municipality - main advantages**

- **Geo-strategic location in Bulgaria and good transport accessibility** – the geographic center of Bulgaria, very good transport accessibility

- **Traditional industrial center** – with more than 3500 companies and 3 separate industrial zones with well developed infrastructure, high concentration of FDI

- **Good quality of life** – provision of high quality services to citizens and business, low unemployment rate, 8th in the country GDP (2010)

- **Well developed educational system** – 3 professional high schools and 1 Technical University

- **Attractive place for tourism and recreation** - famous historical places in Bulgaria, Bulgarian Capital of Humour and Satire
Gabrovo – towards sustainable development

• One of the most proactive Bulgarian municipality in management and acquisition of EU funds.

• More than 40 projects for more than 100 million EUR

• Projects are mainly focused on creation of sustainable and attractive environment in Gabrovo
Population

Rate of decrease, %

Age structure of Gabrovo
Educational structure, %

Gabrovo municipality

- Master
- Secondary
- Primary
- Elementary
- No Elementary
- Illiterate
- Child, 7 years
Investment in long term assets in Gabrovo municipality, % of the total investment in the country
Average annual salary

![Graph showing the average annual salary in Gabrovo municipality and Bulgaria from 2001 to 2012.](image-url)
Context of definition of RIS3 in the region

- Analyses and development of S3 in Bulgaria are performed at national level

- Gabrovo Municipality is developing its own Implementation plan for innovations on municipal level to stimulate R&D and implementation of innovations in local businesses, based on smart specialization and the existing capacity of Technical University of Gabrovo

- The Implementation plan is a part of the Integrated plan for regeneration and development of the city of Gabrovo’ 2020, as well as a part of the Municipal plan of development of Gabrovo municipality 2014-2020

- The old RIS was at regional level with no commitment for implementation by the regional authorities. S3 is now developing at national level as the last period of the Structural Funds
2. Overview of the main objectives of the Gabrovo strategy:

- To stimulate R&D and innovation activities in companies
- To establish and coordinate a network for innovations among sub-regional innovation stakeholders with proactive participation of Technical University of Gabrovo
- To establish a sound monitoring system of regional innovation policy

**Target group:**
- Local companies and potential investors
- Technical University of Gabrovo
- Chambers of commerce and industry
- Local government – Gabrovo Municipality, Directorate “Sustainable development”, Department “Projects and Economic development”
2. Overview of the Strategic Objective 1: **Stimulation of R&D and innovation activities in companies**

> *A key issue in municipal policy for economic development, corresponding to the Municipal development plan of Gabrovo 2014 - 2020*

**Strategic goal 1:** Stimulation of economic growth and enhancement of competitiveness of local business in Gabrovo municipality.

**Priority 1:** Stimulating development of innovations and creation of conditions for partnerships.

**Specific goal 1.1.** Enhancement of knowledge and provision of information for development of innovations with focus on the priority economic sectors in Gabrovo municipality (innovations in technologies and products in traditional and new manufacturing companies, in agriculture, tourism and other economic sectors)
2. Strategic objective N°1: *To stimulate R&D and innovation activities in companies*

**SWOT analysis of the (macro)regional context**

**S** - Open minded administration
- Relatively strong region – infrastructure, economy, community
- High interest and clear commitment of public and private stakeholders

**W** - Limited trust of companies in policy measures
- Weak operational power on district / regional level
- Limited experience in innovation strategy development
- Limited data base for strategic planning

**O** - Full access to European expertise
- Internationally successful companies

**T** - Centralized planning culture
- Strong competitive pressure from other municipalities/regions
2. Strategic objective N°1: **To stimulate R&D and innovation activities in companies**

SWOT analysis for the implementation of the specific objective

**S**
- Well prepared and informed administration in Gabrovo Municipality with approved plan to support innovations
- Technical University demonstrates readiness to participate in joint project for development of innovations
- Stable group of SMEs and large companies with existing and increased interest in development of innovative projects

**W**
- Big gap between the education curricula and the local business needs of specialists
- Insufficient resources and capacity for cooperation and participation in partnership projects between the University and business
- Missing or incomplete data on local level about the R&D activities and innovation potential of local companies – businesses don’t know each other
- Low business culture and knowledge about strategic planning of innovations and existing funding opportunities

**O**
- Existing IT portals, e-services and national programs/projects to promote and support innovations in Universities and business
- Developed infrastructure for innovations on state level

**T**
- Limited financial resources to support innovations
- Lack of financial decentralization
- Management and control on innovations projects is very centralized and bureaucratic process
- Lack of full transparency and appropriate legislation in innovations on national level
Advantages and functionalities of Economic GIS layer of Gabrovo Municipality:

- Allows to measure and monitor the innovation potential of local companies, getting a real picture of local businesses and providing possibility to present Gabrovo economic profile outside the region
- Integrated in Gabrovo Municipality Geographic Information System
- Gives a wide perspective to obtain and upgrade the business database of the region
- Allows different types of analysis based on official macro data structured by economic and statistical indicators, main business categories and information for innovations
- Presents the trends in local economy
- Provides detailed information about the existing companies in the municipality (address, location, main activities, products, markets, business profiles etc.)
- Every company can show additional specific information updated in its personal profile

http://gis.gabrovo.bg/flexviewers/knowhub/
2. Overview of Strategic Objective N°2: To establish and coordinate a network for innovations

- A key issue in municipal policy for economic development, corresponding to the Municipal development plan of Gabrovo 2014 – 2020

**Priority 2:** Enlargement of the economic profile of Gabrovo municipality. Encouragement of traditional and development of new economic activities.

**Specific goal 2.1.** Creation of appropriate conditions to recruit investments and to promote the opportunities and advantages of Gabrovo municipality as a good place good to make business.

**Strategic goal 2.** Social development, convergence and creation of opportunities for quality of life and, **support of workforce development.**

**Priority 4.** Development of human capital and encouragement of long life learning.

**Specific goal 4.2.** Increasing the youth employment through improvement of the opportunities for professional realization of youth population in cooperation with schools, Technical University of Gabrovo and state institutions and business.
2. Strategic objective №2: To establish and coordinate a network for innovations

**SWOT analysis of the (macro)regional context**

**S**
- Pro-active administration
- Moderate interest by public and private stakeholders
- Existing communication channels among the local actors

**O**
- Establishment of local/regional agency for innovations by the State
- Access to European expertise in the field of innovations and mentoring of networks;
- GPs accomplished by Internationally successful networks for innovations

**W**
- Limited cooperation among companies (no clusters in the region)
- Lack of strong local intermediary organization
- Weak operational power on district / regional level
- Loss of companies commitment

**T**
- Centralized planning culture
- Transparency and inclusiveness are low, as there is no formal responsibility for development and implementation
2. Strategic objective N°2: To establish and coordinate a network for innovations

SWOT analysis for the implementation of the specific objective

**S** - Municipal administration with full awareness to planning and development processes incl. innovations
- Strong business community
- Existing Technical university and Chamber of commerce and industry
- New established Association of employer and manufacturer

**W** - Infrastructure for innovations is very segmented with not stable interconnections between main players in the field of innovations on local level
- No responsible agency/other structure to establish and mentor the local network for innovations
- Not efficient cooperation between Technical University and local businesses in joint projects for innovations
- Not many innovation projects on the territory

**O** - Existing EU/other programs supporting R&D in Universities and business
- OP “Competitiveness and innovations” 2014 – 2020 focused on development of techno parks and clusters
- Shared experience of EU in networking for innovations – potential partnerships and transfer of GPs and know-how

**T** - S3 is on national level and gives limited account to local business community
- brain-drain from Gabrovo to other regions/countries
- Centralized budget and resources
- No central agency/organization responsible for development of R&D (partial function of the Ministry of economy and energy)
Establishment of Club “COMPASS” for increasing youth employment in Gabrovo through networking of local businesses, University and local government

Founders:
Gabrovo Municipality and Mechatronica JSC

Participants:
High Math School “Acad. Ivan Giuzelev”, Gabrovo
Vocational Technical School “Dr. Nikola Vasiliadi”, Gabrovo
Technical University of Gabrovo
Company “PL Control” – Gabrovo

Main goals:
- Joining PP efforts to preserve and support technical and innovative spirit of Gabrovo and providing opportunities for young people more pro-actively to participate in R&D processes
- Formal and informal education for earlier professional orientation, directly connected to the needs of machine building manufacturers in Gabrovo region
ГРАМОТА
на бъдещи инженери

Християн Христов Янаков
за отлична работа по проект на-
при използване нови технологии и невидени
в света новаторски идеи и решения

Габрово
Национален център на иновации
Joint projects

- Promoting the actions of Club “Compass” among young people in Gabrovo in order to stimulate their interest (30th May 2014)

- Development of innovative technical decision and implementation on the territory of the city in favour of Gabrovo community
Summer School 2014
“Young technician, researcher and developer”

**Main goal:** To stimulate the interest to the science and technics among the students through entertainment in presentation of mathematics, physics and other sciences
Summer School 2014

“Young technician, researcher and developer”
Contact details

Organisation: Gabrovo Municipality
Name / function: Desislava Koleva – Chief expert Projects and economic development
e-mail: desislava@gabrovo.bg
Region / Country: Gabrovo / Bulgaria

Thank You for Your attention!