



# Politics of Bulgaria to support innovation

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# State of play, challenges (1)

## Effective Innovation Policy – key driver to enhance competitiveness of the economy

- Bulgaria – member of the group of “modest” innovators<sup>1</sup>
- R&D expenditures – 0,60 % of GDP (2010) (420 mln.BGN)
- In 2010 for the first time business expenditures hardly surpass public one’s. The growth in real terms is almost twice in comparison to 2009;
- The National target for expenditures in R&D and innovations is 1,5% of GDP in 2020.

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<sup>1</sup> Innovation Union Scoreboard 2011

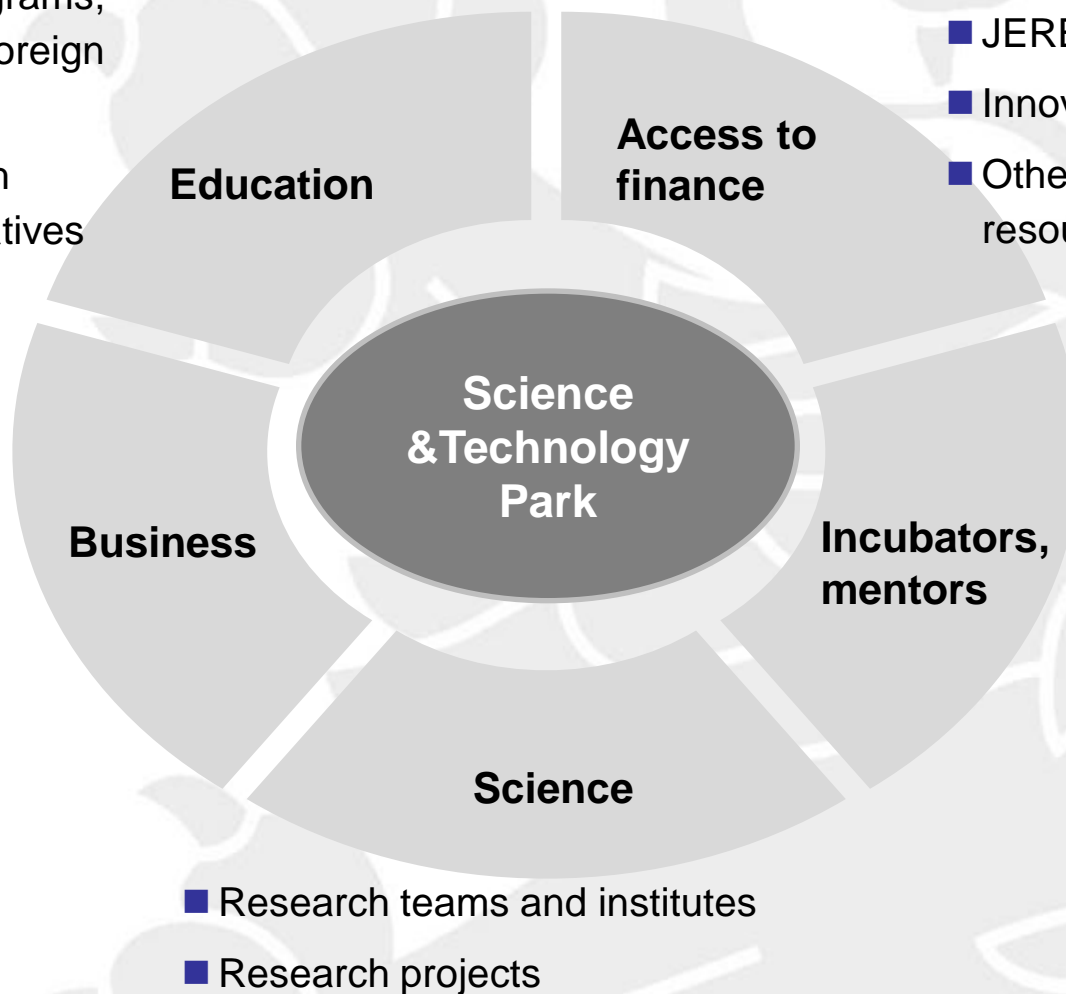


## State of play, challenges (2)

- Shortage of human resources and unfavourable for the business allocation of employed in R&D and innovations;
- A lot of financial instruments is in the stage of establishment;
- Ineffective links among science and business;
- Company's deficit of aspiration towards innovations.



# Innovative ecosystem – areas of impact





# Measures to enhance competitiveness & stimulate innovations

## **Growth of public and private expenditures in innovations:**

- Promotion of private expenditures in R&D through incentives in the Investments Promotion Act (IPA);
- Start of Venture Capital funds (JEREMIE) ;
- Adoption of new regulation framework for innovations (Act on Innovations);
- Adoption of new Smart Innovation Strategy

## **Attraction of foreign investments (FDI):**

- Keeping low tax rates for business;
- Increase of incentives for investments in accordance with the IPA;
- Investments to improve transport and energy infrastructure.



# Promotion of investments in R&D and innovations

## Development of favourable environment for innovations:

### ➤ **Act on Innovations :**

- To secure sustainability of implemented measures in support of company's innovation activities;
- Coordination of policies to develop science, education and innovations;
- To secure complementarity among sources for financial stimulation;
- To formulate rights and obligations of the institutions and persons in charge of conducting the state innovation policy.

### ➤ **A new Innovation Strategy for Smart Growth:**

- Adoption of clear vision for innovation policy in the next decade;
- Assessment of the effectiveness of implemented measures so far;
- To contribute to the regional cohesion among planning regions.



# Policy focus on promotion of innovations

## ICT

- Traditions, expertise and a lot of skilled IT specialists;
- Sector with high productivity and high added value;
- Established worldwide country image among leading companies – HP, SAP, Microsoft , **etc.**

## Eco- and energy saving technologies

- High level of energy consuming economy, the most of resources imported. In order to overcome the dependence, the priority is to introduce energy efficient technologies

## Health technologies

- A huge potential in health area and healthy way of living – a lot of educated medical personal, developed pharmaceutical industry, potential for production of healthy food





## **Priority areas for influence:**

### **To develop science and innovation infrastructure and promote cooperation between science and business:**

- To establish Technology Parks (TP);
- To update research infrastructure;
- To implement the National Roadmap for science infrastructure.

### **To improve quality of research activities, incl. through development of human resources**

- To reform higher education and science/research systems;
- To regulate monitoring and assessment of research activities and scientific institutions/units

### **To stimulate competitiveness of enterprises**





# OP “Competitiveness” on development of R&D and innovations

Implemented measures	Scope of support
<b>I. Support for development of R&amp;D and innovations in the enterprises</b>	<ul style="list-style-type: none"><li>• Support for innovating companies (pre-market stage)</li><li>• Support for companies embedding innovations (market stage, commercialization)</li></ul>
<b>II. Development of innovative infrastructure and strengthening “science - business” links</b>	<ul style="list-style-type: none"><li>• Establishment of Science &amp; Technology Park</li><li>• Establishment and development of Technology Transfer Offices (TTO’s), Technology Centers</li><li>• Development of applied research in scientific organizations</li></ul>
<b>III. Improve access of enterprises to finance</b>	<ul style="list-style-type: none"><li>• Guarantee Fund</li><li>• Seed fund</li><li>• Growth fund</li><li>• Venture fund</li><li>• Mezzanine fund</li><li>* <i>forthcoming initiative – financing through risk sharing</i></li></ul>

**It is expected EURO 600 mln. To be allocated by 2015 for measures in R&D, innovations and improved access to finance**



# OP “Competitiveness” to improve services for business and enhance competitiveness

Implemented measures	Scope of support
<b>I. Measures to support international market positions of Bulgarian economy</b>	<ul style="list-style-type: none"><li>• Support in implementing projects aimed to improve quality and quantity of services for business offered by public institutions, responsible for attracting investments (FDI), promoting export and improving quality of national infrastructure (BDS, BSMEPA, IBA, BIM, EA”BAS”, SAMTS)</li></ul>
<b>II. Measures to improve technologies, management and business cooperation</b>	<ul style="list-style-type: none"><li>• Support for technical modernization of enterprises aimed to improve and extend their activities</li><li>• To cover international standards and embed enterprise management systems</li><li>• Support to cluster development in Bulgaria</li></ul>
<b>III. Building infrastructure in support of business</b>	<ul style="list-style-type: none"><li>• Establishment and development of regional business incubators in order to render support and specialized services to companies in their initial stage of development</li></ul>

**It is expected EURO 340 mln. to be allocated for measures to improve business environment and enhance competitiveness of Bulgarian economy by the end of 2015**



# **Assumptions for the next program period (2014-2020)**

## **Implementing policy in R&D, growth and innovations, it is expected:**

- Stimulating R&D and innovations in enterprises and science & research organizations;
- Investments in R&D infrastructure;
- Financial instruments for start-ups and growth of enterprises.

## **Enhance competitiveness and develop favourable business environment:**

- Development of green economy and enhance of resource effectiveness;
- Support of entrepreneurship and infrastructure for SME development;
- Positioning of Bulgarian products and enhance attractiveness for investments.



# To improve business environment through decrease of administrative burden and a number of regulatory regimes

## Action plan in line with national target for diminishing administrative burden

- Once in three months MEET is reporting on implementation of the Action plan to achieve national target to decrease administrative burden by 20% till the end of 2012;
- Annex to Action plan with time framework 2012-2014 is under preparation. It is expected to be submitted to the Council of Ministers in May, 2012.

## Introduction of expenditures oriented fees for services, rendered by administrative bodies

- A Methodology for fixing expenditures oriented fees is adopted. It fully corresponds to the rules of the Act on limiting administrative regulation and administrative control on economy activities;
- Binding to expenditures fees for central authority bodies will be introduced from January, the 1<sup>st</sup>, 2013 .



# Impact assessment implementation as a main tool for modern regulation

Ministry of Economy, Energy and Tourism initiated application of **some main elements** of Impact Assessment in the process of regulation. As of today the following is prepared:

- “ex post” impact assessment in a measure implementation under the Program for better regulation, connected to practice analysis in self-regulating sectors;
- “ex ante” impact assessment, connected with solving issues in the chain of supplies;
- Impact assessment on the draft of a new Act on Tourism with effect on overall touristic policy.



# Main initiatives of Ministry of Economy, Energy and Tourism to improve business environment

**Introduction of „SME-test”** in order to secure obligatory impact assessment of changes in the normative regulation on Small- and Medium Enterprises (SME's) ;

**Updating of National Strategy for Promotion of SME's for 2013-2020,** inclusive in order to adapt to the requirements of Small Business Act (SBA):

- **10 priority measures** will be defined depending on their urgency and role for the economic growth;
- Focus will be directed to the **Internationalization of SME's** in line with the leading European initiative - „Innovation Union”.



**Thank you for the attention!**

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