
Introduction

For its 21 years of existence, ARC Fund emerged as an international think-and-action tank with the mission to **incubate** social, business and technological **innovations**, **provide** research-based and forward-looking **policy solutions** and **facilitate** the development of a **safer knowledge-based society**. ARC Fund is well versed in using and enhancing **foresight** methodologies in various geographical regions (from Southeast Europe and Western Balkans through Russia and post-Soviet states to China) and domains (ICT, energy, food, environment) and strengthening the incubation and innovation ecosystems in Eastern Europe, Central Asia, Middle East and North Africa. Throughout the years ARC Fund has helped **more than 5,000 firms** to start businesses, find local and international clients, partners, or financing, export technologies and be more competitive and innovative.

Through its annual *Innovation.bg* report and Innovation Awards ARC Fund reshaped the public discourse on innovation and technopreneurship and effectively mythbusted several harmful urban legends about the research, development, innovation and business in Bulgaria. The two grand-prizes of 2012 *Innovation Awards* went to Walltopia and Chaos Group, two companies that grew their own premium global brands, as a symbolic affirmation of the emerging Bulgarian entrepreneurs that have a multinational success. The other awardees from this and previous years showcased research, development and innovation trends identified in *Innovation.bg* report.

Academic entrepreneurs, business-academia cooperation, private sector R&D investments and MNC with R&D units are key for competitiveness and future growth of the economy in this country. ARC Fund was instrumental for streamlining the Sofia-Tech Park planning and re-focusing on organic high-growth and R&D intensive businesses versus targeting external “big names” that might quickly come but also go. ARC Fund’s reports and policy expertise in the field of innovation have been recognized and used as a premier source for policy-related information both by the Bulgarian government, European Commission (i.e. DG Regio, ERAWATCH) and international organizations as the World Bank (for the Golden Growth 2012 report and for the current technical assistance on Smart Specialization Strategy for Bulgaria). ARC Fund’s Innovation Award contributes official scores in the process of awarding National Innovation Fund’s grants for innovative companies. The deep-rooted knowledge of innovation in a transitional context made possible for ARC Fund to effectively consult the **Government of Serbia** on how to construct innovation-monitoring instrument similar to the one used for *Innovation.bg* reports and to identify firms for subsequent public funded innovation support programs.

ARC Fund continued to provide **ICT data quality assurance** to the public and the government (Ministry of Transport, Information Technology and Communications, Ministry of Agriculture and Food and Commission on Regulation of Communications) by collecting establishment-level data for broadband supply

(bandwidth, price, competition), internet usage and various socio-economic contextual data. The data can be used to identify white, gray and black areas within the planning of the broadband infrastructure development, thus making it possible to avoid mistakes like those with the telecenters.

ARC Fund pioneered **big-data research** in Bulgaria and **integration of public registers for data reuse**. Gabrovo municipality was the first to adopt the know-how and to integrate it into its GIS system in 2012 to develop its smart specialization strategy and to provide enhanced information services to the citizens in 2013. ARC Fund supported Gabrovo in its efforts to become a pioneer in smart specialization in Bulgaria by peer-learning with leading regions in the European Union.

ARC Fund's efforts in the area of protection of children from the threats of internet and mobile communications attract a great number of partners. It is an example of successful public-private partnership. School administrations and local authorities initiated and supported a variety of educational seminars and campaigns in Sofia, Varna, Dimitrovgrad, Russe, Silistra, Shumen, Blagoevgrad, Yambol, Montana. Working in close cooperation with state institutions, ARC Fund was able to include a long-awaited amendment to the Child Protection Act for **establishing a register of child abusers** in the draft law submitted to the Parliament.

ARC Fund assisted Bulgarian firms to export their technologies in 2012 in Turkey, Serbia, Belgium and Italy and assisted companies from Georgia, Tunis, Egypt, West Bank and Gaza and Turkey to internationalize their operations in ECA and MENA. Through co-organization and support to more than 20 events outside Bulgaria, ARC Fund proved its international reach and ability to mobilize various stakeholders and achieve synergetic results from being active member of more than seven international networks (among the largest being EEN, ECAbit, SafeNet, INHOPE, ERAWATCH and Regional Innovation Monitor). The activities of ARC Fund helped increase the capacity of professionals in the wider region of Western Balkans, ECA and MENA in the field of program and project evaluation, incubation management and safer internet.

ARC Fund Highlights for 2012

- Since 2008 ARC Fund has been the coordinator of **Enterprise Europe Network** (EEN) in Bulgaria. The EEN is Europe's largest consultancy and information support network to DG Enterprise and Industry. As in the previous years, the focus was to help the internationalization of Bulgarian SMEs via business partnerships, to encourage and support innovation via technology transfer and modern innovation support services, and to facilitate access for SMEs to research programs and funding.
- The **Eighth National Innovation Forum** entitled Innovation and Competitiveness, organized by ARC Fund in cooperation with the Ministry of Economy, Energy and Tourism and with the support of the Representation of the European Commission in Bulgaria outlined the

state and trends of the innovations environment in Bulgaria. Twelve Bulgarian companies received awards for their excellent innovative performance.

- The **Innovation.bg 2012** report stresses that the stagnating national funding for science has been overcompensated by a continuous influx of foreign resources and that despite the harsh environment some sectors like medicine have experienced a manifold increase of R&D expenditures. At the same time, well-known serious flaws of the national innovation system such as inefficient allocation of scarce public funds, uncoordinated national policies and lack of a long-term political commitment remain unsolved in spite of the repeatedly voiced recommendations.
- **The Energy Vision 2020 for South East European Cities** initiative (EnVision2020) launched in December 2012 aims to analyse the energy sector and energy resources consumption in a number of cities in the region, to make comparison of legislation and institutions as well as identify key technologies and respective financial instruments. ARC Fund embarked on applying its foresight expertise.
- In January 2012, the **Complex Challenges – Innovative Cities** (CCIC) action began as a joint effort of 14 partners from all over Europe to improve regional innovation policies. Through methodological assistance and analytical support ARC Fund facilitated innovation in the public sector and increasing the collaboration between local and regional authorities, public entities, and other stakeholders.
- Commenced at the end of January with a kick-off meeting in Stuttgart, **Boosting European Games Industry** (BOO-Games) seeks to support regional public authorities in understanding the impact of different support policies for the digital gaming and creative industries. The problems that will be addressed and alleviated by BOO-Games include shortages of highly qualified specialists, lacking understanding by the tax authorities of the sector specifics, as well as suboptimal financial supporting mechanism.
- In 2012, ARC Consulting was commissioned by the Ministry of Education, Youth and Science to elaborate seven **National Newsletters with an explicit focus on the linkages between business and science**. The aggregated data and research findings will be fed into the political process of designing and implementing integrated policies in the fields of science, technology, education and business.
- The **KNOW-HUB** initiative, launched in January 2012, will make a contribution in closing the gap of insufficient knowledge and expertise in designing and implementing the new generation of smart and effective strategies for innovation, from which European regions currently suffer.
- The **Safer Internet Centre** (SIC) continued its work for a seventh con-

secutive year by operating its internet hotline and raising awareness about the safe and responsible use of Internet and mobile devices. SIC organized and participated in a large number of trainings, seminars and round tables in different Bulgarian cities. ARC Fund also organized the first regional conference on prevention through interactive non-formal education attended by professionals from Albania, Bulgaria, Bosnia and Herzegovina, Macedonia and Serbia and representatives of international organisations. Resources developed by the SIC won several national and international awards.

- In pursuit of the main goal of the **EVAL-INNO** project, namely to improve national and regional RTDI evaluation capacity in South East Europe, ARC Fund conducted and delivered research about the state-of-art of RTDI evaluation, public procurement and research supporting measures.
- For a sixth consecutive year, ARC Fund contributed to the updating of **ERAWATCH** , the European Commission's information platform on European, national and regional research systems and policies created to support policy-making in the research field.
- Within **INNO Policy TrendChart initiative** , ARC Fund prepared two reports on the topics of public sector innovations and innovation policy tendencies in Bulgaria.
- As part of the **PACITA** project, which will promote technology assessment (TA) in public policy legislative decision-making, ARC Fund was involved in a research of the opportunities and hurdles for establishing TA-focused structures in the country. Its findings were presented during a TA summit in Karlsruhe in November 2012.
- 2012 saw the formal end of the project entitled **"Business kit for Creative start-ups in IPR, Venture capital and Entrepreneurial skills"** (BCreative) which was marked by a complete redesign of the graphical interface and content elements of the "How To Grow" online platform and by efforts to ensure its sustainability.
- ARC Fund completed its **InterValue** support action for enhancing commercialization of R&D results in South-East Europe. It scanned over 40 R&D results in Bulgaria against an innovative methodology for assessing the R&D results' potential. Four profiles were assessed as having highest market potential and received in-depth support towards going on the market.