
Science, Innovation and Information Society

Innovation.bg 2014



For a decade now, the annual *Innovation.bg report* has provided a **reliable measure of the innovation potential of the Bulgarian economy** and of the state and opportunities for the development of the Bulgarian innovation

system. It makes recommendations for the improvement of innovation policy in Bulgaria and the EU, based on international best practices and empirical surveys, while taking into account the specific economic, political, cul-tural and institutional framework in which the country's innovation system operates. *Innovation.bg* has made a number of specific recommendations for improving innovation policy and practice in the country which are supported by representatives of the business and scientific communities. The lack of specific and consistent action by successive Bulgarian governments on these recommendations to support innovation – despite commitment at the highest political level – is a sign of serious institutional deficiency in the development and implementation of policies in this field.

Innovation.bg 2014 analyses the potential for the development of the national innovation system on the basis of five groups of indicators:

- aggregate innovation product,
- entrepreneurship and innovation networks,
- investment and financing for innovations,
- human capital for innovation, and
- information and communication technologies.

Ten years of analysis allow for a retrospective look at assessing what has been achieved, while contemplating improvements and prospects for the future. This has been done through the provision of recommendations based on the lessons learned in considering both good and bad practices. In addition, *Innovation.bg 2014* suggests an agenda for addressing the main challenges that will be encountered in the face of a rapidly changing business environment. It provides an informational base to support decision-makers in their difficult search and exploitation of the drivers of technological development and innovation.

National Innovation Policy

An assessment of the innovation policy of Bulgaria should be considered within the context of economic, political and social developments, including

- The state of the economy – the year of 2014 marked the fifth consecutive year without economic growth in Bulgaria. The year was also characterized by low consumption and investment, a shortage of new quality business projects and financial resources, and persistently high unemployment.
- Serious external and internal political instability - high levels of corruption and regulatory risk caused significant turbulence in the banking system, uncertainty in the management of EU funds and the national budget, and a growing public debt in the absence of adequate public investment decisions.
- Apathy and extremely low levels of happiness in society – weak prospects for professional development have resulted in many people seeking opportunities abroad. Sub-par conditions in the health and educational sectors, and the perception of national failure in comparison with other EU Member States, persist in the country.

In this context, the spread of social innovations, and the development of an entrepreneurial and innovation culture that exploits the innovative potential at the microeconomic and macroeconomic levels, have been an exception to the abovementioned developments. These improvements have been bolstered by the beneficial effects that EU membership has had on the country. Innovations and research results have occurred despite government policy, rather than as a result of it.

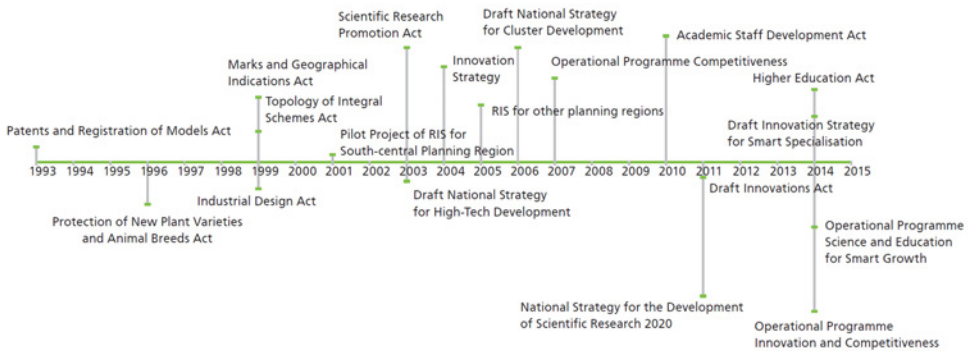
Over the last 10 years, progress towards developing a regulatory framework to support innovation in the country can be defined as modest. There is no strong domestic driving force in the country's innovation and science policy, and progress has mainly been made in areas that have been influenced by external factors.

These include:

- patent legislation, the harmonization of which was one of the conditions for full EU membership;
- draft documents designed by non-governmental expert teams, which were never enacted (including strategies for the development of high technologies and clusters, and a law on innovations);
- deliverables from projects which have not been used by national and local governments in their policy planning cycles (regional innovation strategies); and
- preconditions that the EU has set for the utilization of EU funds. These include the Operational Programme Competitiveness for the programming period 2007–2013, and for the 2014–2020 period they include the Operational Program Innovations and Competitiveness and the Operational Program Science and Education for Smart Growth. The development of the Innovation Strategy for Smart Specialisation is also one of these preconditions.

The political will for the advancement of science, technology and innovation in the last decade is mainly evidenced by three documents. These are the *Scientific Research Promotion Act* (2003), the *Innovation Strategy* (2004) and the *National Strategy for the Development of Scientific Research* (2011). However, the implementation of these documents has not been supported by clear and steady financial and administrative commitments, which has made the implementation of their measures and instruments dependent on shifting financial and political conditions.

Figure 1. Regulatory Framework and Instruments of Innovation Policy in Bulgaria



Source: ARC Fund, 2014

The *Innovation Strategy for Smart Specialisation*, and the Operational Programs Innovations and Competitiveness 2014–2020 and Science and Education for Smart Growth 2014–2020, have set the ambitious goal of creating a comprehensive and adequate framework for the advancement of research, technology, innovation and entrepreneurship in the country.

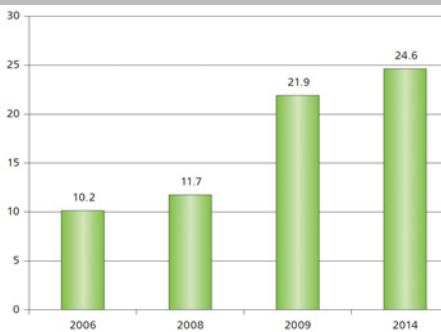
The experience gained over the previous programming period forms a sound basis for the successful implementation of these strategies and programs:

- One fully completed programming period for Bulgaria as a Member State of the EU. This has allowed Bulgarian institutions and the public administration the opportunity to acquire experience regarding the more efficient use of European and national financial resources.
- Two ministries – the Ministry of Economy and Energy and the Ministry of Education and Science – have established a joint mechanism for agreeing on priorities and objectives, as well as joint instruments of financial support for projects at all stages of the innovation lifecycle.

Innovation Potential of Bulgarian Enterprises

In contrast to developments in the innovation policy sphere, innovative performance amongst Bulgarian enterprises improved measurably between 2009 and 2014. The *2014 Innovation Index* of Bulgarian enterprises reveals a positive rising trend over the five year period between 2009

and 2014, though at a much slower rate than during the 2008–2009 period. This rise was mainly a result of the higher innovation intensity of fewer enterprises. Nevertheless, this data also reveals that the total number of innovating enterprises is increasing.

Figure 2. Innovation Index 2006-2014

Source: ARC Fund, 2014

In 2014, 75% of innovative companies made more than one type of innovation, versus 62.5% in 2009. **The share of the most innovative companies**, defined as those making four types of innovations – product, process, organisational and marketing – **has risen from 6.3% in 2009 to 14.7% in 2014.**

Innovation Potential of the Bulgarian Economy

The development of the national innovation system over the last decade has not corresponded to its potential. Nevertheless, a number of positive developments took place in 2014:

- An *Innovation Strategy for Smart Specialization* was created, and two operational programs were developed. These include OP Innovations and Competitiveness and OP Science and Education for Smart Growth, which were drafted as documents in support of R&D and innovation. Mechanisms for their coordinated application have been created.
- Indicators which capture the amount and structure of R&D financing and the number of persons engaged in research show an improvement. However, these metrics remain at lower levels in comparison to those in other EU Member States.
- The economic contribution resulting from the intensive use of intellectual property to both GDP and employment is considerable. Still, a substantial part

of the technological know-how is the property of foreign investors, without adequate connections to the local innovation ecosystem.

Product innovations were found to be the most common, followed by marketing innovations, which indicate an expansion and deepening of markets in the country. In addition, Bulgarian companies competing on the European and international level are much more innovative than those which opt to focus on national and local markets. In 2014, the average amount indicated by enterprises as necessary for the implementation of their innovation projects is BGN 4.7 million (€2.4 mln).

The incremental development of innovative enterprises in Bulgaria shows their high potential, which could be better exploited provided their efforts are combined with better public support.

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- There are more opportunities for entrepreneurship.

Serious weaknesses persist and some deteriorating trends can be noted:

- A lack of coordination, as well as inconsistencies and inefficiencies, in the use of limited public funding for R&D and innovation.
- Insufficient R&D financing from all sources, and particularly from higher education. NGOs outperform higher education in the funding of R&D. Universities also have a deteriorating technological portfolio as measured by the number of patents that they have retained.
- New ideas regarding the funding of R&D and innovation are gaining momentum, which favor the substitution of national public funds and commitments by the government with European funds.

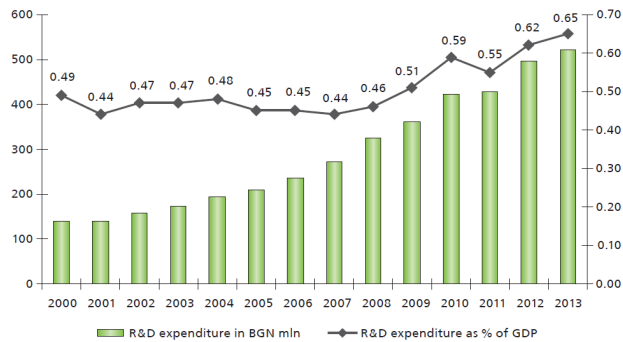
- The unequal regional distribution of R&D financing and staff is returning to its pre-2001 levels after more balanced trends in the interim period. More specifically, there is an extremely high concentration of innovation activity in the South-Western planning region, and a seeming neglect of the innovation systems in the other regions.

The results from the programming period of the EU from 2007–2014 indicate that membership does not automatically change the relative weaknesses of the country in terms of innovation performance. The neglect of science and innovation has led to the country lagging further behind, in both absolute and relative terms, in its innovation capacity and intensity. Furthermore, additional efforts are needed to counteract European policies which, in some

aspects, are harmful to the development of the country’s innovation potential. For example, increasing emigration amongst scientists and innovators from Bulgaria to European research institutions is turning into a serious problem. This is exacerbated by the double standard of unequal pay for researchers from different Member States that participate in EU programs.

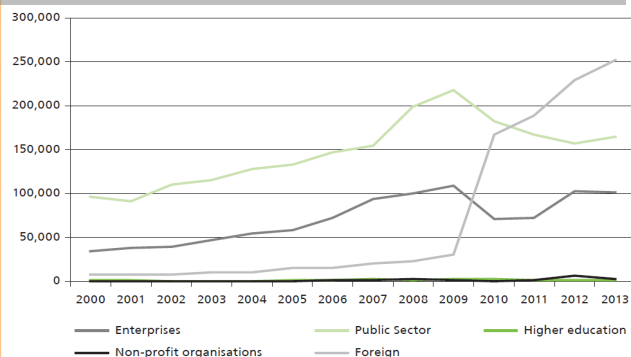
The report *Green Innovation.bg* was developed as a supplement to the Innovation.bg 2014 report. It comprises both European and national policies, and focuses on different areas of economic activity where green innovations play a role. These include: energy efficiency, transport, renewable energy resources, clean technologies, and green business practices.

Figure 3. R&D Expenditure in Bulgaria, 2000-2013



Source: NSI, 2014

Figure 4. R&D Expenditure by Funding Source, BGN Thousands



Source: NSI, 2014



In 2014, as part of the Greening Bulgarian Innovative SMEs project and in conjunction with the annual *Innovation.bg* report, ARC Fund published a supplemental report on green innovation in Bulgaria. The report includes an overview of the policy

framework at the European and national levels, the state of green growth in the country, and the results of the Green Business Innovation Survey 2014.

Green innovations hold great potential in helping Bulgarian businesses improve their competitiveness. By producing environmentally conscious products and integrating green technologies into their production cycles, firms can gain an edge over their competitors and enter new international value added chains. The widespread adoption of green innovation across economic sectors can also improve human health, reduce resource depletion and environmental degradation, and increase the security of energy supply.

The EU has one of the most comprehensive environmental legislative frameworks in the world. The increasing prominence of environmental policy in the Community's agenda has culminated in the *Europe 2020* strategy, where green growth is put at the heart of the Commission's blueprint for competitiveness. Within the *Resource Efficient Europe* flagship initiative, the *Roadmap for a Resource-Efficient Europe* forms the cornerstone of policy efforts to transform the EU into a resource-efficient, low-carbon economy.

In Bulgaria, energy production and retail energy sales, and the energy efficiency of buildings, receive disproportionately strong policy attention when compared to clean technologies and the energy efficiency of

industry. By delaying the introduction of across-the-board incentives that aim to stimulate green products and services, policy-makers run the risk of damaging national economic competitiveness in view of positive global trends and the emergence of green policies in other countries. The few policy measures in the country related to green innovation and the resource efficiency of industry are relatively small in scale and have been designed and implemented primarily as a result of EU strategies and the transposition of EU legislation.

Current green industry policies in Bulgaria focus mainly on increasing resource efficiency in the final energy consumption of large enterprises. At present, no legal obligations and few incentives exist for small and medium-sized enterprises (SMEs) to improve their energy efficiency. In practice, public authorities in Bulgaria have disregarded the voluntary instrument of Green Public Procurements as a policy tool to generate market demand for green products and services. The primary sources of green industry innovation funding, for which there is publicly available information, have been European funds. In particular, large parts of OP Competitiveness 2007-2013 have been dedicated to the greening of the Bulgarian economy.

The analysis of a number of key indicators suggests that Bulgaria is making slow but steady progress towards decoupling economic growth from resource depletion and environmental degradation. Annual greenhouse gas emissions have declined significantly, from 110 million tonnes of CO₂ equivalent in 1990 to 62 million tonnes in 2012. This is primarily the result of the closure of highly inefficient manufacturing sites built during the era of central planning, but also, more recently, of the use of greener technologies.

Low levels of energy efficiency are common in all sectors of the Bulgarian economy. Electricity generation and distribution, the

most energy and emissions intensive sector of the economy, suffers from large losses. Furthermore, due in part to the low levels of energy efficiency in residential buildings and relatively low per capita incomes when compared to residential energy prices, the average Bulgarian household is considered energy poor, as it spends more than 10% of its annual income on energy products. In 2012, 17% of all consumed electricity was generated from renewable resources, which is a significant increase in comparison to the 9.5% of electricity which came from renewable sources in 2004. This sudden growth has been overwhelmingly concentrated in solar and wind electricity generation, and stimulated by EU RES directives. However, it has pushed prices up within the context of a poor administrative and regulatory environment. Against the background of recent economic stagnation, it has created a popular backlash by the Bulgarian population. Transport is the biggest emitter of greenhouse gases after the energy sector, but the growing use of more modern and environmentally sound vehicles has not managed to offset the steady increase in motorisation in Bulgaria.

The *Green Business Innovation Survey 2014* revealed that a large majority of Bulgarian enterprises fail to monitor their environmental footprint in its entirety and to ramp up investments for greening their activities. As such, the vast energy saving and cost reduction potential of green measures remain largely untapped. These missed opportunities may suggest poor private sector managerial capacity and modernisation efforts, but also allude to weak public policies and missing incentives. Green activities are more prevalent in larger companies with stronger international exposure and that operate in more heavily regulated economic sectors. Close to 60% of the Bulgarian enterprises report to have at least one environmental footprint measurement system, allowing them to monitor and manage at least one of the following: GHG emissions, toxic chemicals, energy and/or water consumption, material use, water, soil and air contamination, and waste volume. Judging by the type of the most prevalent systems, including those

related to the consumption of materials, energy, water, and the production of waste, it can be inferred that Bulgarian companies either invest in the monitoring and management of their environmental impact when it comes to key resources directly related to profitability, or when it comes to meeting statutory environmental standards.

Greening Bulgarian Innovative SME's

The Greening BG Innovative SMEs project aims to tackle environmental challenges by creating green business opportunities in Bulgaria that can accelerate the uptake of environmental technologies and increase local competitiveness. Despite political commitment and the availability of funding for such measures, mainly from the EU Structural and Cohesion Funds, the Bulgarian economy remains the most energy intensive in the European Union and its innovation performance is the lowest in the EU. The project seeks to identify the reasons for this gap and to help address them. Greening BG Innovative SMEs is funded under the Norway Funding Mechanism in Bulgaria and has a two-year duration. The project is implemented by a consortium including the NIFU Nordic Institute for Studies in Innovation, Research and Education.

The specific objectives of the proposed project are to enhance permanent green technology scanning and monitoring, build capacity in SMEs on green innovation issues, foster green behaviour in SMEs, and promote the benefits of a greener Bulgaria. Many Bulgarian SMEs are unaware of the economic benefits of innovative green solutions and are therefore reluctant to undertake green investments. Therefore, the project focuses on Bulgarian SMEs as its major target group. The project strives to achieve the widest possible outreach by opening up its activities to micro, small and medium-sized firms, as well as to all industrial sectors across the country. Policy makers form the second target group of the project, as they will be presented with the findings and policy recommendations of ARC Fund's flagship *Innovation.bg* report.

In 2014, ARC Fund reviewed the existing green activities in SMEs by performing 50 in-depth interviews with local companies from a variety of sectors. This was undertaken in order to assess the extent to which Bulgarian companies are aware of and use technologies, processes and products which lead to better resource management and energy efficiency. This has provided valuable insights into local green practices, which is key to the development of a self-assessment tool for green behaviour

and performance in SMEs. In order to bring attention to the benefits of green practices in businesses, ARC Fund also performed policy and regulatory framework monitoring on socio-political, economic and technological developments in Europe and Bulgaria, which were published as a separate volume of the annual *Innovation.bg* report. This was complemented by a macroeconomic analysis of green growth in Bulgaria and the results of a targeted survey covering over 400 local companies.

Tenth National Innovation Forum and Contest for Innovative Enterprises 2014

On December 16, 2014, the Applied Research and Communications Fund and the Enterprise Europe Network – Bulgaria, along with the Ministry of Economy, the Representation of the European Commission in Bulgaria and KIC InnoEnergy, and with the support of the Norway Grants, organized the Tenth National Innovation Forum entitled *Innovation Agenda for Sustainable Growth and Competitiveness*.

Dr. Ognian Shentov, Chairman of the Board of the Applied Research and Communications Fund, opened the forum and

outlined its important role in both the process of building a sustainable professional community in the field of innovation and in identifying an elite group of innovative companies awarded for leadership in their respective fields. Dr. Shentov focused on two major developments which are of particular importance for the future development of the Bulgarian economy: the growth of innovation activity among local companies captured by ARC Fund's Innovation Index, and the significant contribution of the ICT sector to the country's GDP.



Tenth National Innovation Forum: Innovation Agenda for Sustainable Growth and Competitiveness, from left to right: Dr. Ognian Shentov, Chairman of the Board of the Applied Research and Communications Fund and Mr. Rosen Plevneliev, President of the Republic of Bulgaria.

Mr. Ognian Zlatev, Head of the EC Representation in Bulgaria, emphasized the priorities of the new European Commission headed by Jean-Claude Juncker, which aims to create new jobs by mobilizing public and private sector investment. A large share of the Cohesion Funds and the European research programs will be allocated to economic sectors which are key to the competitiveness of the EU. Mr. Zlatev stressed that creating new jobs and stimulating economic growth is not only a responsibility of the public authorities, but also of the business and non-governmental sector. In conclusion, he pointed out that the regulatory framework, business environment and entrepreneurial climate are essential for increasing investment activity.

The President of the Republic of Bulgaria, Mr. Rosen Plevneliev, stressed the key role of ARC Fund and the annual National Innovation Forums in channeling

the efforts of stakeholders within the innovation system and in contributing to its development. Mr. Plevneliev underlined the positive economic impact of the financial engineering instruments under the JEREMIE initiative in catalyzing private investments and stimulating the entrepreneurial environment. In view of the risk of decommitment of EU funds, Mr. Plevneliev proposed that the allocation of resources be directed towards financial instruments. He also pointed out that the adopted Strategy for Smart Specialization, as well as the funds provided for innovation and science in the next programming period from 2014-2020 could support the necessary prerequisites for turning Bulgaria into a regional innovation hub.



*President of Republic of Bulgaria,
Mr. Rosen Plevneliev*



*Professor Marin Petrov receiving a
lifetime achievement award for his overall
contributions to the innovation development
of Bulgaria*

During the forum, President Plevneliev also awarded the finalists in the *National Contest for Innovative Enterprise of the Year 2014*. Within the framework of the contest, Prof. Marin Petrov was presented with a special lifetime achievement award for his overall contribution to the innovation development in Bulgaria.

Contestants were awarded according to the impact of their innovations in nine areas, including:

- 1) Innovation visionary – *Ontotext JSC*. Ontotext is a leading software provider of semantic technologies for advanced data analysis;
- 2) Innovative technologies in traditional sectors – *Aglika Trade Ltd*. Aglika Trade is a textile enterprise with operations in Veliko Tarnovo and Tvarditsa with a nearly 50-year history;
- 3) Sustainable innovative behavior – *Musala Soft JSC*. Musala Soft is a leading Bulgarian

software engineering company, specialized in information systems integration, mobile applications development and IT consulting;

4) Social innovation – *Jumpido Ltd.* Jumpido develops and distributes software that teaches mathematics to children in elementary schools through interactive games;

5) Quality of life – *Kurabiinitsa Ltd.* The company has created and produces Roo'bar - a 100% organic raw fruit bar with nuts, dry fruits and superfoods;

6) Innovative digital game – *Crytek Black Sea Ltd.* Arena of Fate, Crytek's latest online multiplayer game, introduces a time limit and scoring per gaming session, thus reforming the traditions in this genre of computer games;

7) Green innovation – *BalBok Engineering JSC.* BalBok Engineering operates in

the field of environmental security and provides collection and transportation, physico-chemical treatment, re-packaging, pre-treatment sorting and dismantling solutions to municipalities, without significant investments in infrastructure, as the service is funded through waste taxes;

8) Innovative solutions in sustainable energy – *Toplik Ltd.* Toplik is an engineering company for the design and construction of energy efficient and smart solutions in the field of heating, ventilation and air-conditioning of public and residential buildings;

9) Innovative start-up enterprise – *Small Foot Ltd.* Small Foot produces patented inflatable snowshoes specially created by the company for mountain rescue services, police and military forces as well as extreme winter sport practitioners.



Winners in the Innovative Enterprise of the Year 2014 National Contest

Public Participation in Developing a Common Framework for Assessment and Management of Sustainable Innovation

The year 2014 marked a noteworthy success for ARC Fund, as it signed a contract with the European Commission to coordinate a large project funded under the Seventh Framework Program of the European Community for research, technological development and demonstration activities (2007-2013). Launched on January 1, 2014, the Public Participation in Developing a Common Framework for Assessment and Management of Sustainable Innovation (CASI) project was designed in response to one of the Grand Challenges set out in the *Horizon 2020* program of the European Union, namely “Climate action, environment, resource efficiency and raw materials”.

The CASI project is implemented by an EU-wide cross-sectoral partnership and focuses on better understanding innovation-related challenges. It investigates not only the impacts of social and technological innovation on European and global society, but also the types of actors involved and their inherent interests. In doing so, it integrates the perspectives of civil society, SMEs, industry, policy stakeholders, and leading academics.

The project investigates the scope of sustainable innovation as a societal phenomenon and enables the elaboration of an assessment framework for sustainable innovation practices, whose application

can be successfully integrated into public policy developments.

CASI includes a number of activities to be carried out across the EU. Based on a carefully designed methodology, in 2014 the CASI partners identified more than 540 sustainable innovation cases across the globe, of which nearly 200 will be further reviewed in a collaborative analytical mapping process. This process is meant to provide a rich qualitative perspective and will serve as the basis for focused cross-case analyses in elaborating priorities for research in sustainable innovation, as well as specific policy recommendations. All cases are being gathered into an online library referred to as Casipedia, which is expected to be available to the public in 2015.

Key CASI activities are performed in all EU countries by a consortium of 19 core partners from 12 EU Member States and are supported by an extended network of national experts from the remaining 16 EU countries.

The core partnership includes universities, municipal authorities, independent research organizations, SMEs, and civil society organizations. CASI will run for 42 months. More information about the project is available on the project’s website at: <http://www.casi2020.eu>.

Social Innovation – Driving Force of Social Change

ARC Fund is a partner in the Social Innovation – Driving Force of Social Change (SI-DRIVE) project launched at the beginning of 2014. The project aims to further the understanding of social innovation (SI) through the integration of theories and research methodologies in the search for a new research paradigm for SI. It aims to help redress the dearth of systematic research that has been conducted to illuminate success factors for SI, and the relationship between SI and transformative social change. SI-Drive brings together partners from 15 EU

Member States and 11 other countries.

To achieve its ambitious goal, the project

- Maps SI cases in Europe and around the world to develop a data set that will allow for a better understanding of how different social, economic, cultural, historical and religious contexts across eight major world regions influence the development of SI.
- Undertakes analyses of the contextual dynamics of countries and regions to better understand what could make

them fertile (or conversely barren) ground for SI. These dynamics will be considered vis-à-vis in-depth analyses of aggregated SI cases across seven policy fields (including education, employment, environment and climate change, energy, transport and mobility, health and social care, poverty reduction and sustainable development) to better understand the practices themselves, and how they interact with their context.

- Conducts future-oriented and policy-driven research and organizes round tables in order to ensure relevance for policy-makers and other stakeholders.

- Promotes SIs in effecting positive change in societies and meeting visionary goals in Europe and other parts of the world.

ARC Fund is primarily engaged in furthering the understanding of context specific barriers and drivers in the policy fields of energy, education and environment, and in mapping SI cases in these fields. In 2014, ARC Fund began aggregating and mapping context specific information in the form of *Policy Field Reports* in the Energy Policy Field for Bulgaria, Estonia, Latvia, Lithuania, Poland and Romania, and in the Education Policy Field for Bulgaria, the Czech Republic, Hungary and Poland.

Complex Challenges – Innovative Cities

In 2014, the Complex Challenges – Innovative Cities (CCIC) project was concluded. CCIC began in January 2012 as a partnership of 14 organizations from 10 EU Member States. It was supported by the INTERREG IVC Program of the European Union and the Bulgarian Ministry of Regional Development. The project targeted municipal and regional authorities from across Europe, and explored the opportunities for successful and sustainable policy making in support of public sector innovation. ARC Fund was the only organization in the consortium that was not a public authority, and had the unique role of providing expertise in the field of science, technology and innovation policy-making.

During the year, ARC Fund produced a Policy Recommendations Report, which provided key insights into the way local and regional authorities could improve their innovation potential. The report outlined the most pertinent project findings and formulated policy recommendations with regard to

- the regional/local level management of public sector innovation, including the generation, design and implementation of innovation, as well as the transfer of good practices; and

- national and European level initiatives that could stimulate and facilitate the transfer of good practices among European regions and municipalities.

The report emphasized the importance of engagement and collaboration with citizens and stakeholders in the development of innovative services. In order to produce socially, economically and environmentally sustainable solutions that work for all stakeholder groups, local and regional governments need to engage all relevant stakeholders throughout the process of innovation design and development. Governance structures may need to be revised to accommodate societal groups' inputs, so that they can be gathered in a continuous process of dialogue and discussion, consultation and joint deliberation. In particular, citizens – being the direct beneficiary of public services – need to be intensively involved as co-creators in the design and development of innovative public services. Only in this way can local and regional governments stay relevant and adequately respond to societal needs and expectations in the public services that they provide.

In view of the complexity of the challenges ahead for European societies, which require a broad base of skills and expertise, opportunities for the collaboration and co-

creation of mutually beneficial solutions need to be sought between local and regional authorities, businesses and civil society organizations. Trust between these

actors is essential and should be nurtured through the development of partnerships based on mutual benefits, transparency, clear rules and fulfilled commitments.

Fostering Evaluation Competencies in Research, Technology and Innovation in the SEE Region

In 2014, the Fostering Evaluation Competencies in Research, Technology and Innovation in the SEE Region (EVAL-INNO) project concluded by successfully achieving its objective of improving national (i.e. in Austria, Bulgaria, Greece, Hungary, Montenegro, Serbia) and regional (Southeast European) RTDI evaluation capacity and public procurement practices.

As the Bulgarian partner in the project, ARC Fund carried out a number of activities:

- On January 15 and 16, 2014 ARC Fund participated in the workshop *Paving the Way for Supporting the Development of Evaluation Culture in the South East European Region* held in Budapest to present the results of the pilot RTDI Program evaluations and benchmarking of application-oriented public research organisations. The pilot activities of the partners were learning experiences for both the evaluators and the evaluated entities.
- On May 14, 2014 ARC Fund organized and hosted the presentation of a *Needs Assessment Study* in Sofia, focusing on the RTDI evaluation procurement practices in the different SEE countries. The main presenter at the event was Prof. Lena Tspouri, Associate Professor at the Centre of Financial Studies of the National and Kapodistrian University of Athens.
- On June 5 and 6, 2014, ZSI and ARC Fund visited Macedonia and Kosovo to present the main activities of the EVAL-INNO project and to promote the expansion of the evaluation culture in the future.
- ARC Fund implemented three benchmarking exercises: of the Institute of Electronics, the Institute of Biophysics and Biomedical Engineering and the Institute of Biology and Immunology of Reproduction at the Bulgarian Academy of Sciences.



Bulgarian benchmarking reports

- The EVAL-INNO project findings were summarized in a final publication. It highlighted the strategic importance of evaluations, which are challenged by increasingly differentiated innovation policy and funding mixes, and are made all the more important by progressively more leveraged national budgets for research, technological development and innovation, as well as the need to develop and evaluate policies which bridge traditional policy fields. The publication presents the tangible evidence of the progress made by the EVAL-INNO project, and also provides insight into the trends of current RTDI evaluation. It stresses the need for similar initiatives in the future.

On March 25 and 26, 2014, the EVAL-INNO partnership organized the project's concluding conference, presenting the results and their potential future use. The event was held in Vienna at the premises of the Austrian Federal Ministry of Science, Research and Economy. The event gathered a consistent number of RTDI evaluation stakeholders from the South East Europe Region, such as ministries in charge of RTDI evaluation, awarding authorities, evaluation societies, evaluators and scholars. Participants discussed the state of the art in RTDI evaluation and the activities of EVAL-INNO. In addition, the framework for future cooperation in the domain in SEE was proposed and discussed.



Final EVAL-INNO report



The participants in the EVAL-INNO concluding conference, 25-26 March 2014, Vienna

Regional Innovation Monitor Plus

The Regional Innovation Monitor (RIM) Plus project, funded by the European Commission's Directorate-General for Enterprise and Industry, aims to help regions improve their innovation policies through the development of better and more harmonized policy intelligence. ARC Fund is the national coordinator of the initiative, which covers twenty EU Member States through its network of experts. The core of the RIM Plus service is a knowledge base of information on some 200 regions, including

- an online inventory of regional innovation policy measures, policy documents, and organizations;
- a single access point for good practice dissemination on regional innovation policy in Europe;
- a network of regional experts with

thematic specializations and the provision of Knowledge Hub services;

- the organization of a series of policy events; and
- a new communication platform for innovation stakeholders.

In 2014, ARC Fund updated the profiles of the six Bulgarian planning regions, focusing on the latest changes and trends in the areas of economic development, research and innovation, institutional set-up and innovation policy governance. The profiles of featured regional organizations were complemented with some of the most recent innovation-related projects and support measures. In view of the Commission's commitment to strengthen its industrial policy, in 2014 RIM+ focused on measures and projects in support of advanced manufacturing.

European Design Innovation Platform

The European Design Innovation Platform (EDIP) is a specially tailored web platform with an associated program of knowledge sharing events, conferences, training events, and peer-to-peer support. **EDIP was designed to boost the uptake of design innovation actions by policy-makers across the EU** by helping relevant national and regional actors understand how to implement them. The platform will collate, refine and disseminate evidence and tools that, when applied, can support business competitiveness and innovation in public services. It will actively work to translate this collated knowledge into policy actions and learning modules. It will create and populate a user-centered web platform, and will deliver a program of advocacy engagement across the EU. It will target business intermediaries (in particular those supporting SMEs), policymakers, and public administrators. It will also allow for new debates between public and private sector actors, delivering new thought leadership on the future role of design in innovation and competitiveness.

The Design Innovation Platform

- creates an online space to learn, share, test and explore design and innovation knowledge across Europe;
- refines tools and techniques with networks and stakeholders that do not normally engage with each other; and
- gathers relevant stakeholders and participants from across Europe.

In combination, these activities help equip EU governments and the European Commission to support design-driven innovation and a user-centered approach to research and education funding programs.

The EDIP ultimately benefits the European economy and society by supporting policymakers, business intermediaries, and public administrators in making increased use of design-driven innovation across the EU. The **benefits** are realized through the delivery of the following key outputs

- **For the EC, and all interested actors:** Better availability of key evidence, and

easier circulation of the most recent best practices through the web platform and networking activities. Dialogue with experts and key stakeholders from across Europe, resulting in a better understanding and increased uptake of design policy actions.

- **For policy-makers:** Increased awareness of the potential of design-driven innovation to drive economic value creation and competitiveness, to improve public services, and to create efficient, citizen-focused services. Policy-makers will be introduced to the key evidence on the economic and other impacts of design, and will understand how to build capacity and confidence in using design-led methods.
- **For business intermediaries (and for businesses):** Improved access to proven expertise and knowledge, as well as opportunities to test existing programs and tools and to co-create regionally specific content. Intermediaries can facilitate interaction and collaboration among European companies that invest in design as a competitive asset and businesses and intermediaries will have the opportunity to debate new challenges with peers.
- **For public administrators:** Improved access to the leading thinking and evidence on the implementation of design-led services, and opportunities to test, explore and pilot tools and approaches. They also have access to mentors as well as improved awareness and confidence in applying design-driven innovation to public services through national or regional programs.

The main focus of the project team in 2014, the first year of its implementation, was to initiate a process of information gathering. Case studies and best practices, of both design policies and business examples, were developed in order to build the evidence base for further advocacy. ARC Fund contributed to the development of two case studies and five resources by providing examples of funding opportunities and state-of-the-art knowledge in the field of design-oriented innovation policies. This activity also included gathering information on existing European Commission programs that could fund design-driven innovation activities, such as *Horizon 2020*, COSME and the Structural Funds. A report on funding opportunities by EC programs was produced.