

## **Standard Project Fiche**

### **1. Basic Information**

**1.1** CRIS Number: **BG 2005/017-353.10.06**

**1.2** Title: **“Support to the implementation of the Bulgarian National Innovation Strategy”**

**1.3** Sector: ESC/Competitiveness

**1.4** Location: Bulgaria

**1.5** Duration: 36 months

### **2. Objectives**

**2.1** Overall objective:

To improve the competitiveness of Bulgarian enterprises and to promote higher-growth innovation environment, through improvement of the innovation infrastructure and know-how at national level.

**2.2** Project purposes:

- Establishment of Technology Transfer Offices at Bulgarian universities and Public research organisations;
- Development of the administrative and technical capacity of the Bulgarian Small and Medium-sized Enterprises Promotion Agency to support the network of institutions in the public and private sector in Bulgaria whose activities initiate, import and disseminate new technologies.

**2.3** Accession Partnership (AP) and NPAA priority

This project aims at improvement of the business environment in which the Bulgarian enterprises are currently acting. This aim directly addresses the following short and medium-term priorities within the Accession Partnership and the National Programme for the Adoption of the Acquis:

- “promote competitiveness through market-based enterprise restructuring; take measures to improve the business environment...”;
- “Development of small and medium- sized enterprises...”

Council Decision of 19 May 2003 on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Bulgaria (2003/396/EC).

## Article 1

In accordance with Article 2 of Regulation (EC) No 622/98, the principles, priorities, intermediate objectives and conditions in the Accession Partnership for Bulgaria are set out in the text of an Annex, which forms an integral part of the aforementioned decision:

### **“Economic criteria**

#### ***“Small and medium-sized enterprises***

- Implement the European Charter for Small Enterprises.

#### ***“Science and research”***

- Reinforce research-related administrative capacity and infrastructure, in order to increase the benefits from association with the relevant Community Framework Programmes including the 6th Framework Programme for Research, Technology and Demonstration (2002-2006).”

## 2.4 Contribution to the National Development Plan

The implementation of the proposed project is in line with the vision of the National Development Plan (NDP) and will directly contribute to the following priorities of NDP: “The Bulgarian economy should reach the standards of the competitiveness and development, which will allow smooth and successful integration of the country into the EU in the beginning of year 2007, thus contributing to the socio-economic stability in Europe”

The project will address key elements of the following strategic mid-term objectives:

- Creating and enabling socio-economic environment which supports the Bulgarian integration into the EU;
- Achieving sustainable and balanced economic growth, comparable with the other accession countries and improving the competitiveness at industry, company and human resources level;

The NDP aims at establishing closer links between the industry and science “The applied research and development of new technologies are the key factors for achieving dynamic and stable economic growth... Developing innovative enterprises requires the networking of universities, research institutes, private enterprises, central and local state authorities...”

The project will directly contribute to enhancing viability of industrial SMEs and encouraging high-tech and innovative industries as a key factor for achieving dynamic and sustainable economic growth. It will support high-quality market oriented company R&D projects to reach market maturity and to integrate into European R&D Networks; The project also directly addresses the following key national development priority set in the NDP:

- Increasing the competitiveness of the Bulgarian economy;

In the elaborated SWOT analysis under that key national development priority in the “Opportunities” sector on first position is stated that “closer links between the industry and the science should be created”

Increasing the competitiveness of the Bulgarian economy remains a key priority in the preparatory work for the development of the new NDP (2007-2013).

2.5 Cross Border Impact  
N/A

### 3. Description

#### 3.1 Background and justification:

In the past few decades Europe has witnessed the paramount significance of innovation activities for economic growth. It has been widely recognised that innovation is the driving force behind employment and competitiveness.

Looking forward to Bulgaria's accession to EU, in August 2004 the Council of Ministers adopted with Decision ? 723 (08.08.2004) the Innovation Strategy of the Republic of Bulgaria and the Measures for its Implementation. Thereby the government of the Republic of Bulgaria aims to set up the framework for further actions to restore the link between the applied research, development and the business.

The main objective of the Innovation Strategy is to promote the sector of technology and science. It also aims at the improvement of the scientific capacity of the industry for creation and implementation of innovations, as special attention is paid to the necessity of encouragement of the technology transfer process.

#### **Component 1: Establishment of Technology Transfer Offices at Bulgarian Public Research Organisations (PROs)<sup>1</sup>**

Important precondition for the successful implementation of the measures laid down in the National Innovation Strategy are the strong and viable relations between the organizations creating the new knowledge (Public Research Organizations-PROs) and the users of these innovations (the business).

Before 1989 the basis of the innovation process of the Bulgarian economy were the so called Industrial Institutes. They were creating innovations, commercializing the innovations created from the Universities and other Public Research Organizations, and introducing them to the industry. During the transition period of the Bulgarian economy from central planning to market orientation, these institutes were closed due to the lack of financial resources caused by the decrease in the demand for innovations on behalf of the enterprises, provoked by the recession of the Bulgarian economy.

At the same time the existence of these Industrial Institutes was the reason why the Technical Universities, the Universities as a whole and the other Public Research Organizations, did not deal with introduction of their innovations at the economy, as their activities were focused on the education process and on science. That is why these organizations lack experience, traditions and know-how in the technology transfer areas and nowadays the link between the Bulgarian science and the business

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<sup>1</sup> Under "Public Research Organizations" (PROs) should be understood all kind of public organizations which have innovation potential and are involved in research and development activities e.g. universities, scientific institutes at the Bulgarian Academy of Sciences, etc.

is almost severed. This calls for the Bulgarian enterprises to import foreign innovations in order to be able to cope with the competitive pressure of the international market forces. In case any enterprise addresses a request to a Technical University or to any other PRO for solution of a particular problem, they are rarely able to respond to its needs because the innovations they make are mostly scientific and not so much applicable or corresponding to the practical needs of the enterprises. Aware of the innovation necessities of their members, the industrial chambers and branch associations are making efforts for matchmaking the researchers and the business. Most often these efforts are focused on soft measures like organization of trainings and seminars on the importance of the innovation process for the economy, publishing of leaflets, etc., which is indisputably important, but far from sufficient for substantial progress in the innovation process in Bulgaria. Besides, these efforts are not institutionalized and have occasional and sporadic character. These are the reasons why they do not have substantial contribution to the innovation of the Bulgarian economy.

The aforementioned imposes the need of an active and consistent policy for popularization of the scientific capacity, professional experience and practice of the existing PROs, and for establishment of infrastructure for restoration of the lost links between science and business.

Unfortunately, an efficiently working mediator for establishment of such relations is still missing in Bulgaria. An analog of the Technology Transfer Networks existing all over Europe has to be created in Bulgaria, in order to respond to the technology and innovation needs of the industry on national scale. First step towards the achievement of this aim is the establishment of a number of technology transfer offices (TTO's), which will allow local service delivery and better response to the demand of the business and innovation community for new technologies, and will serve as a basis for the development of a future Technology Transfer Network. The activities of the TTOs will include:

- acting as a **promoter of the innovations** of the universities and other PROs on one hand, and acting as a **contact point for the enterprises**, which need some kind of innovation service on the other hand;
- enhancing the technology-absorption capacity of enterprises,
- delivering high-quality services to the Bulgarian enterprises and research institutions in the field of technology development and innovation, including consultancy support on procedures for application under the possible sources for financing of innovation activities (National Innovation Fund, 6-th and 7-th Framework Programmes, bank loans, etc.).
- performing technical, economic, financial, and intellectual property assessments to new inventions,
- commercialization of inventions, etc,

The structure and content of this component is a product of active partnership between all actors which are involved in to the innovation process. During the phase of preparation of this component a number of meetings with representatives of Bulgarian Universities, Bulgarian Academy of Sciences, business organizations and NGO's was held.

The final conclusion was that the project is relevant and timely and matches the business needs and the abilities of potential applicants.

**Component 2: Provision of technical and administrative capacity building for the Bulgarian Small and Medium-sized Enterprises Promotion Agency (BSMEPA) to support the network of institutions in the public and private sector in Bulgaria whose activities initiate, import and disseminate new technologies**

According to the “2004 Regular Report on Bulgaria’s progress towards accession”,  
*Chapter 16: Small and medium-sized enterprises*

“The key administrative structures, i.e. the Ministry of Economy and the Agency for Small and Medium-Sized Enterprises, have so far lacked sufficient capacity and institutional clarity to prepare and implement a credible and efficient SME policy. However, recently decided institutional changes and processes provide a better basis for developments in SME policy. Attention has to be paid to increasing the capacity of the different bodies involved, including regional and local level bodies, such as the new Agency for Promotion of SMEs. Implementation of SME policy will be a major challenge for these institutions, including, amongst others, the crucial role of coordination and facilitating the coherent provision of SME support services across the country.”

With regards to SME policy, in July 2004 Bulgaria adopted a Law for Small and Medium- sized Enterprises (SME) amending the former SME Law. This law includes provisions, on the one hand, for better coordination of SME Policy and a definition of SMEs and, on the other, for establishment of an executive agency under the Ministry of Economy in charge of implementing SME Policy, including services provision to SMEs.

The Internal Statute of BSMEPA provides for a 27 Regional Offices to be established. As integral part of BSMEPA they will conduct the Innovation policy and implement the programme of the Agency in the respective regions, through:

- organization and coordination of the activity on implementing the Innovation strategy of the Republic of Bulgaria
- participation in the working out and achieving the goals of the Annual programs according to the Bulgaria Innovation Strategy
- implementation of mechanisms encouraging the innovation activity of the SMEs.
- introduction of propositions to the Ministry of Economy for amendments to normative acts and other documents related to the innovation policy and the betterment of business climate in the country.
- participation and implementation of international projects, programs and initiatives related to the Technology and Innovation Policy.

Thus the BSMEPA is transformed in an important tool for implementation of the SME state policy in the field of innovations.

It is provisioned in the Internal Statute of BSMEPA that the department for Technology development and innovation within BSMEPA will be responsible for the day-to-day coordination, implementation and monitoring of the activities financed under the newly created **National Innovation Fund (NIF)**. It is established as one the measures laid down for the implementation of the **Innovation Strategy**. The Innovation Fund is an instrument, funded by the national budget, in order to perform

financial support for applied scientific research, innovation and technology development.

The main objective of the Innovation Fund is to increase the competitiveness of the Bulgarian economy by stimulating R&D in innovative market-oriented products in any sector in Bulgaria. The business R&D investments will be stimulated through subsidizing R&D projects, a percentage of the total R&D investments in certain projects of companies, Feasibility studies, etc.

The above listed institutional responsibilities of BSMEPA impose new requirements on the staff expertise and accordingly establish needs for capacity building. Most of the experts in the Technology development and innovation department and in the regional offices have no experience in the field of R&D management, R&D financing, innovation policy instruments, and do not dispose with respective studies and assessments in that area.

The second Component of this project fiche is designed to strengthen the technical and administrative capacity of BSMEPA's staff at the regional offices and on central level in order to enable them to work as information and consulting centres for entrepreneurs and to provide information and consulting services to SMEs in the field of innovations, as well as to support the network of institutions in the public and private sector in Bulgaria whose activities initiate, import and disseminate new technologies.

### 3.2 Sectoral rationale

N/A

#### 3.2.1 Identification of projects

N/A

#### 3.2.2 Sequencing

N/A

### 3.3 Results

#### 3.3.1 Project 1

##### 3.3.1.1 Purpose

##### 3.3.1.2 Results:

##### **3.3.1.2.1. Results for Component 1: Establishment of Technology Transfer Offices at Bulgarian Public Research Organisations**

There are two types of results for this Component:

Results from the TA activities

- a study and an assessment of the innovative capacity of the existing Public Research Organisations carried out and best models for technology transfer implementation in Bulgaria determined;
- a concept for the structure, activities, tasks, responsibilities, legal basis of the TTOs elaborated (taking account of existing instruments such as the Innovation Fund);
- the tender documentation for the grant scheme developed;
- the staff of technology TTOs trained;
- training curriculums and Manuals for the TTOs developed;
- a comparative analysis of web-based information databases and web sites of existing TTOs elaborated;
- a communication strategy for promotion of the newly established TTOs developed;
- promotion materials for popularization of the established TT Offices developed;
- advisory services to the individual grant beneficiaries provided;
- at least six seminars for enterprises and branch chambers organized.

Results from the grant scheme:

- a number of Technology Transfer Offices with showrooms established, including necessary equipment delivered ;
- a number of Web-sites of the TTOs developed;
- a number of already developed innovations assessed with respect to their potential for introduction at the economy and a number of consultancy services in the technology transfer and innovation know-how areas performed to business;
- a number of demonstrative innovation pilot projects developed;
- promotion materials related to the activities performed by the Technology Transfer Offices published;
- a number of information databases developed.

**3.3.1.2.2.. Results for Component 2: Provision of technical and administrative capacity building for the Bulgarian Small and Medium-sized Enterprises Promotion Agency (BSMEPA) to support the network of institutions in the public and private sector in Bulgaria whose activities initiate, import and disseminate new technologies**

Results from the TA activities:

- the existing network of institutions in the public and private sector in Bulgaria whose activities initiate, import and disseminate new technologies screened;
- a methodology and instruments for performing a technology and innovation screening of SMEs and for identification of common technology problems and innovation needs developed;

- Bulgarian SME sector screened for technology and innovation development barriers;
- procedures (e.g. operational manual) for the management of a set of financial schemes implemented by the Innovation Fund, including payments and monitoring, complaints, etc. in line with best European practice elaborated;
- the staff of BSMEPA on central and regional level trained to:
  - implement the procedures laid down in the previously elaborated operational manual for the Innovation Fund;
  - assess the existing innovation networks with respect to their capacity to achieve their goals and to provide them assistance in filling the appeared gaps;
  - use the developed methodology and instruments to carry out a technology screening and identify common technology problems and innovation needs.

Results under the Supply contract:

- Technical equipment for 21 newly established regional offices of BSMEPA delivered.

### 3.4 Activities (including Means)

#### **Component 1: Establishment of Technology Transfer Offices at Bulgarian Public Research Organisations**

The activities under this Component will be implemented by means of:

- A Technical assistance contract on the amount of 199 000 Euro
- A Grant Scheme amounting 700 000 Euro

Under the TA contract the following activities are envisaged:

- Carrying out of a study and an assessment of the innovative capacity of the existing Public Research Organisations (Universities, Bulgarian Academy of Sciences, etc), with the purpose of identification of their potential for technology transfer and of their capacity to respond to the business demand for R&D and determination of best models for technology transfer implementation in Bulgaria.
- Elaboration of a concept for the structure, activities, tasks, responsibilities, legal basis of the TTOs, according to the best EU practices. Special attention should be paid to the statutes of the TTOs with respect to their relations with the PROs in which they are established;
- Development of tender documentation for the grant scheme, including criteria to be covered by the organisations, willing to establish technology transfer offices. Those criteria should include requirements for existing technical basis and innovation capacity of the PROs, availability of suitable premises for establishment of TTO, availability of enough qualified and experienced staff, etc. The templates for sub-tenders (technical specifications for the necessary



equipment for the TT offices, draft contracts, ToRs for recruitment of staff for the TTOs,)), should also be developed in detail. The documentation is to be approved by the PAO;

Models of the best EU practices, in the field of technology transfer, adapted to the Bulgarian needs, should be used by the TA in the process of implementation of its tasks and in particular in drafting the tender documentation of the project.

- Training of the staff of the newly established TTOs in order to acquire knowledge of their inward (technical, financial, economic, intellectual property assessment of innovations, etc.) and outward oriented functions (need to establish good contacts with the business community, assess the innovation needs of enterprises, facilitate co-operation between enterprises and researchers and communicate the availability of technology and research capacities, licensing agreements, liaison for and management of research contracts );
- Development of Training curriculums and Manuals concerning technology transfer issues and different types of TTOs;
- Elaboration of comparative analysis of web-based information databases and web sites of existing TTOs in the EU and elaboration of proposal for a model for development of information database and web site, to be followed by the newly established TTOs.
- Development of communication strategy for promotion of the newly established TTOs;
- Development of promotion materials for popularization of the established TTOs;
- Providing advisory services to the individual grant beneficiaries under the grant scheme through all appropriate communication channels;
- Organisation of at least six seminars for enterprises and branch chambers, for information about the tasks and functions that will be performed by the Technology Transfer Offices in the overall framework of the Innovation policy, on the National Innovation Strategy role, on the activities financed under the National Innovation Fund, on other possible sources of funding for innovation activities of enterprises, etc. These seminars should include sessions for direct contact between the research institutions and representatives of business.

Public Research Organisations, which have declared at the Ministry of Economy their interest and willingness to establish Technology Transfer Offices and which cover the criteria proposed by the TA under the current project, will be financed under the Grant Scheme. It is possible two or more Public Research Organisations (Universities, Institutes of the Bulgarian Academy of Sciences, etc), with similar area of innovation activities, to apply in partnership for establishment of a single technology transfer office. In such case the responsibilities of each partner should be explicitly described in the application form. The maximum amount of a single grant cannot exceed 50000 Euro. Co-financing of 25 % of the total cost of each project is to be provided by the applicants. Beneficiary PROs will finance the salaries of the personnel and other TTOs' operating costs (e.g. consumables, communications, utilities, etc.) within a.m. co-financing to be provided by them.

A grant will be awarded for the following activities:

- Establishment of Technology Transfer Offices (TTOs) and showrooms, including delivery of necessary equipment, limited refurbishment of premises, which covers the Technical specifications elaborated by the TA.
- Development of Web-site of the TTO. This Web-site should facilitate the access by enterprises of all sizes, but also reach out to the PRO's own personnel and efficiently direct them to the appropriate transfer services such as patenting, licensing or contract research in the science areas the PRO covers.
- Development of information databases for each TTO.
- Enrolling external consultants to the TTOs, on ad-hoc basis, for performing technical, financial, economic, intellectual property assessment of already developed innovations and rendering consultancy assistance to business in the area of technology transfer and innovation know-how.
- Development of demonstrative pilot projects, worked out in the organisation where the TTO is established. This may include:
  - technical, financial, economic, intellectual property assessment of the particular innovation;
  - development of prototype of the innovation;
  - development of presentation and promotion materials for the particular project (on hard copy and on the Web-site of the technology transfer office);
  - establishment of contacts between the researchers that developed the prototype and the potential users of the innovation, including match-making meetings/seminars;
- Publishing of promotion materials related to the activities performed by the Technology Transfer Office and organisation of promotion/awareness-raising events.

**Component 2: Provision of technical and administrative capacity building for the Bulgarian Small and Medium-sized Enterprises Promotion Agency (BSMEPA) to support the network of institutions in the public and private sector in Bulgaria whose activities initiate, import and disseminate new technologies**

Two contracts are envisaged under this Component:

- a Technical assistance contract, amounting 350 000 Euro
- a Supply contract on the amount of 140 000 Euro.

Activities to be performed under the TA contract:

- screening the existing network of institutions in the public and private sector in Bulgaria whose activities initiate, import and disseminate new technologies in order to define the missing links and propose adequate policy actions. For the implementation of this task the elaborated study and assessment under Component 1 could be used.
- development of methodology and instruments for performing a technology and innovation screening of SMEs and for identification of common technology problems and innovation needs using the best EU practices in that field and adapting them to the Bulgarian needs.
- screening the Bulgarian SME sector for identification of technology and innovation development barriers.

- establishment of procedures (e.g. operational manual) for the management of a set of financial schemes implemented by the Innovation Fund, including payments and monitoring, complaints, etc. in line with best European practices;
- training of the staff of BSMEPA on central and regional level to:
  - implement the procedures included in the previously elaborated operational manual;
  - assess the existing innovation networks with respect to their capacity to achieve their goals and to assist them in filling the recognized gaps;
  - use the developed methodology and instruments to carry out a technology screening and to identify common technology problems and innovation needs;

Activities under the Supply contract:

- Delivery of technical equipment for 21 newly established regional offices of BSMEPA, to support their functions as regional co-ordination units.

### 3.5 Linked Activities:

The project builds on the results achieved under several previous and ongoing Phare projects, which have provided assistance in the establishment and development of Bulgarian government institutions and NGOs responsible for the development and implementation of measures and instruments in the area of SME services, as well as a on network of local and regional institutions and organisations providing information, training, and advisory services in order to increase the Bulgarian SMEs competitiveness.

- **BG 0201.01 - Strengthening the Foreign Trade Capacity of the Bulgarian Small and Medium Enterprises Promotion Agency**

The objective of the project is to direct and strengthen the national business and trade development and promotion policy and its institutional framework leading to the increase of the capacity of Bulgarian economy to cope with competitive pressure and market forces within the EU. This is to be achieved through the capacity building of the BSMEPA.

The proposed project is a logical extension of this one focusing on the strengthening of the Agency's regional offices.

- **BG 0004.02 – Investment in SME business incubators in areas of industrial decline**

The rationale behind the project is to help solve accommodation problems of start-ups and existing private businesses and to enable them to reduce their production and operating costs by providing access to common services and equipment, including foreign markets information, giving them the opportunity to increase their export results.

- **BG 0102.01 - SME services and technology grant scheme**

The overall objective of the project is to improve the SME performance through well targeted management input and technological support. It is expected that the project will result in raising the ability of Bulgarian SMEs to cope with competitive pressures during pre-accession by promotion of innovation and technological modernization, entrepreneurship and business culture.

- **BG 9908 – Capacity building for the accelerated growth of the SME sector in Bulgaria**

The broad objective of this project is to encourage the accelerated growth of the SME sector in Bulgaria to help them to fulfill the economic criteria for EU accession in line with the Accession Partnership and the NPAA and to create new jobs.

- **USAID-GIS-IRC-04 “Innovation for business” Sept. 2003 – Dec. 2004.**

USAID in cooperation with GIS-Transfer Center, IRC, & BIA and relevant branch chambers has organized several workshops in 6 Bulgarian regions called “Innovations for business” with participants from industry and research organizations. The topics of the workshops were as follows:

- Applied Chemistry – Sofia;
- Machine building industry –2 workshops (Sofia, Gabrovo);
- Electrotechnics, electronics, informatics and automatics - Sofia;
- Food industry– Stara Zagora;
- Machine building, electrotechnics, ship building – Varna
- Biotechnology and pharmacy – Sofia
- Agrarian industry - Plovdiv.
- Energy effectiveness – Plovdiv
- Innovation for Business - Bourgas

The aim of the project is matchmaking the both parties of the technology transfer process– the source and the customer of the competitive research product and to build sustainable links, relations and trust between them.

The project results have been published in separate bulletins issued by the organizers of the workshops after each event.

### 3.6 Lessons learned:

Under the aforementioned projects the following conclusions were reached:

- Comparatively more resources have been invested in creating long-term capacity in applied research and not enough on technology and knowledge dissemination.
- European Funds should be used for knowledge based activities which include not only R&D in high-tech firms but also dissemination and application of technologies in all enterprises.
- Measures to increase productivity in existing enterprises and sectors through a broader more holistic approach to innovation: should be implemented.

During the implementation of the project the conclusions and recommendations included in the Final reports under projects BG 0102.01 “Consultancy services to SME and technology grant scheme” and “BG0102.02.01 Institution Building on

Investment in High-technology Business Incubators, Provision of Technical Assistance for the launching and monitoring of R&D grant scheme” will be taken into consideration. These conclusions and recommendations are related to:

- Lessons based on the actual execution of the project BG 0102.01  
“Consultancy services to SME and technology grant scheme” and  
project BG0102.02.05 Research and Development Grant Scheme
- Principal recommendations for future schemes, which include  
recommendations concerning:
  - o *Partnership principle in such schemes;*
  - o *Application documents;*
  - o *Financing principles and contribution in kind;*
  - o *Evaluation grid;*
  - o *Priority technology areas;*
  - o *Eligibility of applicants, etc.*

**As lessons learned from the implementation of the project USAID-GIS-IRC-04 “Innovation for business” Sept. 2003 – Dec. 2004. the following conclusions could be pointed out:**

- Both parties in the technology transfer process - the researchers and the users of the innovations (the business) - were “speaking” different “languages”, so a mediator between them is needed.
- The research products are not appropriately presented and promoted to the potential users of the innovative products.
- In cases where the branch chambers were included in the organization of the workshops, better results were achieved.

#### **4. Institutional Framework**

The key institutions to be involved in the project implementation will be the Ministry of Economy, BSMEPA, Ministry of Finance, Ministry of Education and Science, The Delegation of the European Commission in Bulgaria,

Grant beneficiaries under Component 1 are the Bulgarian Universities and Public Research Organizations. These institutions will become owners of the established TTOs and will cover the salaries of the staff and other operating costs for the maintenance of the TTOs, to ensure their sustainability.

Under Component 2 beneficiary is the Bulgarian SME Promotion Agency.

A Project Steering Committee will be established to coordinate, monitor and assist the project implementation. It will also advise the PAO on whether to approve the interim and final project reports and the results achieved by the TAs on each stage of the project implementation. A Deputy Minister of Economy will chair the Steering Committee. The SC will consist of representatives of employers’ organisations and the key institutions involved in the project. The Committee will meet on a regular basis. Ad-hoc meetings will be convoked if deemed necessary from three or more of the SC members.

The minutes of the meetings will be integral part of the project reporting documentation. The Project Implementation Unit will act as a Secretariat to the Project Steering Committee.

- The National Authorising Officer (NAO) will nominate the Programme Authorising Officer (PAO) for the project. The PAO will assume the ultimate responsibility for the sound administrative and financial management of the project in terms of tendering, contracting, disbursement, accounting, payment, reporting, monitoring and evaluation procedures.
- The Ministry of Economy will appoint a Senior Project Officer (SPO) for the project. The SPO will be responsible for the management and coordination of the project and will assume the overall responsibility for the timely, smooth and efficient technical implementation of the project.
- The SPO will be supported by PIU. The PIU will consist of representatives of Ministry of Economy, BSMEPA, Ministry of Education and Science.  
It will be responsible for the technical implementation of the project with respect to preparation of the project documentation, coordination, monitoring, etc.

## 5. Detailed Budget

	Phare/Pre-Accession Instrument support	Co-financing			Total Cost
€M		National Public Funds (*)	Other Sources (**)	Total Co-financing of Project	
<b>Year 2005 - Investment support jointly co funded</b>					
Component 1 Grant Scheme	0, 525	0,175	-	0,175	0,7
Component 2 Supply Contract	0,105	0,035	-	0,035	0,14
<b>Investment support – sub-total</b>	0,63	0,21		0,21	0,84
<b>% of total public funds</b>	<b>75 %</b>	<b>25 %</b>			

*In case of parallel co-funding (per exception to the normal rule, see special condition as indicated below: **Not applicable***

*National co-financing of 25 % of the total amount and of the Supply contract under Component 2 will be provided by National Fund Directorate at the Bulgarian Ministry*

*of Finance. Co-financing of 25 % of the total amount of the Grant scheme under Component 1 will be provided by the applicant (Public) Research Organisations.*

<b>Year 2005 Institution Building support</b>					
Component 1 TA contract	0,199	-	-	-	0,199
Component 2 TA contract	0,35	-	-	-	0,35
<b>IB support</b>	<b>0,549</b>				<b>0,549</b>

<b>Total project 2005</b>	<b>1,179</b>	<b>0,21</b>	<b>-</b>	<b>0,21</b>	<b>1,389</b>
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(\*) contributions from National, Regional, Local, Municipal authorities, FIs loans to public entities, funds from public enterprises

(\*\*) private funds, FIs loans to private entities

## 6. Implementation Arrangements

### 6.1 Implementing Agency

The Ministry of Economy (MoE) will be Implementing Agency (Contracting Authority) of the project and in that capacity it will conduct tenders, conclude contracts, allocate funds to the contractor, verify all contract documentation, authorize related payments, execute overall monitoring and evaluation of the project.

Ministry of Economy  
 Directorate "Pre-accession Programmes and Projects"  
 Tel: +359 2 940 7501; Fax: +359 2 940 17 19  
 8 Slavyanska Str.  
 1046 Sofia;

### 6.2 Twinning

N/A

### 6.3 Non-standard aspects

There will be no non-standard procedures envisaged under this project. The PRAG rules and procedures will be strictly followed.

### 6.4 Contracts

The project components will be implemented through the following contracts and a grant scheme:

Component 1:

- A contract for technical assistance, at the amount of 199 000 Euro.
- A Grant scheme, which will amount to 700 000 Euro.

Under Component 2 two contracts will be concluded:

- A contract for technical assistance, which will amount to 350 000 Euro.
- A supply contract for delivery of equipment, which will amount to 140 000 Euro.

## **7. Implementation Schedule**

### **7.1 Start of tendering/call for proposals**

#### **Start of tender procedure/Call for proposals under Component 1**

Start of tendering for TA – January 2006

Start of call for proposals for the grant scheme –August 2006

#### **Start of tender procedure/Call for proposals under Component 2**

Start of tendering for TA under Component 2 – January 2006

Start for tendering for supply contract for delivery of equipment – January 2006

### **7.2 Start of project activity**

Component 1 –

Start of TA activities April 2006

Start of the grant scheme – January 2007

Component 2 –

- Start of project activity under TA contract – November 2006
- Start of project activity under the supply contract – June 2006

### **7.3 Project completion**

Component 1 –

- TA contract – September 2007
- Grant scheme – September 2007

Component 2 –



- TA contract – September 2007
- Supply contract – October 2006

## **8. Equal Opportunity**

The project will provide equal opportunities to men, women, ethnic groups and disabled people.

## **9. Environment**

The project will have no harmful impact on the environment.

## **10. Rates of return**

N/A

## **11. Investment criteria (applicable to all investments)**

### **11.1 Catalytic effect**

The successful implementation of this project will catalyze the process of innovation at the Bulgarian enterprises, and will thus foster the competitiveness of the Bulgarian economy.

### **11.2 Co-financing**

Co-financing of 25% of the total amount of the Supply contract under Component 2 will be provided by the Bulgarian national budget. The grant scheme activities under Component 1 will be co- financed with 25% of the total cost of the individual projects, by own resources of the applicants.

### **11.3 Additionality**

The financing of this project will not displace other sources of funding.

### **11.4 Project readiness and size**

The size of the project is 1, 389 MEURO. The elaboration of the necessary tender documentation for TAs will start immediately after signature of Phare Financial Memorandum 2005.

### **11.5 Sustainability**

Component 1 – the technology transfer offices will be established on the territory of the universities and Public Research Organisations that have expressed interest in participation in the project. These universities and institutions will take further care for the maintenance of the TT offices (this will include the salaries to be paid of the staff of

the TTOs) in short and medium-terms. In long-term it is supposed that the TT offices will become self-sustainable due to the incomes from the realization and commercialization of innovations.

Component 2 - the Bulgarian Small and Medium-sized Enterprises Promotion Agency will be responsible for the sustainability of the project results under Component 2 and for the delivered under this Component equipment.

#### 11.6 Compliance with state aids provisions

All activities under the current project will be implemented in compliance with the Bulgarian State Aid Act.

### **12. Conditionality and sequencing**

The project may start after signature of Phare Financial Memorandum 2005. Effective set up of the 21 regional offices of the BSMEPA is necessary precondition for the implementation of the activities under Component 2.

#### **ANNEXES TO PROJECT FICHE**

1. Phare Logframe
  2. Detailed implementation chart
  3. Contracting and disbursement schedule, by quarter, for full duration of project
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- A. Reference list of relevant Bulgarian laws and regulations
  - B. Reference list of relevant strategic plans and studies

**ANNEX 1**  
**PHARE LOGFRAME**

1. <i>LOGFRAME PLANNING MATRIX FOR PROJECT</i>		
<b>“Support to the implementation of the Bulgarian National Innovation Strategy”</b>	<b>Contracting period expires</b> 30 November 2007	Disbursement period expires <b>30 November 2008</b>
	Total budget: <b>1. 389 MEUR</b>	Phare budget: <b>1.179 MEUR</b>

2. <i>Overall objective</i>	Objectively verifiable indicators	Sources of Verification	
To improve the competitiveness of Bulgarian enterprises and to promote higher-growth innovation environment, through improvement of the innovation infrastructure and know-how at national level.	<ul style="list-style-type: none"> <li>improved innovation and business environment and increased business R&amp;D spending;</li> </ul>	<ul style="list-style-type: none"> <li>National innovation index</li> <li>Bulgarian National Bank (BNB);</li> <li>MoE and MoF reports;</li> <li>Statistical Institute (NSI) and Eurostat, OECD;</li> </ul>	
Project purposes	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> <li>Establishment of Technology Transfer Offices at Bulgaria universities and Public research organisations;</li> <li>Development of the administrative and technical capacity of the Bulgarian Small and Medium-sized Enterprises Promotion Agency to support the network of institutions in the public and private sector in Bulgaria whose activities initiate, import and disseminate new technologies.</li> </ul>	<ul style="list-style-type: none"> <li>Increased number of technology transfer offices in Bulgaria;</li> <li>The BSMEPA performs properly the functions laid down in its Internal regulations</li> <li>New financial and non-financial instruments for promotion of innovation developed</li> </ul>	<ul style="list-style-type: none"> <li>Reports on SMEs in Bulgaria;</li> <li>Annual report of BSMEPA</li> </ul>	<ul style="list-style-type: none"> <li>proactive policy on behalf of the research institutes, universities and other public research institutions</li> <li>continued stability in the political and economic environment in the country;</li> </ul>
Results	Objectively verifiable indicators	Sources of Verification	Assumptions

<p>Results for Component 1: Establishment of Technology Transfer Offices at Bulgarian Public Research Organisations</p> <p>There are two types of results for this Component:</p> <p>Results from the TA activities</p> <ul style="list-style-type: none"> <li>• a study and an assessment of the innovative capacity of the existing Public Research Organisations carried out and best models for technology transfer implementation in Bulgaria determined;</li> <li>• a concept for the structure, activities, tasks, responsibilities, legal basis of the TTOs elaborated;</li> <li>• the tender documentation for the grant scheme developed;</li> <li>• the staff of technology TTOs trained;</li> <li>• training curriculums and Manuals for the TTOs developed;</li> <li>• a comparative analysis of web-based information databases and web sites of existing TTOs elaborated;</li> <li>• a communication strategy for promotion of the newly established TTOs developed;</li> <li>• promotion materials for popularization of the established TT Offices developed;</li> <li>• advisory services to the individual grant beneficiaries provided;</li> <li>• at least six seminars for enterprises and branch chambers organized.</li> </ul> <p>Results from the grant scheme:</p> <ul style="list-style-type: none"> <li>• a number of Technology Transfer Offices with showrooms established, including necessary equipment</li> </ul>	<p><b>Component 1:</b> <b>Indicators for the TA activities.</b></p> <ul style="list-style-type: none"> <li>• All documentation and activities requested by the TA elaborated and implemented</li> <li>• At least 6 training seminars for enterprises and branch chambers organized</li> </ul> <p><b>Indicators for the grant scheme</b></p> <ul style="list-style-type: none"> <li>• At least 10 technology transfer offices established.</li> <li>• At least 10 web-sites developed</li> <li>• At least 10 demonstration pilot projects developed</li> <li>• Increased number of technology transfers from Bulgarian PROs to enterprises at national level.</li> </ul>	<p><b>Component 1:</b> Sources of verification for the TA activities</p> <ul style="list-style-type: none"> <li>• Project reports</li> <li>• Memos from the sessions of the Steering committee</li> <li>• Monitoring documentation of the project</li> </ul> <p><b>Sources of verification for the grant scheme</b></p> <ul style="list-style-type: none"> <li>• MoE and MES reports;</li> <li>• BSMEPA annual report ..;</li> <li>• National patent office</li> <li>• interim and final project reports</li> </ul>	<p><b>All components:</b></p> <ul style="list-style-type: none"> <li>• Qualitatively TA proposals received</li> <li>• closer collaboration between research entities and enterprises at national and regional level;</li> <li>• closer cooperation between MoE, MES and BSMEPA for the purposes of successful project implementation and sustainability</li> <li>• Motivation and incentive structure within the TTOs and PROs</li> </ul>
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<p>delivered;</p> <ul style="list-style-type: none"> <li>• a number of Web-sites of the TTOs developed;</li> <li>• a number of already developed innovations assessed with respect to their potential for introduction at the economy and a number of consultancy services in the technology transfer and innovation know-how areas performed to business;</li> <li>• a number of demonstrative innovation pilot projects developed;</li> <li>• promotion materials related to the activities performed by the Technology Transfer Offices published;</li> <li>• a number of information databases developed.</li> </ul> <p>Results for Component 2: <b>Provision of technical and administrative capacity building for the Bulgarian Small and Medium-sized Enterprises Promotion Agency (BSMEPA) to support the network of institutions in the public and private sector in Bulgaria whose activities initiate, import and disseminate new technologies</b></p> <p>Results from the TA activities:</p> <ul style="list-style-type: none"> <li>• the existing network of institutions in the public and private sector in Bulgaria whose activities initiate, import and disseminate new technologies screened;</li> <li>• a methodology and instruments for performing a technology and innovation screening of SMEs and for identification of common technology problems and innovation needs developed;</li> <li>• Bulgarian SME sector screened for technology and innovation development barriers;</li> <li>• procedures (e.g. operational manual) for the</li> </ul>	<p><b>Component 2:</b> Indicators for the TA activities</p> <ul style="list-style-type: none"> <li>• all activities required by the TA implemented</li> <li>• The employees of BSMEPA on regional and central level trained</li> <li>• New financial and non-financial instruments for promotion of innovation developed;</li> <li>• Operational procedures for the National innovation fund established and introduced in practice</li> </ul>	<p><b>Component 2:</b></p> <ul style="list-style-type: none"> <li>• Project progress reports;</li> <li>• Annual BSMEPA report</li> <li>• Memos of the sessions of the Steering Committee of the project</li> <li>• Monitoring documentation of the project</li> </ul>	
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<p>management of a set of financial schemes implemented by the Innovation Fund, including payments and monitoring, complaints, etc. in line with best European practice elaborated;</p> <ul style="list-style-type: none"><li>the staff of BSMEPA on central and regional level trained to:<ul style="list-style-type: none"><li>implement the procedures laid down in the previously elaborated operational manual for the Innovation Fund;</li><li>assess the existing innovation networks with respect to their capacity to achieve their goals and to provide them assistance in filling the appeared gaps;</li><li>use the developed methodology and instruments to carry out a technology screening and identify common technology problems and innovation needs.</li></ul></li></ul>			
<p>Results under the Supply contract:</p> <ul style="list-style-type: none"><li>Technical equipment for 21 newly established regional offices of BSMEPA delivered.</li></ul>	<p>Indicators for the Supply contract</p> <ul style="list-style-type: none"><li>The technical equipment at the 21 BSMEPA regional offices operational</li></ul>		
Activities	Means	Assumptions	
<p><b>Component 1:</b> Establishment of Technology Transfer Offices at Bulgarian Public Research Organisations</p> <p>Under the TA contract the following activities are envisaged:</p> <ul style="list-style-type: none"><li>Carrying out of a study and an assessment of the innovative capacity of the existing Public Research Organisations (Universities, Bulgarian Academy of Sciences, etc), with the purpose of identification of their potential for technology transfer and of their capacity to respond to the business demand for R&amp;D and determination of best models</li></ul>	<p><b>Component 1:</b> One TA contract A grant scheme</p>	<p><b>All components:</b></p> <ul style="list-style-type: none"><li>PROs and academic organisations supportive and participating in the process;</li><li>increased business demand for innovation</li><li>The statute of BSMEPA remains the same</li></ul>	

<p>for technology transfer implementation in Bulgaria.</p> <ul style="list-style-type: none"> <li>• Elaboration of a concept for the structure, activities, tasks, responsibilities, legal basis of the TTOs, according to the best EU practices. Special attention should be paid to the statutes of the TTOs with respect to their relations with the PROs in which they are established;</li> <li>• Development of tender documentation for the grant scheme, including criteria to be covered by the organisations, willing to establish technology transfer offices. Those criteria should include requirements for existing technical basis and innovation capacity of the PROs, availability of suitable premises for establishment of TTO, availability of enough qualified and experienced staff, etc. The templates for sub-tenders (technical specifications for the necessary equipment for the TT offices, draft contracts, ToRs for recruitment of staff for the TTOs,), should also be developed in detail. The documentation is to be approved by the PAO; Models of the best EU practices, in the field of technology transfer, adapted to the Bulgarian needs, should be used by the TA in the process of implementation of its tasks and in particular in drafting the tender documentation of the project.</li> <li>• Training of the staff of the newly established TTOs in order to acquire knowledge of their inward (technical, financial, economic, intellectual property assessment of innovations, etc.) and outward oriented functions (need to establish good contacts with the business community, assess the needs of enterprises, facilitate co-operation between enterprises and researchers and communicate the availability of technology and research capacities, licensing agreements, liaison for and management of research contracts );</li> <li>• Development of Training curriculums and Manuals concerning technology transfer issues and different types of TTOs;</li> <li>• Elaboration of comparative analysis of web-based information databases and web sites of existing TTOs in the EU and elaboration of proposal for a model for development of information database and web site, to be followed by the newly established TTOs.</li> <li>• Development of communication strategy for promotion of the newly established TTOs;</li> <li>• Development of promotion materials for popularization of the established TTOs;</li> <li>• Providing advisory services to the individual grant beneficiaries under the grant scheme through all appropriate communication channels;</li> <li>• Organisation of at least six seminars for enterprises and branch chambers, for information about the tasks and functions that will be performed by the Technology</li> </ul>		
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<p>Transfer Offices in the overall framework of the Innovation policy, on the National Innovation Strategy role, on the activities financed under the National Innovation Fund, on other possible sources of funding for innovation activities of enterprises, etc. These seminars should end with sessions for direct contact between the research institutions and representatives of business.</p> <p>The Grant Scheme will finance the following activities:</p> <ul style="list-style-type: none"> <li>• Establishment of Technology Transfer Offices (TTOs) and showrooms, including delivery of necessary equipment, which covers the Technical specifications elaborated by the TA.</li> <li>• Development of Web-site of the TTO. This Web-site should facilitate the access by enterprises of all sizes, but also reach out to the PRO's own personnel and efficiently direct them to the appropriate transfer services such as patenting, licensing or contract research in the science areas the PRO covers.</li> <li>• Enrolling external consultants to the TTOs, on ad-hoc basis, for performing technical, financial, economic, intellectual property assessment of already developed innovations and rendering consultancy assistance to business in the area of technology transfer and innovation know-how.</li> <li>• Development of demonstrative pilot projects, worked out in the organisation where the TTO is established. This may include: <ul style="list-style-type: none"> <li>- technical, financial, economic, intellectual property assessment of the particular innovation;</li> <li>- development of prototype of the innovation;</li> <li>- development of presentation and promotion materials for the particular project (on hard copy and on the Web-site of the technology transfer office);</li> <li>- establishment of contacts between the researchers that developed the prototype and the potential consumers of the innovation.</li> </ul> </li> <li>• Publishing of promotion materials related to the activities performed by the Technology Transfer Office;</li> <li>• Development of information databases for each TTO.</li> </ul> <p><b>3.3.2. Component 2: Provision of technical and administrative capacity building for</b></p>	<p><b>Component 2</b></p> <p>A Technical assistance contract A Supply contract</p>	
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**the Bulgarian Small and Medium-sized Enterprises Promotion Agency (BSMEPA) to support the network of institutions in the public and private sector in Bulgaria whose activities initiate, import and disseminate new technologies**

Activities to be performed under the TA contract:

- screening the existing network of institutions in the public and private sector in Bulgaria whose activities initiate, import and disseminate new technologies in order to define the missing links and propose adequate policy actions. For the implementation of this task the elaborated study and assessment under Component 1 could be used.
- development of methodology and instruments for performing a technology and innovation screening of SMEs and for identification of common technology problems and innovation needs using the best EU practices in that field and adapting them to the Bulgarian needs.
- screening the Bulgarian SME sector for identification of technology and innovation development barriers.
- establishment of procedures (e.g. operational manual) for the management of a set of financial schemes implemented by the Innovation Fund, including payments and monitoring, complaints, etc. in line with best European practices;
- training of the staff of BSMEPA on central and regional level to:
  - implement the procedures included in the previously elaborated operational manual;
  - assess the existing innovation networks with respect to their capacity to achieve their goals and to assist them in filling the recognized gaps;
  - use the developed methodology and instruments to carry out a technology screening and to identify common technology problems and innovation needs;

Activities under the Supply contract:

- Delivery of technical equipment for 21 newly established regional offices of BSMEPA, to support their functions as regional co-ordination units.

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## ANNEX 2

### Implementation Chart

PROJECT TITLE	“Support to the implementation of the Bulgarian National Innovation Strategy”							
PERIOD	2006				2007			
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
Component 1- Establishment of Technology Transfer Offices at Bulgarian Public Research Organisations								
<b>Contract 1 - TA</b>	ST for TA	I	I		I	I	I	
<b>Grant scheme</b>			SCP	CP/ E	I	I	I	
<b>Component 2: Capacity building of BSMEPA</b>								

<b>Contract 1 - TA</b>	ST for TA	TP	TP	I	I	I	I	
<b>Contract 2 – Supply of equipment</b>	ST	SSC	DE					

**Legend:**

**ST – Start of Tendering**

**SCP- Start of Call for proposals**

E- Evaluation

**CP- Call for proposals**

**STP – Start of tender procedure**

**TP – Tender procedure**

I – implementation

STAC – Signature of TA contract

SSC – Signature of Supply contract

DE – Delivery of equipment

### ANNEX 3

Contracting and Disbursement schedule by quarter to full duration of the programme (MEUR)

PROJECT TITLE	<b>“Support to the implementation of the Bulgarian National Innovation Strategy”</b>							
PERIOD	2006				2007			
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
<b>Component 1</b>								
<b>Contract 1 -TA</b>								
Contracted		0,199	0,199	0,199	0,199	0,199	0,199	
Disbursed		0,1592	0,1592	0,1592	0,1592	0,1592	0,199	
%		80%	80%	80%	80%	80%	100%	
<b>Contract 2 – grant scheme</b>								

Contracted					0,7	0,7	0,7	
Disbursed					0,56	0,56	0,7	
%					80%	80%	100%	
<b>Component 2</b>								
<b>Contract 1 - TA</b>								
Contracted				0,35	0,35	0,35	0,35	
Disbursed				0,21	0,245	0,28	0,35	
%				60%	70%	80%	100%	
<b>Contract 2 - Supply contract</b>								
Contracted		0,14	0,14	0,14	0,14	0,14	0,14	
Disbursed		0,084	0,126	0,126	0,126	0,126	0,14	
%		60%	90%	90%	90%	90%	100 %	

## **ANNEX A**

Reference list of relevant Bulgarian laws and regulations:

1. Law on small and medium-sized enterprises;
2. Law on scientific research encouragement;
3. Law on higher education;
4. Law on investments encouragement;
5. Law on the National Centre for Agricultural Sciences;

## **ANNEX B**

Reference list of relevant Bulgarian strategic plans and studies:

1. Bulgarian Innovation Strategy;
2. National Development Plan;
3. Pre-accession Economic Programme;
4. Research and Development Strategy (forthcoming).