



**Improving
Structural Funds
for better delivery
of R&D&i policies**

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Action Plan

Gabrovo (Bulgaria)

May, 2022





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1. General information



Project: *PGI05786 Improving Structural Funds for better delivery of R&D&I policies*

Partner organisation(s) concerned: *Gabrovo Municipality*

Country: *Bulgaria*

NUTS2 region: *Northern Central, code BG32*

Contact person: *PhD Eng. Desislava Koleva*

Email address: *desislava@gabrovo.bg*

Phone number: *+359 885 251828*

The Action Plan aims to impact: Investment for Growth and Jobs programme
 European Territorial Cooperation programme
 Other regional development policy instrument

Name of the policy instrument(s) addressed: *Gabrovo Integrated Development Plan 2021 – 2027 (IDP). Gabrovo IDP identifies all areas for integrated territorial investments and sectoral interventions to stimulate economic growth and to enhance competitiveness of local business, which is also the main objective of the new developed and approved Gabrovo S3.*



2. Introduction

2.1. Improve Project.

Structural Funds Programmes are the main policy instruments European regions have for building up Research, Technological Development and Innovation and support the implementation of their Smart Specialisation Strategies.

The policy instruments addressed by the IMPROVE project are mainly Structural Funds Programmes, except for the Municipal Plan for Development of Gabrovo (Bulgaria) and the Development Plan of Tartu City (Estonia), which have in common the goal of enhancing a knowledge based regional/municipal economic growth.

Beyond their different background, scope and particular target, these policies seek a smart, sustainable and inclusive regional/local development by means of actions and instruments that, to a greater or lesser extent, focus on entrepreneurship, competitiveness of regional/local businesses, employment, education and lifelong learning, innovation, research, technological development, etc.

Achieving an efficient delivery of regional development policies is crucial, not only in terms of making the best possible use of public funds, but also in terms of maximising regional potentials, fighting regional inequalities and strengthening Europe's economic well-being, as well as its social and political cohesion.

The partnership includes a wide range of regional realities, with different levels of economic development, more and less centralised administration systems and different levels of innovation performance, as well as distinct level of involvement in the management of the addressed policies (more strategic for some partners and more operative for others), which allowed a comparative analysis of the policy makers approaches and enriched the perspective about the management and implementation of Structural Funds.



2.2. Regional Action Plans

Produced by each partner, the action plan is a document providing details on how the lessons learnt from the interregional cooperation during the Phase 1 of the project will be implemented in order to improve the policy instrument that is addressed within their region. It specifies the nature of the actions to be implemented, their timeframe, the players involved, the costs and funding sources.

Based on a learning process that included a State-of-the-Art report for the identification of the areas of improvement of each Policy Instrument, the organisation of Thematic Workshops on key topics shared by the partnership, the participation in 8 Peer Reviews (organised in an on-line mode due to the COVID-19 pandemic), the identification of good practices, a 2nd round of visit (in a face-to-face mode) for an in-depth analysis of the GPs, and a close relation with the Regional Stakeholders' Groups, the action plans will be developed focusing on the improvement of the identified challenges within each region.

During Phase 2, the project partners will closely monitor the implementation of the action plans and will regularly check the extent to which the measures described in the action plan are implemented on the ground, evaluating the results of these measures and gathering evidence of success to be reported to the programme. During Phase 2 the project partners will continue to learn from each other and will exchange and build on the success achieved or on the difficulties encountered.



3. Policy context

3.1. The policy instrument



In the beginning of IMPROVE project implementation the policy instrument of Gabrovo Municipality was the Municipal plan for development of Gabrovo municipality (MDP) 2014-2020, Strategic goal 1: Stimulation of economic growth and enhancement of competitiveness of local business in Gabrovo municipality. In 2020 Gabrovo Municipality started programming for the next programming period following Strategic goal 1, applying a new integrated approach and involving all stakeholders. Deep socio-economic analysis was done and presented to the main actors of quadruple-helix. The opportunities in the next programming period (2021-2027) and lessons learned during the period 2014 – 2020 were included. Gabrovo Municipality together with RSG identified the need of an integrated approach based on PPPs for development and implementation of joint projects for improvement of R&D infrastructure and industrial zones for sustainable economic development of the region.

In 2021 Gabrovo Integrated Development Plan 2021 – 2027 (IDP) was developed, as the most important strategic document for Gabrovo municipality. Gabrovo IDP identifies all areas for integrated territorial investments and sectoral interventions to stimulate economic growth and to enhance competitiveness of local business, which is also the main objective of the new developed and approved Gabrovo S3.

The Strategic goal 2 of Gabrovo IDP is to develop a strong economy based on science and innovations. Priority 3 is focused on economy, education and innovations through local economic development and improvement of innovation environment. For achievement of Priority 3 in Gabrovo S3, 3 main pillars have been identified:

- Industry and Innovation – promoting the development of the local economy, with a focus on high-tech industries and knowledge-intensive services, investment in technical and business infrastructure and improving the innovation environment;



- Science and education – cooperation of local business with educational institutions, with a focus on training and recruitment, investment in scientific infrastructure and technology transfer, close cooperation between public science and technology units and local companies;
- Digitalization – digital transformation of the industry, development of Gabrovo as a "smart city", increasing the efficiency of the administration, improving management processes and strengthening partnerships with citizens and businesses

For the efficient implementation of new policy instrument - Gabrovo IDP 2021 – 2027 and in parallel of Gabrovo S3, the public-private partnerships have to be encouraged and more effective cooperation between R&D organizations (RIC "Ambitious Gabrovo" and Techno park to Technical University of Gabrovo) need to be executed in the municipality.

Based on the recommendations from Gabrovo Peer review report and the results from updated SWOT analysis long-term measures need to be implemented.

Through IMPROVE project Gabrovo should focus its activities in the AP for improvement and promotion of the industrial potential of Gabrovo, through investments in business infrastructure improvement in the industrial zones and implementation of new local regulations. The relations with local businesses and all the actors in the innovation ecosystem have to be improved. Better cooperation between the educational institutions and the industry should be encouraged, as most of the companies are pointing at the shortage of skilled labour. A better coordination with all quadruple-helix actors for the implementation of Gabrovo S3 is needed, followed by establishment of a good monitoring and evaluation system.

There are existing solutions and good practices within IMPROVE project partnership, which were found during the organized peer reviews and which will support the implementation of the present AP. Those GPs are described down below.



3.2. Main challenges or areas of improvement

Regional barriers and challenges:



Gabrovo Municipality
<p>Strengths: Highly industrialized region with developed business infrastructure and separate industrial zones; presence of university and traditions in engineering staff trainings; human capital with a high entrepreneurial spirit; proactive administration with a vision to support business and entrepreneurship; network experience; existence of a living innovation ecosystem with participation in a large number of structural enterprises in the economy of the North Central Region; successful international partnerships with universities, technology parks and cities in the field of innovation, good business-education interaction; consensus among participants in the innovation ecosystem; identified interest in joint research projects, the presence of a large number of SMEs with a pronounced need for digitalization due to lack of capacity; intensive development of the ICT sector and opportunity for development of joint projects with the industry, aimed at digital industrial transformation;</p>
<p>Weaknesses: not enough local incentives provided to companies; insufficient number of young entrepreneurs and new start-ups; not enough motivated members of the innovation ecosystem; insufficient capacity in the application of modern digital technologies; segmented innovation infrastructure; limited access to know-how; insufficient interaction of business with universities and research structures; poor promotion and positioning of companies in the market due to lack of digital skills; limited use of digital solutions to optimize technological processes; poor business-to-business interaction; poor knowledge of the possibilities of digital technological solutions; limited financial resources; low intensity and productivity of R&D; low level of stakeholder engagement; insufficient interest of young people; discrepancies between the needs of local business and the training of students at the Technical University; lack of talents;</p>
<p>Opportunities: Building a new innovative image of the region; green and digital transformation of the industry; introduction of new e-services in the public sector; access to European expertise; attracting interest from foreign investors and existing companies with foreign participation; participation in international networks and projects; creating successful examples of local R&D business; accelerating business dynamics in knowledge-based sectors;</p>
<p>Threats: Demographic collapse accompanied by an aging workforce; migration; brain drain; lack of opportunities to finance innovation at local level; unstable political situation in the country; COVID-19 negative effect on SMEs; not approved national strategic framework for 2021-2027; not clear division of funds between the OPs of Bulgaria and not approved OP for innovations and competitiveness; not approved Bulgarian Recovery and Resilience Plan by EC</p>



Key stakeholders involved:

- ✓ Local companies in manufacturing and industrial zones – around 300 stable export oriented manufacturing companies in Gabrovo, 30 of which are medium and large companies, which shape the profile of the industry. They are located in 4 industrial zones;
- ✓ ICT companies and start-ups - most dynamic sector, creates new opportunities for young and active people;
- ✓ Regional Innovation Center “Ambitious Gabrovo” – established in 2019 to foster innovations in the region
- ✓ Technical University of Gabrovo @ Tech Park – new R&D infrastructure with established Center of competences with advanced equipped laboratories, which have to be promoted to the companies in the region and invest in human capital
- ✓ Gabrovo Municipality – owner of the policy instrument, responsible for local economic development and recruitment of investments, based on innovations, promotion and branding of Gabrovo economy, development of the industrial zones
- ✓ Trakia Economic Zone – a partner of Gabrovo Municipality based on signed Memorandum of understanding for development of industrial zones and recruitment of investments, and human capital development.

Areas of improvement:

- Increased cooperation between companies and R&D organizations for improvement of innovation ecosystem and growth of innovations in the region through development of innovations and new products development, improvement of the technology transfer by use of the new advanced equipment in the laboratories of Gabrovo Techno Park and RIC Ambitious Gabrovo, development and implementation of smart integrated solutions in the city and SMEs.



- Improved of monitoring and evaluation of Gabrovo S3 2021 -2030

Expected impact: Improved cooperation between main actors in Gabrovo innovation ecosystem; established PPPs for development and implementation of joint projects for territorial investment for innovations and for improvement of industrial zones; improved digital skills; digital transformation of industry; increased number of incentives and services to SMEs; established sustainable partnerships; growth of innovations in the area by at least 10%.

3.3. Identification of best practices relevant for the Policy Instrument



NAME OF THE GP	ARCTIC SMARTNESS
OWNER	LAPLAND REGION
DESCRIPTION	<p>In Lapland, Arctic Smartness concept is the leading initiative for implementing smart specialisation. The implementation of Arctic Smartness is based on regional cooperation, and it works like an ecosystem, where the actors share common goals to develop Lapland. Arctic Smartness Clusters act as engines for the regional development. Networks support the activities of the clusters and projects act as instruments for carrying out individual activities.</p> <p>Arctic Smartness is an approach to regional development established by actors in Lapland, and it functions as an 'umbrella' for all projects implementing smart specialisation in Lapland. Lapland's Arctic Smartness concept gives a shining example of how regions may successfully enhance their development activities and utilisation of EU resources. Dedication, cooperation across different sectors and strong common vision are the key ingredients.</p> <p>Arctic Smartness activities provide stakeholders in Lapland continuous opportunities to participate different networks, both nationally and internationally. This will open up possibilities for new innovation, skills and funding, and furthermore, increase local know-how in regional development.</p>



TRANSFERABILITY ASPECTS TO THE REGION	<p>As Gabrovo S3 was developed based on the shared vision between all quadruple-helix actors and it has the ambition to combine all their interests and goals in order to improve Gabrovo innovation ecosystem. Gabrovo S3 has a similar approach as Arctic Smartness, because it will function as an 'umbrella' for all projects implementing in smart specialisation areas in Gabrovo. Lapland's Arctic Smartness concept gives a shining example of how regions may successfully enhance their development activities and utilisation of EU resources. Dedication, cooperation across different sectors and strong common vision are the key ingredients for success. The appropriate implementation of Gabrovo S3 with involvement of all stakeholders will open up possibilities for new innovations, skills and funding, and furthermore, increase local know-how in regional development.</p>
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NAME OF THE GP	The SmartPuglia 2020 Monitoring System
OWNER	PULIA REGION
DESCRIPTION	<p>Same as Gabrovo, Puglia region has been being affected by a strong reduction of the population, mainly due to migration of young people. Projection trends, show that in the next few years there will be a continuous reduction of the population, which will be accompanied by an increase of the population age average.</p> <p>The regional GDP of Puglia per capita is quite distant from the national and EU27, which is similar for Gabrovo GDP.</p> <p>In accordance with the Regional Innovation Scoreboard (RIS) 2021, Puglia is a moderate innovator with an innovation index of 85.13, despite a national average score of 108.08. Some of the indicators where the region had the best results were: innovative SMEs collaborating with others; foreign doctorate students as a percentage of all doctorate students; SMEs introducing business process innovations; and public private co-publications. The strengths of Puglia region are very visible in their SOA and Gabrovo Municipality is interested to acknowledge the different organisations involved in the implementation of the different measures; the enterprises benefiting from regional measures and the involvement of the economic and social partnership for the definition of individual measures.</p> <p>The presence of multinational companies in Puglia was presented as a regional strength, being acknowledged their importance for the insertion of the region into global value chains and to push for the industrial transition in Puglia. This is very similar to Gabrovo economy. The multinational companies have more specific needs, but their value chain can be transformed also through introduction of new local</p>



	<p>suppliers, based on their capacity. As in Gabrovo, in Puglia region they also recognized that the existence of sectors more linked to the territory and mainly represented by SMEs, could be a strength, which can be used to increase GDP.</p> <p>The main smart specialization sectors of Gabrovo are similar to the sectors of Puglia, as advanced mechanics, electronics and automation. Within all GPs presented by Puglia region, one is the most interesting for Gabrovo - SmartPuglia 2020 Monitoring System.</p>
TRANSFERABILITY ASPECTS TO THE REGION	<p>After the approval of Gabrovo S3, one of the main challenges during its implementation will be the establishment of a good monitoring and evaluation system, based on SmartPuglia 2020 Monitoring System.</p>

4. Action Plan

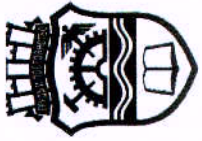


4.1. General description

Within the implementation of IMPROVE project two good practices have been identified by Gabrovo Municipality, which are chosen to be implemented for improvement of the policy instrument which for the next programming period is Gabrovo IDP 2021-2027 and Gabrovo S3. Also the recommendations sent by our reviewer in Improve project - Tartu, Estonia after Gabrovo peer review are taken in mind in present action plan.

First good practice is Arctic smartness of Lapland Region, from the IMPROVE project partner from Finland, which is implemented in Gabrovo Action plan. This good practice we would like to apply in Gabrovo and the cooperation between business, R&D institutions and local government.

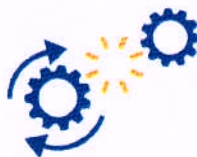
The second good practice is related to the well-developed monitoring and evaluation system for the implementation of RIS3 of Puglia region.



4.2. Action 1

4.2.1. Summary of the action

Context of the Action Plan	Instrument to be improved	Gabrovo Integrated Development Plan 2021 – 2027 (IDP)												
	Policy instrument tackled	Gabrovo Integrated Development Plan 2021 – 2027 (IDP), Gabrovo S3												
Name of the ACTION 1		Priority												
SMART GABROVO														
Activities		Funding Sources	Costs	2021			2022			2023				
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1	Increased cooperation between companies and R&D organizations for improvement of innovation ecosystem and growth of innovations in the region	RIC budget + private investments	15 000 euro	-	-	-	-	-	-	-	-	-	5000	5000
2	Improved monitoring and evaluation of Gabrovo S3 2021-2030	-	-	-	-	-	-	-	-	-	-	-	-	-
Players Involved		Indicators/ Monitoring												
Responsible		Functions						Indicators						
A	Gabrovo Municipality	Coordination, monitoring and evaluation						Growth of innovations in Gabrovo municipality						
B	Regional Innovation centre "Ambitious Gabrovo"	R&D, cooperation with companies and provision of services						Number of innovative projects/number of services/ number of trainings						
C	Gabrovo Techno Park - Technical university of Gabrovo	R&D, cooperation with companies, trainings and capacity building						Number of innovative projects; number of trainings; number of services						
		1,2												
		1												
		1												
			No						10%					
			1						1					
			1						1					



4.2.2. Relevance to the project

Two good practices have been identified by Gabrovo Municipality within the implementation of IMPROVE project, which will be used for improvement of the implementation of Gabrovo IDP 2021-2027 and Gabrovo S3. Also the recommendations sent by our reviewer in Improve project - Tartu, Estonia after Gabrovo peer review will be taken in mind in present action plan

First good practice is Arctic smartness of Lapland Region, from the IMPROVE project partner from Finland, which is implemented in Gabrovo Action plan. Arctic smartness is an initiative for implementing smart specialisation. The implementation of Arctic Smartness is based on regional cooperation, and it works like an ecosystem, where the actors share common goals to develop Lapland. This good practice we would like to apply in Gabrovo and the cooperation between business, R&D institutions and local government.

The second good practice is related to the well-developed monitoring and evaluation system for the implementation of RIS3 of Puglia region. The main pillars of Puglia RIS3 are similar to those in Gabrovo S3. Both territories are specialized in mechatronics, electronics and automation. The trends and structure of the economy are also similar. At the same time Puglia region has large experience in development and implementation RIS3. After the approval of Gabrovo S3, one of the main challenges during its implementation will be the establishment of a good monitoring and evaluation system. That is why Gabrovo identified as a second good practice - SmartPuglia 2020 Monitoring System.

4.2.3. Nature of the Action

Activity 1: Increased cooperation between companies and R&D organizations for improvement of innovation ecosystem and growth of innovations in the region.

For the implementation of Activity 1 a Cooperation Team will be established with participation of Gabrovo Municipality, Regional Innovation Center, Techo park to the Technical University of Gabrovo, Chamber of Commerce, District Government and



companies. Activity 1 is developed based on the good practice of Lapland region – Arctic Smartness.

The Cooperation team will meet twice per year and during the meetings it will review the potential innovative projects within Gabrovian industry in partnership with RIC and Techno park Gabrovo. The agenda for the meeting will be prepared by a Secretariat, established by expert from Gabrovo Municipality and RIC.

The main goal of Gabrovo Cooperation Team will be to find new niches for partnerships for development of joint projects between existing companies and RIC and Techno Park.

This cooperation will improve Gabrovo innovation ecosystem and will foster innovations in the region.

The Activity will support also the technology transfer by use of the new advanced equipment in the laboratories of Gabrovo Techno Park and RIC Ambitious Gabrovo, development and implementation of smart integrated solutions in the city and SMEs.

Activity 2: Monitoring and evaluation of Gabrovo S3 2021 -2030.

Activity 2 will be implemented through improvement of the monitoring and evaluation of Gabrovo S3, based on the identified good practice of Puglia region. A set of indicators will be developed to measure the number of new established partnerships for joint innovative projects between companies and RIC, and Techno park. The monitoring and evaluation will be done on annual basis and will include the annual report of RIC and Techno park, also in regard to involvement of PhD students in innovative projects. The monitoring and evaluation will be executed by the Cooperation Team.

Expected impact. Improved cooperation between main actors in Gabrovo innovation ecosystem; established PPPs for development and implementation of joint projects for territorial investment for innovations and for improvement of industrial zones; improved digital skills; digital transformation of industry; increased number of incentives and services to SMEs; established sustainable partnerships; growth of innovations in the area by at least 10%.



4.2.4. Stakeholders involved

Main stakeholders involved in the processes:

- ✓ Local companies in manufacturing and industrial zones – around 300 stable export oriented manufacturing companies in Gabrovo, 30 of which are medium and large companies, which shape the profile of the industry. They are located in 4 industrial zones;
- ✓ ICT companies and start-ups - most dynamic sector, creates new opportunities for young and active people;
- ✓ Regional Innovation Center “Ambitious Gabrovo” – established in 2019 to foster innovations in the region
- ✓ Technical University of Gabrovo @ Tech Park – new R&D infrastructure with established Center of competences with advanced equipped laboratories, which have to be promoted to the companies in the region and invest in human capital
- ✓ Gabrovo Municipality – owner of the policy instrument, responsible for local economic development and recruitment of investments, based on innovations, promotion and branding of Gabrovo economy, development of the industrial zones
- ✓ Trakia Economic Zone – a partner of Gabrovo Municipality based on signed Memorandum of understanding for development of industrial zones and recruitment of investments, and human capital development.

4.2.5. Timeframe

Activity 1: Increased cooperation between companies and R&D organizations for improvement of innovation ecosystem and growth of innovations in the region.

The activity will be started to implement in the 4th quarter of year 2022 and will continue during the end of the project in 2023. For the implementation of Activity 1 a Cooperation Team will be established in the end of this year (2022) with participation of Gabrovo



Municipality, Regional Innovation Center, Techno park to the Technical University of Gabrovo. Chamber of Commerce, District Government and companies. The Cooperation team will meet twice per year and during the meetings will review the potential innovative projects within Gabrovian industry in partnership with RIC and Techno park Gabrovo.

Activity 2: Improvement monitoring and evaluation of Gabrovo S3 2021-2030.

Based on the identified good practice of Puglia region Gabrovo municipality will improve the monitoring and evaluation of S3, which is an ongoing process during the project after the 3rd quarter of 2022. A new set of indicators will be developed to measure the number of new established partnerships for joint innovative projects between companies and/or RIC, and Techno park Gabrovo. The monitoring and evaluation will be done on annual basis.

4.2.6. Cost and funding sources

Activity 1 will be funded by the annual budget of Regional Innovation Centre Gabrovo where more than 10 companies and local/regional institutions are members. Also private investments will be in mind.

4.2.7. Monitoring of the activities

The activities will be monitored by the team of Improve project in Gabrovo Municipality, based on the indicators in the two activities – created agendas for the meeting of the cooperation team, participants list and short summary and/or report of the meeting suggestions and decisions done by the Secretariat (Activity 1).

The new established partnerships and developed joint innovative projects, services and trainings, with active participation of companies, RIC and Techno park, will be a result of from the implementation of both activities (Activity 1 and Activity 2) in this plan.

The successful implementation of this action plan will be approved by the following results:

- ✓ Increased cooperation between main actors in Gabrovo innovation ecosystem;



- ✓ New established PPPs for development and implementation of joint projects for territorial investment for innovations and for improvement of industrial zones;
- ✓ Improved digital skills;
- ✓ Started digital transformation of industry measured by number of innovative projects and/or trainings;
- ✓ Increased number of incentives and services to SMEs;
- ✓ Established sustainable partnerships;
- ✓ Growth of innovations in the area by at least 10%.

Date:

10.06.2022

Signature:

Function:

Organisation:

Stamp of the organisation:

