CARPE DIGEM
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# CARPE DIGEM
# Action Plan
## Partner: PP7 BAA Bulgaria


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# 1 EXECUTIVE SUMMARY

In the last years after the COVID-19 outbreak many financing schemes under the Bulgarian operational programmes and the one tackled by CARPE DIGEM in Bulgaria – OPIK 2014-2020, have been cancelled to allow the managing authorities to reallocate the available funds for new forms of response to the crisis nd mainly as a direct financial support to the companies. This affected heavily the opportunities open to companies in Bulgaria to receive support for their digitalization. On the other side, no funds were left for additional schemes and measures. For this reason, BAA Action plan is re-focused at a new policy instrument for the actual programming period - Research, Innovation and Digitalization Program for Smart Transformation 2021-2027 – RIDPST.

Here is information on the new policy instrument:

Programme "Research, Innovation and Digitalization for Smart Transformation" 2021-2027(ERDF)

"The Research, Innovation and Digitalization for Smart Transformation Program (PNIIDIT) meets Bulgaria's strategic needs and priorities for implementing a common policy for the development of research and innovation and for digitizing the public sector with a view to creating conditions for governance based on of data in favor of the accelerated economic development of the country. The ambition is to increase the benchmarks for our innovative performance and transition from emerging to "moderate" innovator by 2030 and for the penetration of digital technologies in the economy and society, reaching the EU average by the end of the programming period. The program is one of the instruments for achieving these goals together with the interventions set out in the National Recovery and Sustainability Plan (NAP) and the national instruments - National Innovation Fund, Research Fund, National Research Programs.

In the context of the new socio-economic reality after Covid-19 and the priorities of the digital transition, the program responds to the need to accelerate public sector digitalisation processes and build a favorable digital environment for the benefit of citizens, businesses and research organizations. high quality and secure exchange of information between them. The program contributes to building an efficient and sustainable research and innovation ecosystem, data-driven e-government and national cybersecurity to deal with crises and emergencies, and to meet societal and global challenges.

The program contributes to the achievement of Policy Objective 1 "A smarter Europe by promoting an innovative and smarter economic transition" through the following specific objectives:

□ Specific objective (i) development and strengthening of research and innovation capacity and implementation of modern technologies;

□ Specific objective (ii) mastering the benefits of digitalisation for citizens, companies, research organizations and public authorities;

□ Specific objective (iv) development of skills for smart specialization, industrial transition and entrepreneurship.

Priorities

The interventions envisaged in the program are organized in two priorities: 1) Sustainable development of the Bulgarian research and innovation ecosystem and 2) Digital transformation of the public sector.

Bulgaria lags other EU member states in terms of digitalization of the economy. The EC's Index on the Entry of Digital Technologies into the Economy and Society (DESI) for 2021 ranks the country 26th in the EU, in the cluster of low-performing countries. The main challenges facing Bulgaria are related to the very low level of skills in the field of digital technologies in the population and the low level of implementation of digital technologies in business. The country's focus is at technological transformation of the economy and catching up with its digitalization through targeted and focused support, one of the tools of which are the ERDF programmes like the new Research, Innovation and Digitalization Program for Smart Transformation 2021-2027 – RIDPST. According to many surveys on the level of digitalization in the country the companies are not prepared to fully benefit digitalisation opportunities because they are not aware of them, they are not skilled enough, they lack sufficient funding and need to be supported to explore the latest technological innovations before they invest.

Fully in line with the planned actions on the cited above policy instrument RIDPST this Action plan plans 1 important action – a newly designed funding measure. Other supporting activities are planned, related to the amendment of the relevant strategic instrument (RIS3) to address the SMEs needs to increase their capacity to implement innovative digital technologies related to their business and operational processes and to ensure stable conditions for SMEs to identify and explore innovations that will boost their competitiveness.

The action is inspired and based on the good practices from regions participating in CARPE DIGEM project, The interregional learning throughout the project interactions

resulted in designing an action that stimulate the ripening of Bulgarian digital innovation eco-system and boosts the conditions for additional uptake of digital solutions among Bulgarian SMEs. The measure complement and amplify the already planned groups of actions in the selected policy instrument. It results from the extended use of existing high quality innovation capacity in innovation leader/strong regions to Bulgaria as a modest region to accelerate adaption and availability of digital technology and solutions.

Action 1 answers the need for a long-postponed decision on supporting the establishment and development of a national network of digital innovation hubs in most of the larger cities – up to 10 out of the 28 district centers. We expect around 10 innovation hubs from across the country to be supported within Research, Innovation and Digitalization Program for Smart Transformation 2021-2027 – RIDPST.

For the territory of Bulgaria 4 (four) project proposals have been approved, which will be co-financed by the Digital Europe Programme and the "Programme for Research, Innovation and Digitalisation for Smart Transformation".

In 8 (eight) Bulgarian project proposals, the European Commission has awarded a Seal of Excellence Quality Label. These projects will also be able to apply for support through the "Research, Innovation and Digitalisation Programme for Smart Transformation". By the end of July, the Directorate General for European Funds for Competitiveness at the Ministry of Innovation and Growth will hold meetings with all winners.

It is intended to act as a contact point of the European Commission in supporting the implementation of specific sectoral policies, policies aimed at enterprises (including SMEs, mid-caps, scale-ups) and the public sector.

These hubs will ensure that all Bulgarian SMEs will have at reachable distance to their place of origin across the country access to up-to-date knowledge, consultancy and testing facilities related to digitalisation.

# 2 GENERAL INFORMATION

- **Project: CARPE DIGEM**
- **Partner organisation: BUSINESS AGENCY ASSOCIATION**
- **Country: BULGARIA**
- **NUTS2 region: Severoiztochen**
- **Contact person:**
  - **Email: silvia.stumpf@vba.bg**
  - **Phone number: 00359887389999**

# 3 POLICY CONTEXT

The Action Plan aims to impact:

☒ Investment for Growth and Jobs programme

☐ European Territorial Cooperation programme

☐ Other regional development policy instrument

Name and reference of the policy instrument addressed:

***Research, Innovation and Digitalization Program for Smart Transformation 2021-2027 – RIDPST – NEW***

# 4 ACTION 1

1. **ACTION 1: Establishment and development of a national network of digital innovation hubs in up to 10 districts in Bulgaria.**

We aim to add a new activity to the main types of activities, namely, to open a funding scheme for the creation of digital innovation hubs and to elaborate a detailed guide on how to set up and run a digital innovation hub in Bulgaria as a country with prevailing traditional and low-tech industries.

The main goal of the intervention is in response to the challenge of overcoming regional imbalances in preparing SMEs and public institutions to respond to the need for digital transformation, to reduce centralization and concentration and stimulate socio-economic development in different regions of the country by supporting increasing the competitiveness of SMEs. Support is provided using the Integrated Territorial Approach instrument for activities set out in the Integrated Territorial Strategies at NUTS II level. The intervention provides 100% funding for the first 3 years of operation of the CIH. The projects are in the thematic areas of ISIS 2021-2027. The intervention is in coordination with the other interventions of this program and the activities for digitalization of enterprises under the programme..

The specific proposal is to organise activities that will support the final enlargement of activities that will add a specific action to the Programme group of activities.

We aim to achieve to be added to:

The main types of actions within the scope of 2.1.1.1. Specific objective2 - repeated for each selected specific objective, for priorities other than technical assistance SC (i) Development and capacity building for research and innovation and absorption of modern technologies, Priority area 2: Technology and knowledge transfer (before (the European Digital Innovation Hubs (eDIH)) the action:

**"Establishment and development of a national network of digital innovation hubs in up to 10 districts in Bulgaria"**

We would like to achieve the addition to:

"Indication of the specific target areas, including the planned use of territorial instruments - Article 22 (3) (d) (v) of the CPR"

"The types of activities include: 1) the creation and development of regional innovation hubs; 2) construction and creation of specialized research and innovation infrastructure as part of the development of industrial parks; 3) support for projects for

construction of regional digital hubs, which have successfully passed the EC selection procedure and received the "Seal of Excellence"; 4) pilot initiatives related to the support of new models of interaction between research organizations, higher education institutions and businesses in the respective region; and 5) support for innovation clusters.", of the following new Item: **6) support for the establishment of Digital innovation hubs in the regional centers**

To further support the implementation of Action 1 activities in supporting the improvement of RIS3 of Bulgaria towards enhancing the conditions for reaching the average European level for the penetration of digital technologies in the Bulgarian economy and society are planned.

We aim at mobilising the efforts of stakeholders in the business in the field of ICT, industry, science and government for ensuring a better governance of the RIS3 by promoting better coordination and collective action. Effective functioning of entrepreneurial discovery process is crucial for an effective RIS3 so we aim at supporting the operationalisation of this process so the DIHs from Action 1 could directly ensure the adequate services to businesses and innovations identified through the EDP. We plan to start the initiative "Smart labs", inspired by Irish practices of ERNACT in CARPE DIGEM project. These Labs will be focus groups which will include business representatives, research institutions, intermediary organisations, public administrations and experts. Their task will be to identify, support, assess and review Smart Specialisation priority areas. The Labs will also be expected to promote the design and implementation of common projects in specific fields. They will also start and run Entrepreneurial discovery process platforms for their continuous non-stop networking interaction.

## 4.1 BACKGROUND

Bulgaria lags other EU member states in terms of digitalization of the economy. The EC's Index on the Entry of Digital Technologies into the Economy and Society (DESI) for 2021 ranks the country 26th in the EU (ahead of Greece and Romania), in the cluster of low-performing countries. The main challenges facing Bulgaria are related to the very low level of skills in the field of digital technologies in the population and the low level of implementation of digital technologies in business.

The main directions for reaching the average European level for the penetration of digital technologies in the Bulgarian economy and society, set in the draft Strategy for Digital Transformation of the Economy 2020-2030 are:

- Improving the cooperation between the business in the field of ICT, industry, science and government, by orienting research to the technological trends of Industry 4.0 and promoting the opportunities for participation in various international initiatives in the field of digitalization.

- Technological renewal of the Bulgarian industry, by creating models for exchange of experience, good practices and implementation of new business models.

- Building human, scientific, organizational and institutional capacity for the development of Industry 4.0 in Bulgaria, by increasing digital skills and adapting qualification systems to new technological challenges.

- Promoting the use of artificial intelligence technologies in industry in Bulgaria.

At the national level, Bulgaria has the capacity and is recognized as a center for the development of information technology, with a developed start-up ecosystem, proven expertise in managing outsourced business processes and well-developed infrastructure that meets modern technological challenges. Bulgaria is among the countries with the fastest internet in the world and a modern technology park. The focus on the new cyber-physical systems, which are the basis of Industry 4.0, allows to upgrade this experience and to modernize the Bulgarian production facilities.

The main goal of the government for the period until 2030 is technological transformation of the economy and catching up with its digitalization through targeted and focused government support, while increasing specialization in products and industries characterized by higher technological and R&D intensity (and therefore - and with higher added value), which will allow to occupy better and more prestigious positions in global value chains.

It is necessary to stimulate investment in high value-added developments and the use of modern technologies. These investments are an important source of innovation, productivity and therefore the competitiveness of the economy.

Providing appropriate conditions for digital business transformation and providing adequate support in this process will create an opportunity to win higher market shares in existing and emerging product niches.

During the past programming period, 703 digital innovation hubs were created and registered in the EU as eligible for EC requirements as one-stop shops to support the

digital transformation of business and the public sector. Many different national, cross-border and European programs have supported the establishment and validation of these centers, which can be found here: https://s3platform.jrc.ec.europa.eu/digital-innovation-hubs. Only in Bulgaria under any operational program no support was undertaken for the establishment of such centers. By 2022, only one in Burgas has been approved as a fully operational digital innovation hub, created with private funding, and 4 registered in the "evolutionary phase" in Sofia. In the other countries of the group of innovators, which includes Bulgaria, at least 10 are financed with public funds from the national operational programs of the previous programming period - 10 in Romania, 10 in Hungary, etc.

In Bulgaria, the financing of the hubs was planned during different periods under OPIC 2014-2020 and NEIR 2014-2020, but did not fall within the programmed measures, and as a result of the crisis with KOVID-19 the funds that could finance DIH were redirected to support businesses.

Thus, Bulgaria turned out to be the only country in the EU without a national program for the establishment of the DIH.

The European Commission launched the Digital Industry Initiative (DEI) in April 2016. As part of the Digital Single Market Strategy, the DEI initiative aimed to strengthen the EU's competitiveness in digital technologies and ensure that every business in Europe - independently from the sector, wherever the location is, regardless of size - can reap the full benefits of digital innovation. Building on and complementing the various national initiatives to digitize the industry, DEI's actions have been structured around five main pillars, one of which has been the creation of digital innovation hubs in all EU countries.


Digital innovation hubs are one-stop regional centers close to business, not just in capitals and big cities, that help companies become more competitive in their business / manufacturing processes, products or services using digital technologies. . The centers also provide support for the implementation of these innovations, if necessary, throughout the value chain. The centers are one of the key pillars of the European Commission's initiative to digitize European industry. Companies can benefit from CCIs to better understand how to improve their processes, products and services through digital technologies - in particular micro, small and medium-sized enterprises (SMEs) and public organizations, in their digital transformation, offering them services such as:

1. Pre-investment testing - experimenting with new digital technologies - software and hardware - to understand new opportunities and return on investment, including demonstration facilities and pilot projects.

2. Skills and training to make the most of SMEs from digital innovation: training programs for trainers, training camps, traineeships, curriculum exchanges and training materials.

3. Investment support: feasibility studies, business plan development, incubation and acceleration programs

4. Innovation ecosystem and networking opportunities through markets and brokerage activities

The European Union, EU countries and regions are working together to make the most of companies and the public sector from the Centers for Digital Innovation:

- The EU has supported the cooperation of digital innovation hubs to network across the EU, where companies can access all the necessary competencies that are not available in their local centers.

- Member States, excluding Bulgaria, have ensured that their national strategy supports the establishment of digital innovation hubs and provides the necessary funding. Thirteen EU countries have included digital innovation hubs in their national digitization strategies, and others have planned to do so.

IN THE NEW EU PROGRAM PERIOD 2021, Digital innovation hubs play a key role as centers to ensure the widespread use and access of digital technologies in the economy and society by both business and the public sector. A network of digital innovation hubs already provides the widest geographical coverage in all of Europe, except for Bulgaria. The EU is stepping up its commitment to digital innovation hubs from 2022 onwards through the Horizon Europe Support Program for experiments in which highly innovative companies work with digital innovation hubs to develop new digital solutions to improve their business. The Digital Europe program plans to increase the capacity of digital innovation hubs to deliver the benefits of strategic digital technologies - such as high-performance computing, artificial intelligence, cybersecurity - and advanced digital skills for all businesses, especially SMEs, and the public sector.

Due to the wide penetration of CCIs in Europe, the EC offered in the DIGITAL EUROPE PROGRAM additional support for the most mature and sustainable centers already operating in the member states; "European digital innovation hubs will have both local and European functions. EU funding will be provided to centers that are already (or

will be) supported by their Member States (or regions) to increase the impact of public funding. The Digital Europe program will increase the capacity of the selected centers to cover activities with clear European added value, based on networking the centers and promoting the transfer of expertise. The initial EDIH network will be set up from a list of centers designated by the Member States. "(European Digital Innovation Hubs in Digital Europe Program).

This program, because of the announcement of which organizations were established and applied for in order to be recognized and funded as European Digital innovation hubs, provides for upgrading and further development of existing centers across the country. Such as have not been created or supported by public funds only in Bulgaria. The NDIIT Program states that "ECIHs are the next level of research and innovation infrastructure and function as counters that help companies respond dynamically to digital challenges and become more competitive. The ECIH supports companies by providing information, advice and services to improve their business and production processes and to create products or services based on digital technologies. "

Bulgaria has not built the first level from which to grow the ECIC as a highly specialized center, which mainly affects SMEs, especially outside Sofia and Burgas, or several other regional cities, from which newly formed organizations apply for funding under the ECIC program.

For this reason, we propose to organise a series of activities to mobilise stakeholders and institutions to support the process for inclusion of the following additions to the NDIIT, which will allow Bulgaria to catch up with the delay in setting up a nationwide network to provide services to support the digitalisation of SMEs and the public sector. Thus, support for consultations and trainings in the field of digitalization needs of SMEs will be provided outside the big cities and industrial centers.

The proposal meets Bulgaria's strategic needs and priorities for implementing a common policy for the development of research and innovation and for the digitalisation of the public sector and SMEs, providing infrastructure to support SMEs and organizations to go through the process of digital transformation. The ambition is the measure to provide conditions for increasing the measures for our innovative performance and transition from "emerging" to "moderate" innovator by 2030 and for the penetration of digital technologies in the economy and society, reaching the EU average by the end of the programming period.

In the context of the new socio-economic reality after Covid-19 and the priorities of the digital transition, the proposed additional action is a response to the need to accelerate the digitization of SMEs and the public sector.

The proposal contributes to Policy Objective 1 "A smarter Europe by promoting an innovative and smart economic transition" on Specific Objective (ii) Harnessing the benefits of digitalisation for citizens, companies, research organizations and public authorities and Specific Objective (iv) development of skills for intelligent specialization, industrial transition, and entrepreneurship.

The proposal will provide national coverage with centers to support the policy priorities set out in the Partnership Agreement related to increasing the pace of digitalisation of the public sector for the benefit of citizens and businesses and to the priorities related to sustainable business growth, development of entrepreneurial ecosystem and business environment and digitalization of enterprises.

The proposal proposes a solution to some of the "main challenges to Bulgaria's development related to the lack of access to support for digitalization of the economy", cited below:

„1. Poor results in the field of innovation activity of enterprises - a result of low competitiveness and predominant low-tech structure of the economy and insufficient development of the research potential of the country.

The mid-term evaluation of the Operational Program "Innovation and Competitiveness" (OPIC 2014-2020) presents the following conclusions: 1) in general, companies do not focus on original research and development activities, as a result of which innovative processes or services are created. a direct approach to the introduction of a new product or service, successfully implemented in practice through the purchase, installation and operation of new equipment; 2) business finds it difficult to recognize the scientific community and universities as their adequate partner in the development and improvement of their economic activities; and 3) at the level of approach - despite the territorial prioritization in the distribution of support, the differences between the capital region and other regions are large and continue to deepen.

2. Continuing regional disparities in the development of scientific and innovation potential and results

In 2021, all planning regions in the country fall into the group of "emerging" innovators (representing less than 70% of the European average), continuing the trend of increasing distance between them. All regions registered an increase in their innovation index, the most serious being the South-West Planning Region (11.4), the North-East (8.4) and the South-Central (6.2). The most insignificant is the change in the South-East region with only 0.7% growth, as this region together with the North-West

(4.7) are in the lower subgroup of "start-up" innovators with a performance below 34.1% of the EU average.

The South-West Planning Region (SWR) is the only representative of the country in the upper sub-group of "start-up" innovators, representing between 52.1% and 70% of the EU average. The region registered an increase of 11.4% compared to 2014. Due to the concentration of universities and high-tech business, the region is a leader in terms of indicators for employed specialists in the field of information technology.

On the one hand, these intra-regional differences are a natural consequence of the processes of globalization, which require a wider range of skills and knowledge, which are located mainly in Sofia and two or three other cities. On the other hand, such an innovative divergence between regions hinders their cooperation. It is therefore necessary to seek to deepen the administrative capacity to pursue innovation policies by region, as well as to better integrate local and national needs.

3. Much lower national investment in e-government than other countries in Europe due to which the country fails to reach the levels of digitalization compared to those in more advanced economies

According to the European Commission's Index on the Entry of Digital Technologies into Economy and Society (DESI) for 2020, despite the improvement of its overall result, Bulgaria remains in last place among EU member states. This is due to the unsatisfactory results that the country has on most indicators in the Index, while other EU members are making significant progress in these areas of digitalization.... The country also ranks last in terms of digital integration, with an overall score of 17.9 points, compared to the EU average of 41.4 points. The key here is lagging in terms of electronic information sharing, big data, the use of cloud services - all priority topics on the EU's agenda for digital transformation until 2030. Only in 2020 Bulgaria is reported on the indicator of free access data, lagging the EU average by 10% .... Citizens and businesses still use e-government tools at a much lower intensity than citizens and businesses in other EU countries - the challenges are not just in terms of of supply, but also from the demand for digital public services, therefore approaches and solutions should be sought to expand the range of digital services available in the public sector, proactively offer and stimulate the use of digital public services and products, according to the needs of citizens, business, the scientific community, etc., ie personalization of public services and products; "

On the other hand, the proposal is in line with the Strategy for Digital Transformation of Bulgaria 2020 - 2030, which sets the framework of the country's policy in the field of

digital transition for the next ten years to reach the European average level of digital technology penetration. the Bulgarian economy and society.

The proposal also comes in response to the lessons learned from the NDIIT, as with its services to SMEs and organizations in terms of increasing their digitalization and readiness for digital transformation, the hubs will contribute to "Taking initiatives for overall change and transformation on the approach to digitalisation of the public sector in line with European and global digital development, "The impact of the COVID-19 pandemic and the growing potential of cybersecurity perpetrators"

The proposal will ensure the creation of a regional infrastructure for the realization of Bulgaria's ambitions as part of the Path to the Digital Decade to deliver the EU's digital transformation by 2030 - the concrete plan to achieve digital transformation of European society and economy by 2030. The proposed road will ensure the operation throughout the country of centers for turning the digital ambitions of Bulgaria and the EU for 2030 into concrete results.

The proposal also responds to the EC's Digital Compass to translate the EU's digital ambitions for 2030 into concrete action, in particular in points 3 and 4 of the 4.

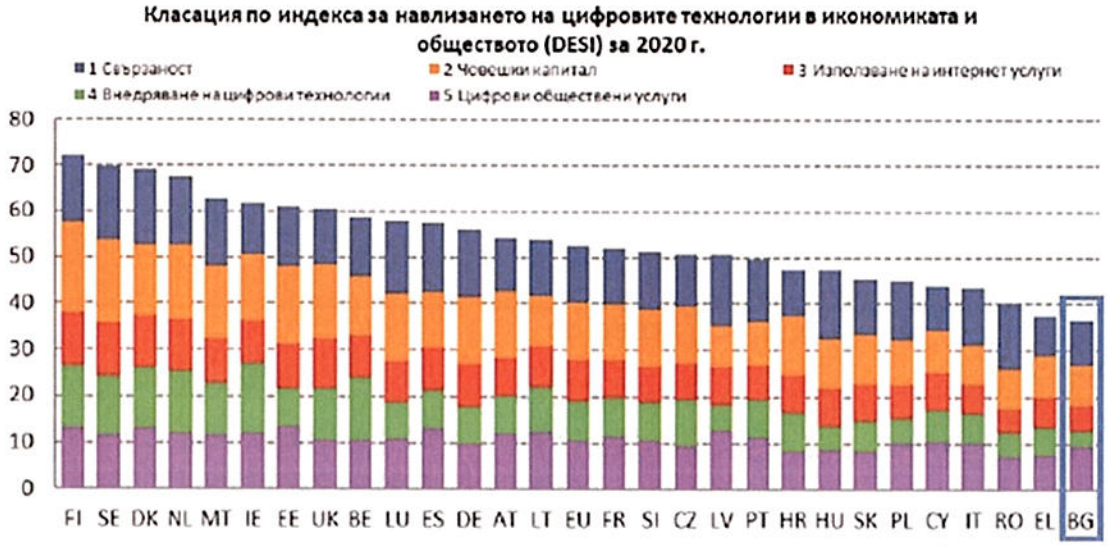
3) Digital transformation of the business; By 2030, three out of four companies should use cloud computing, big data and artificial intelligence; more than 90% of SMEs must reach at least a basic level of digital intensity; and the number of unicorns in the EU must double.

4) Digitalization of public services; By 2030, all key public services must be available online; all citizens will have access to their electronic medical records; and 80% of citizens must use an electronic identification solution.

In addition, we enclose information from the EC's annual report on the Digital Economy and Society Index (DESI), 2020 (The Digital Economy and Society Index - DESI 2020). It compares the Member States of the European Union and their progress in the field of digital technologies on five indicators - connectivity, human capital, use of Internet services, implementation of digital technologies and digital public services.

In 2020, Bulgaria again ranks 28th in the index. According to DESI 2020, Bulgaria needs to increase digital skills, improve the skills, and retrain of the adult population, and participation in adult learning is low. According to the indicator use of Internet services, 24% of the population of Bulgaria have never used the Internet, and only 64% are users (for comparison, the EU average is 85%). Important in terms of improving digital skills is the extremely low percentage of the population using the Internet who participate in online courses - 3%. On the other hand, Bulgaria shows higher than the

EU average for video calling (85%) and the use of social networks (78%). Digital skills go hand in hand with the integration of digital technologies, where Bulgaria is again in last place. Only 7% of small and medium-sized enterprises sell online (18% for the EU) and only 3% of them make cross-border sales.




In case digital innovation hubs at least one in the regional centers finally work at the same time in Bulgaria, SMEs and organizations will be able to receive services in one place to support their digitalization in parallel with the services provided by other programs to improve employees' digital skills. .

The proposal builds on the experience gained from the study of experience regarding the creation and effectiveness of digital innovation hubs in 8 countries under the project "PGI05884 Carpe Digem - Catalysing Regions in Peripheral and Emerging Europe towards Digital Innovation Ecosystems / Carpe Digem" under the Interregional Cooperation Program Europe 2014-2020.

## 4.3 4.2 KNOWLEDGE APPLIED FROM CARPE DIGEM

| Partner good practice/experience (please, detail: good practice name, short description and location) | How this good practice/experience has contributed to the actions developed in your Action Plan (detail any transfers, full or partial of good practice) |
|---|---|
| **ACTION 1** | Based on:<br><br>1. L'INKUB and 'Le Village' by CA – Nevers (Nievre Numerique partner, France)<br><br>Inspiration on how In an economically peripheral area such as Nevers with continuing population decline and lack of business start ups, the development of Digital Innovation ecosystems mobilises both private and public initiatives to create physical hubs and innovation networks that facilitate clustering, access to high speed digital infrastructure and that support new business activity.<br><br>2. 4PDIH – Public, Private, People, Partnership Digital Innovation Hub (Slovenia)<br>An inspiration for an efficient model to be followed when addressing efficient digital transformation of public administration. Part of the services are used as inspiration for the Action 1.<br><br>3. Balearic Islands regional innovation ecosystem-DIHBAI-TUR (Regional Government of Baleares, Spain) |

| | |
|---|---|
| | An inspirational model on how a digital innovation hub could drive forward a traditional industry as tourism thanks to its holistic approach in digitalisation services.<br><br>4. Donegal Digital Transformation Ecosystem (ERNACT partner, Ireland) – The GP guides on how to answer to the Low levels of research activity and adoption of emerging innovation approaches needed through mobilising relevant stakeholders.<br>- The following objectives of the GO serve as inspiration for Action 2:<br><br>-Utilise extended community as the key dynamic to implement digital transformation<br><br>-Build upon the strong foundation of the Letterkenny digital cluster to create new enterprises<br><br>-Increase the level of digital research and innovation being carried out to allow us to address future generations<br><br>The objectives are achieved by several actions agreed by the members of the ecosystem who take responsibilities in their delivery according to their targets and expertise. They include the stimulation of digital technologies in the small traditional businesses, digital transformation of key sectors such as food, tourism and energy, provision of innovative digital public services, connecting talent to transfer digital research, to name some. All of them are underpinned by the provision of high-speed broadband and a network of Digital Innovation Hubs (DIHs) distributed throughout the County. |

| | |
|---|---|
| | |

## 4.4 ACTION DESCRIPTION

| *Main objectives* | *Value brought by this action into the region* | *Players involved and role in the implementation and collaboration between them* |
|---|---|---|
| *Action 1: To address the SMEs needs to increase their capacity to implement innovative digital technologies related to their business and operational processes* | *-Number of regional DIH working in network under the CARPE DIGEM approach – at least 2 from Bulgaria*<br><br>*-New companies exploiting digital tools and services in the area of: Digital education; Healthcare; Creative industry; Tourism; Energy Industrial design and Media (measurement unit: n° of SMEs) – at least 3 from Bulgaria*<br><br>*-The number of Digital Innovation projects resulting from CARPE DIGEM – at least 2 from Bulgaria*<br><br>*-increase of 15% in the number of SMEs benefiting from exploring new technologies applicable in their business operations* | ***RIDPST** MA, business clusters, universities, working together*<br><br>***RIDPST** MA, business clusters, universities, working together* |

| | | |
|---|---|---|
| | | |

## 4.5 TIMEFRAME AND FUNDING

*Include here the timeframe for the project funding application and set-up/implementation process. Note: this chart will be key for the reporting procedure on the indicators given in the Application Form (Number of Projects and Investments relating to your PI and other Policy Instruments)*

| *Project/Action Investment Line/Funding Source + Amount (please state each source of funding)* | *Submitted For Funding* | *Funding Decision* | *Project Start Date / Finish date* | *Other key milestones* |
|---|---|---|---|---|
| ***Action 1, RIDPST 2020-2027,1 000 000 EUR*** | *February 2023* | *July 2023* | - | - |

*At the moment of creation of action plan, four project had already been approved for the territory of Bulgaria, which will be co-financed by the Digital Europe Programme and the "Programme for Research, Innovation and Digitalisation for Smart Transformation". In eight Bulgarian project proposals, the European Commission has awarded a Seal of Excellence Quality Label. These projects will also be able to apply for support through the "Research, Innovation and Digitalisation Programme for Smart Transformation".*

## 4.6 WORKPLAN

*Include an outline of the Work-plan for each project. A suggestion could be to breakdown the Work-plan in work packages and tasks as below:*

| ACTION 1 | Tasks |
|---|---|
| **Work Package 1 "Elaboration of conditions for funding"** | Task 1.1Setting up a RMSG for Action 1 |
| | Task 1.2 Holding 2 RMSG meetings for discussing the funding conditions |
| | Task 1.3 Submission of suggestion for funding scheme main points |
| **Work Package 2 "Communication"** | Task 2.1 Planning a communication plan |
| | Task 2.2 Implementing a communication plan |
| | Task 2.3 Measuring the impact of the plan |

## 4.7 BUDGET BREAKDOWN FOR THE ACTION

| Category of funding | Expenditure Amount |
|---|---|
| **Salaries** | - |
| **Overheads *(i.e. calculated at x % of staff costs)*** | - |
| **Travel & Subsistence** | - |
| **External expertise** | - |
| **Building/renovation / refurbishment** | - |
| **Equipment** | - |

| | |
|---|---|
| **TOTAL** | - |

## 4.8 VIABILITY AND SUSTAINABILITY

*The sustainabilty of both actions will be monitored for the next 5 years until end of the programming period.*

## 4.9 IMPACT EXPECTED

A. *Refer to your 'Self-Defined Indicators' in the Application Form*
   - ***The number of Digital Innovation projects resulting from CARPE DIGEM- at least 3***

B. *Section to explain the impact expected of this action (You might also cover the angle about what would be the impact if the action is not implemented)*
   *A new funding scheme for investments primarily targeting the establishment of digital innovations centres, focusing on development and experimentation facilities and on relevant expertise (technical, business and financing) to support industry in its digital transformation will be drafted and submitted to MA to be consiedered for financing. While there are many effective funding schemes, only technological support is not sufficient to spur bottom up innovation.*
   *There is a need to provide the necessary support to finance and nurture the technological developments to a level that the company can become more competitive.*
   *Thus a new funding procedure for answering these needs and gaps will have an impact on the ability of Bulgarian businesses to benefit from the opportunities of digitalization.*

## 4.10MONITORING ACTIVITIES IN PHASE 2

*To be concreted in line with the monitoring methodology (under development).*

***Approval of Action Plan: Please use the model below on headed paper of your organisation***

| |
|---|
| I agree to consider the possibility of implementing the action plan in detailed above.<br><br>On behalf of: Ilijana Ilieva |