

Strategies for Enhancing Bulgaria's SMEs Competitiveness: Strengthening BSMEPA's Innovation and Internationalization Supporting Programs

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WHY WE WANTED THIS PROJECT ... AND THANK YOU!

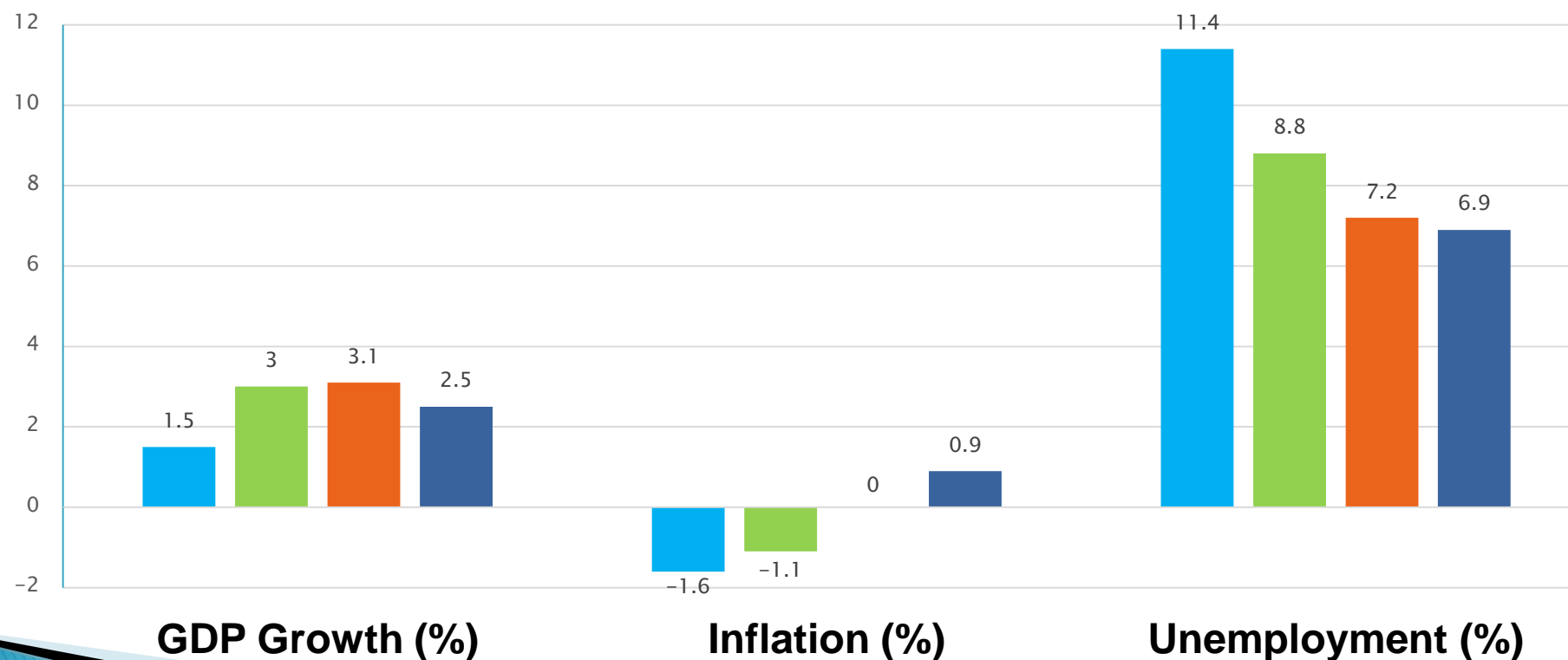
- ▶ An exceedingly timely topic
 - *Bulgaria's ISSS & OP Competitiveness & Innovation*
 - *EC's Investment Plan for Europe ("Juncker Plan")*
 - ▶ A strong institutional collaboration created
 - *Ministry of Strategy and Finance of Korea*
 - *Korea Development Institute (KDI)*
 - *Bulgarian Small and Medium Enterprises Promotion Agency (BSMEPA)*
 - ▶ Excellent academic-applied research
 - *Hanyang University*
 - *Johns Hopkins University, The RAND Corporation*
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BULGARIA'S ECONOMY

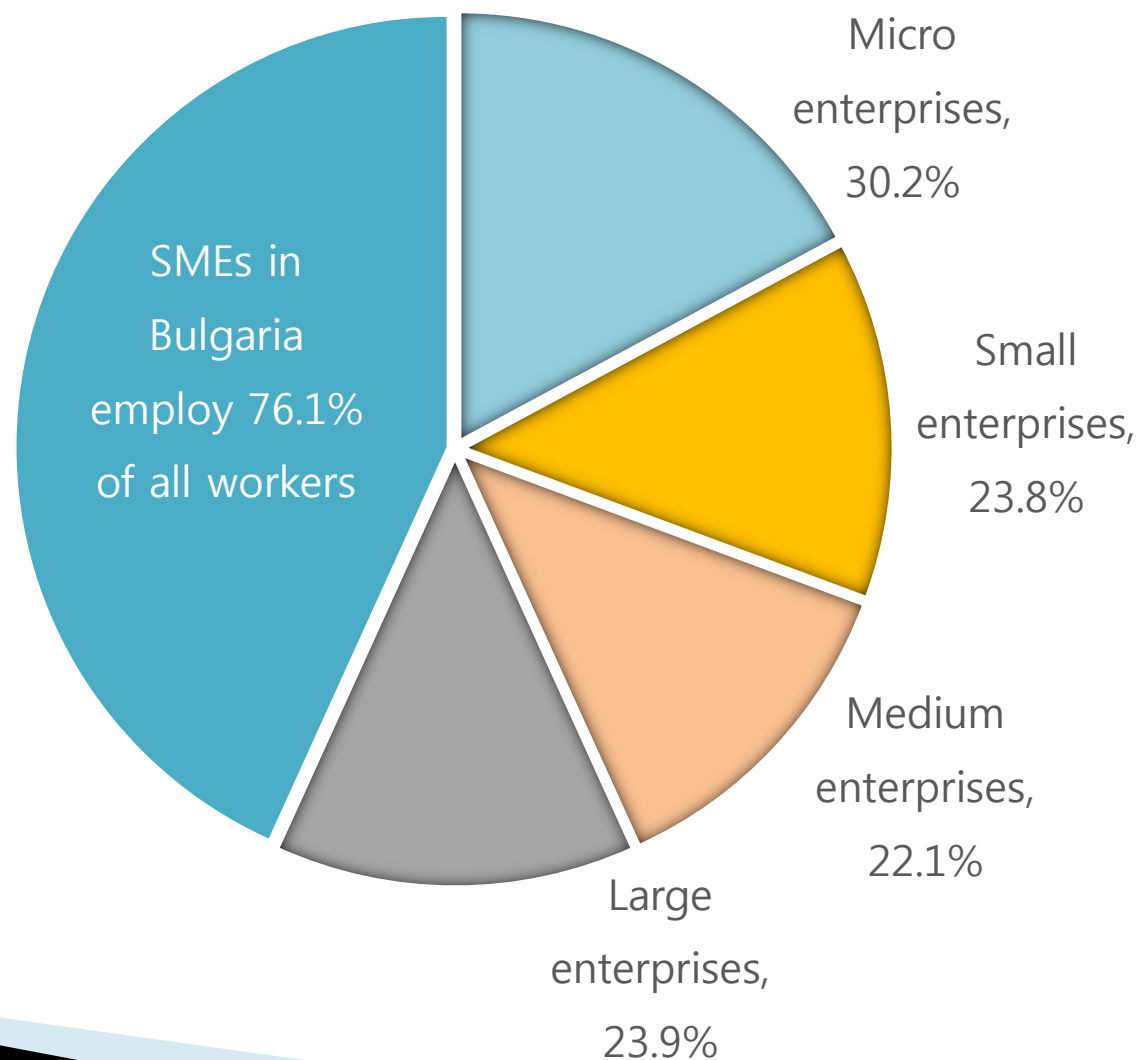
STABLE OUTLOOK

Bulgarian Economy - December 2016

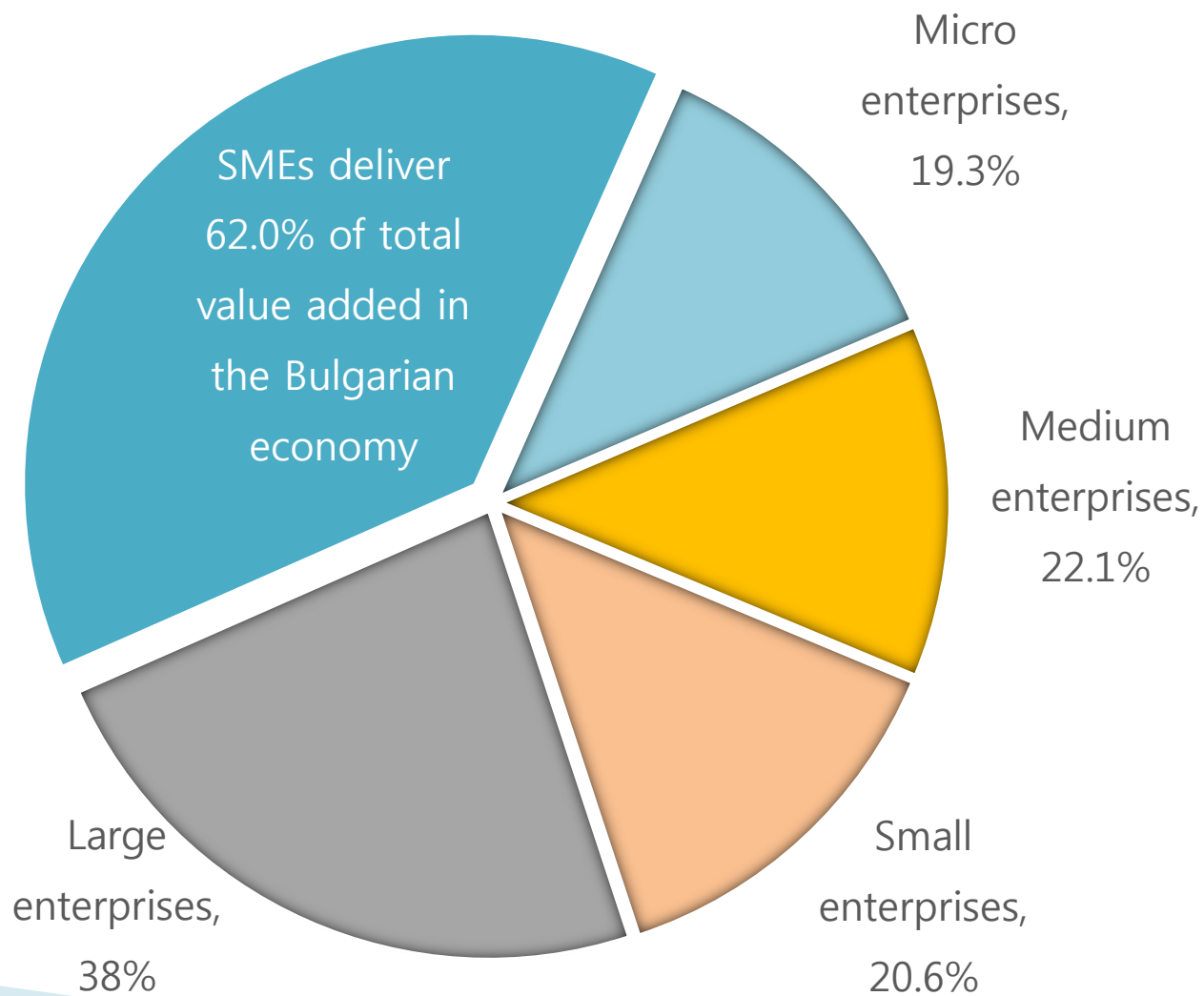
2014 2015 2016 2017



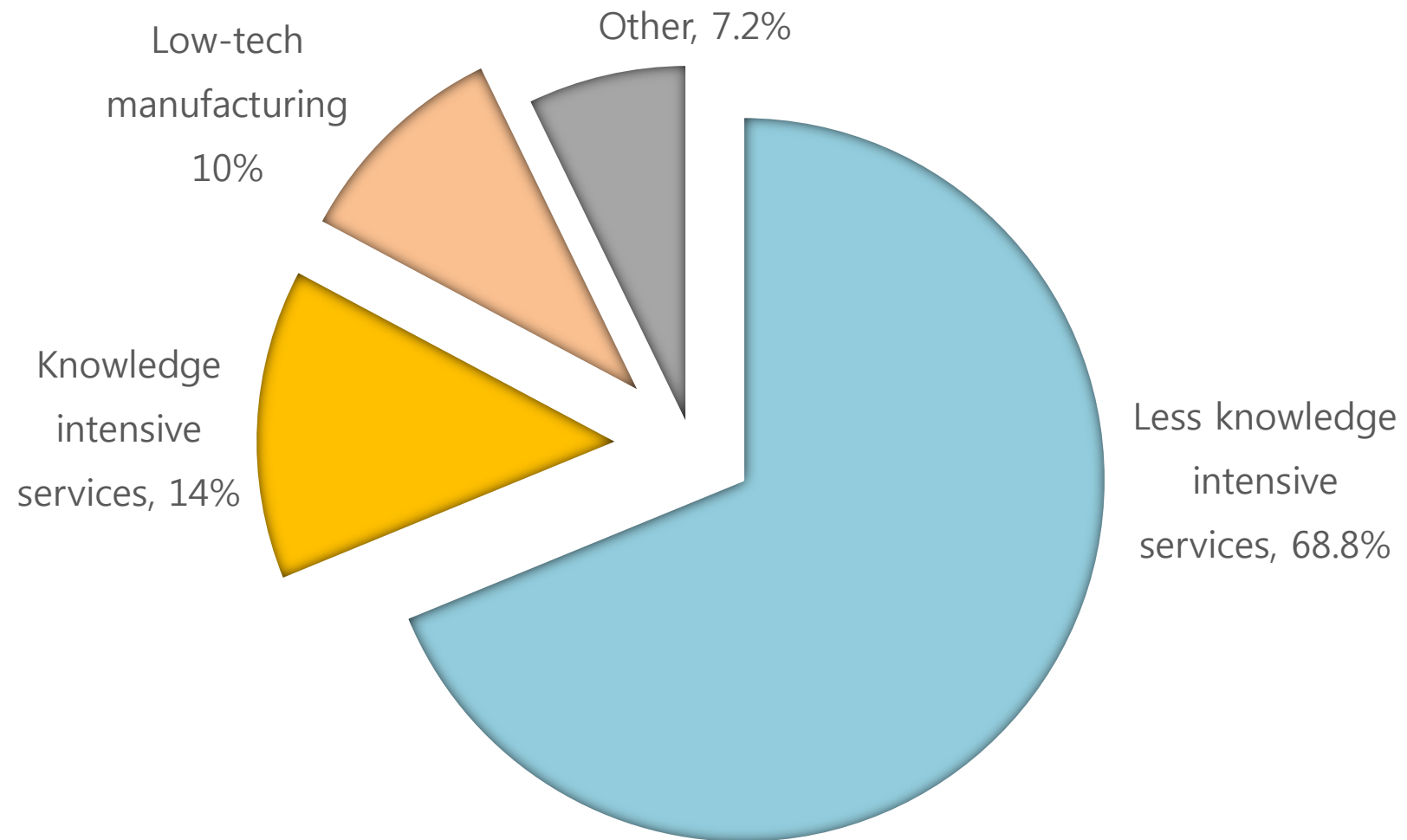
SMEs IN BULGARIA: Share of total employment



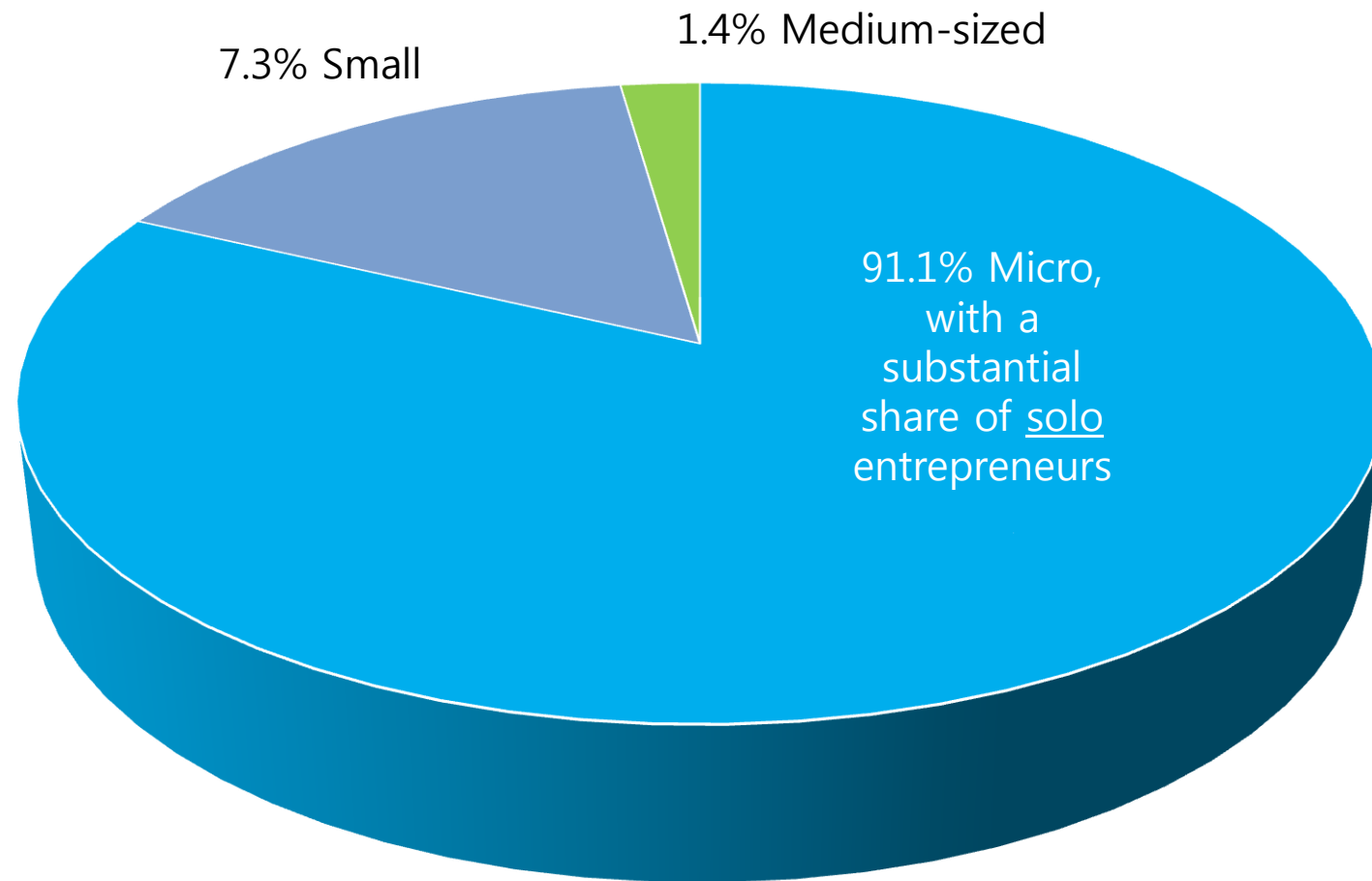
SMEs IN BULGARIA: Value added



SMEs IN BULGARIA: Activity profile



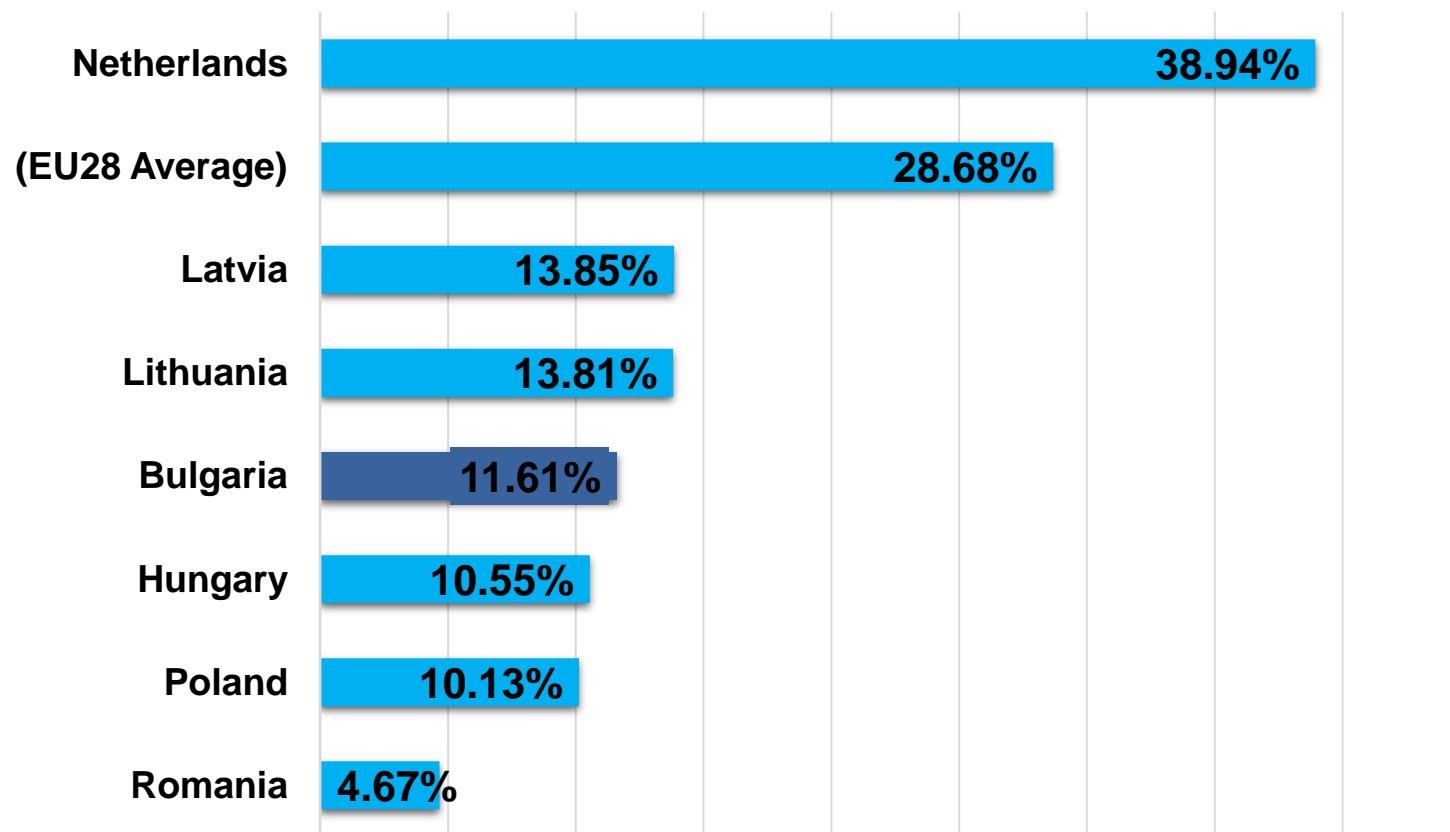
SMEs IN BULGARIA: Structure



SMEs IN BULGARIA: The issues

- The lowest proportion of firms in the high-tech manufacturing sector of all countries in the EU 28 (2013)
- Low productivity of the workforce (2015)
- Below the EU 28 average for innovation activity (2015)
- Below the EU 28 average for internationalization activity (2015)

SMEs IN BULGARIA: IN-HOUSE INNOVATION



INNOVATION STRATEGY FOR SMART SPECIALISATION (ISSS)

2014 - 2020

ISSS 2014 – 2020

Aim: focus investment to develop innovations in:

- Mechatronics and clean technologies
- Informatics and ICT
- Industries for healthy life and biotechnologies
- New technologies in creative and recreational industries

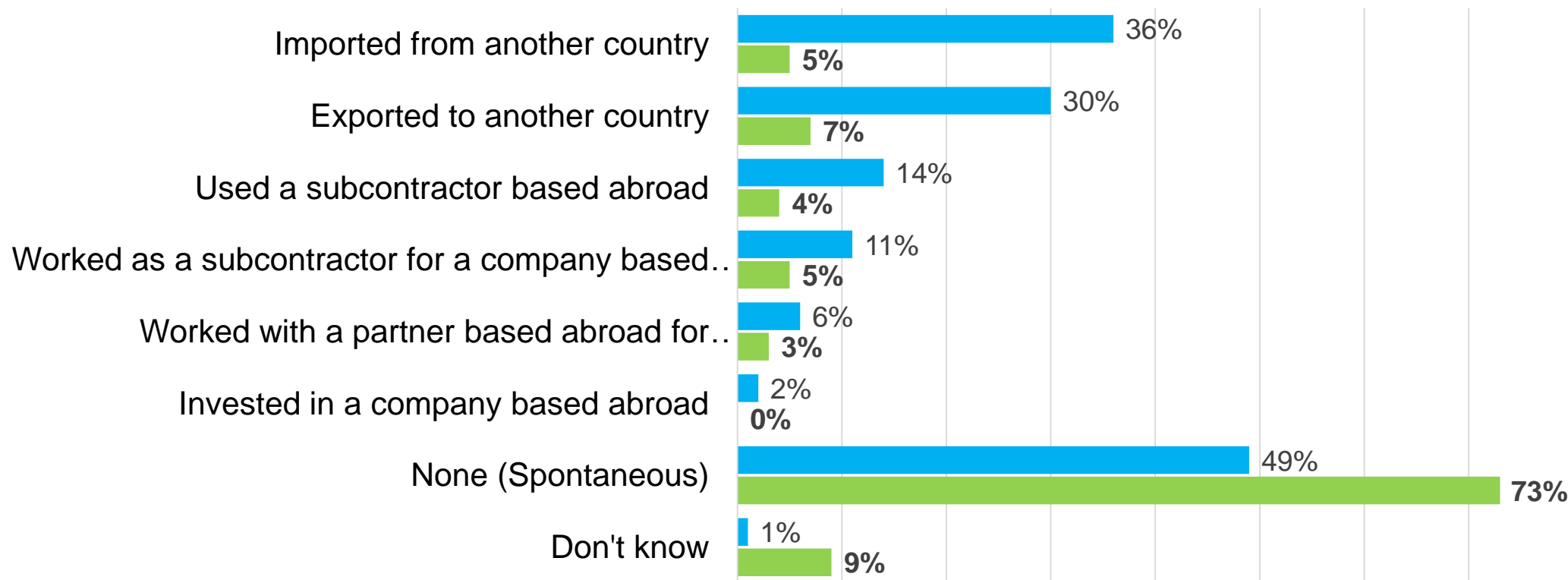
National OP “Innovation and
Competitiveness” (OPIC) 2014 – 2020
EUR 1.39 billion

Priority Axis 1: Technological
development and innovation

Priority Axis 2: Entrepreneurship
and capacity for growth

European Structural and Investment Fund
for Regional Development (ESIF)

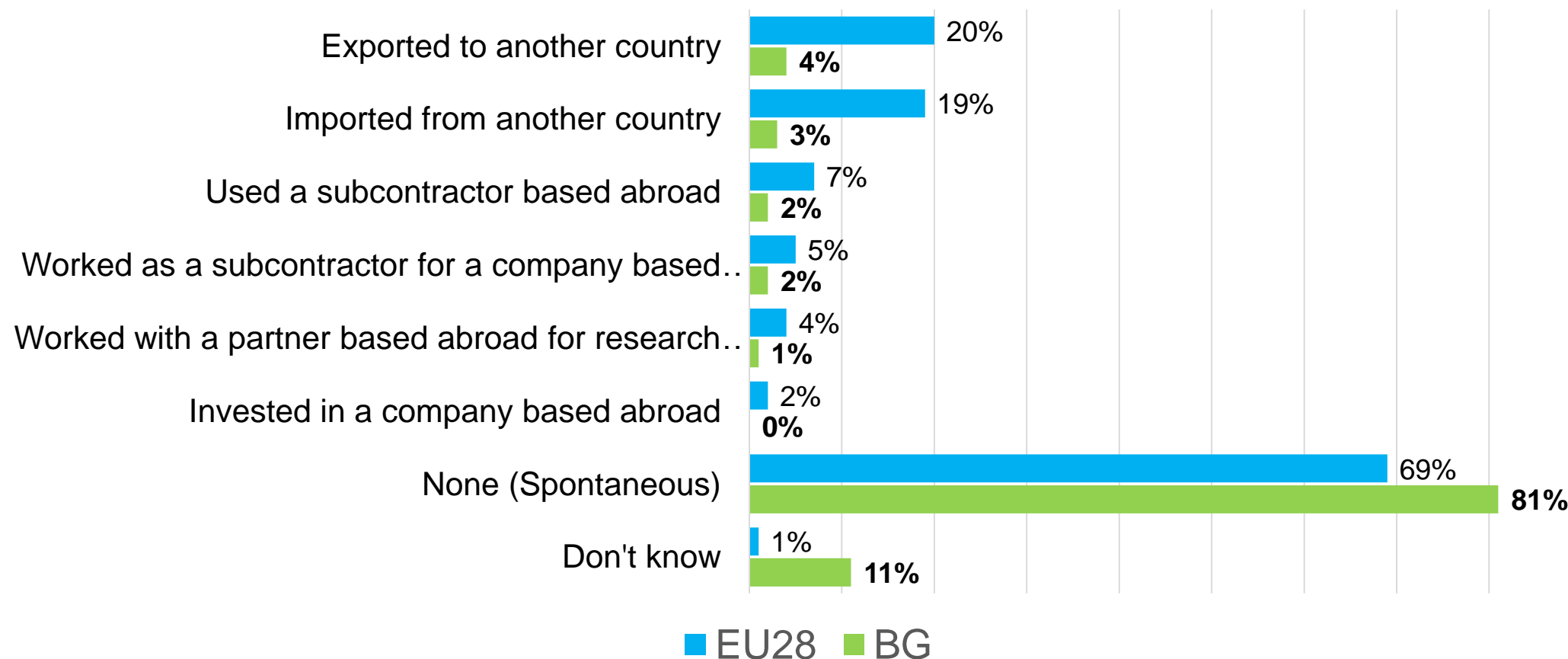
SMEs IN BULGARIA INTERNATIONALIZATION



■ EU28 ■ BG

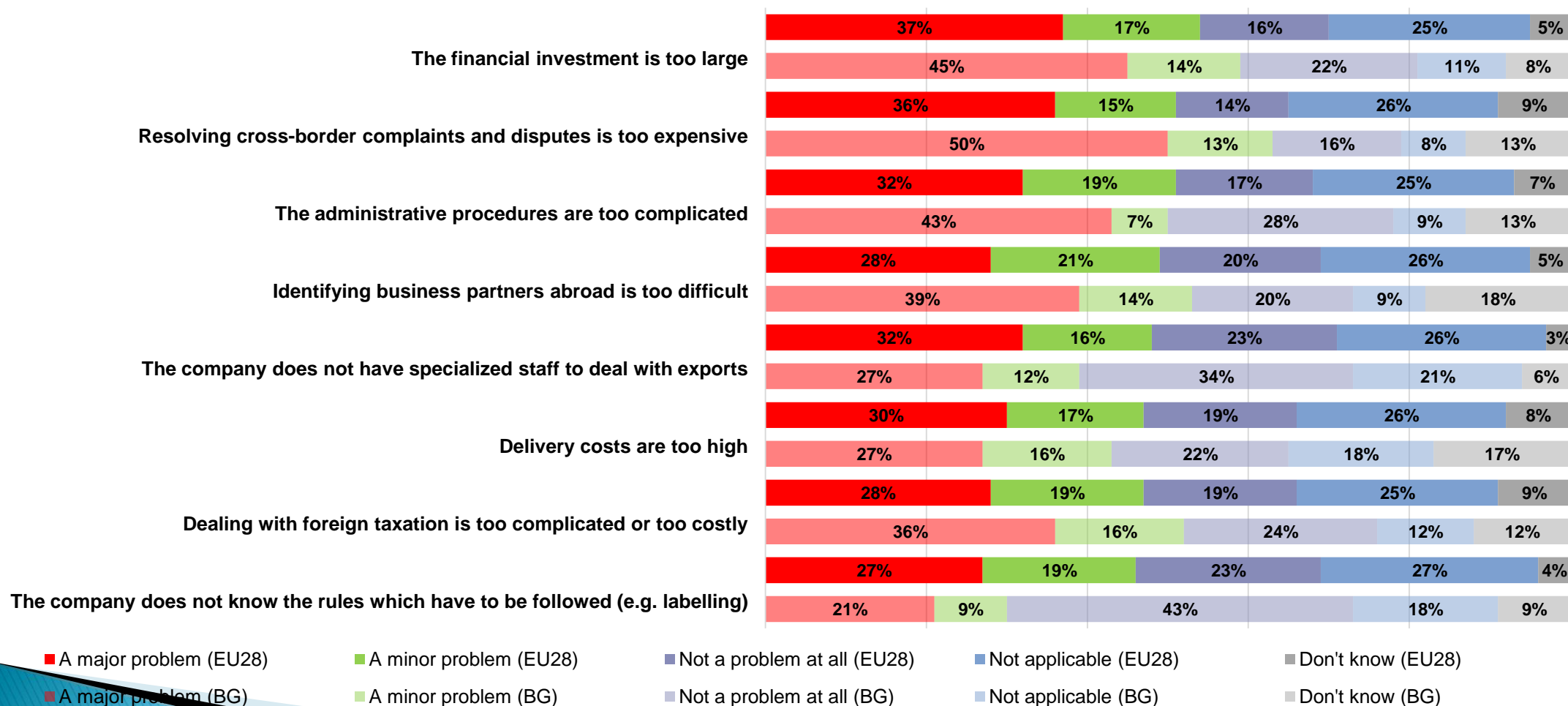
Activity of SMEs inside the EU

SMEs IN BULGARIA INTERNATIONALIZATION

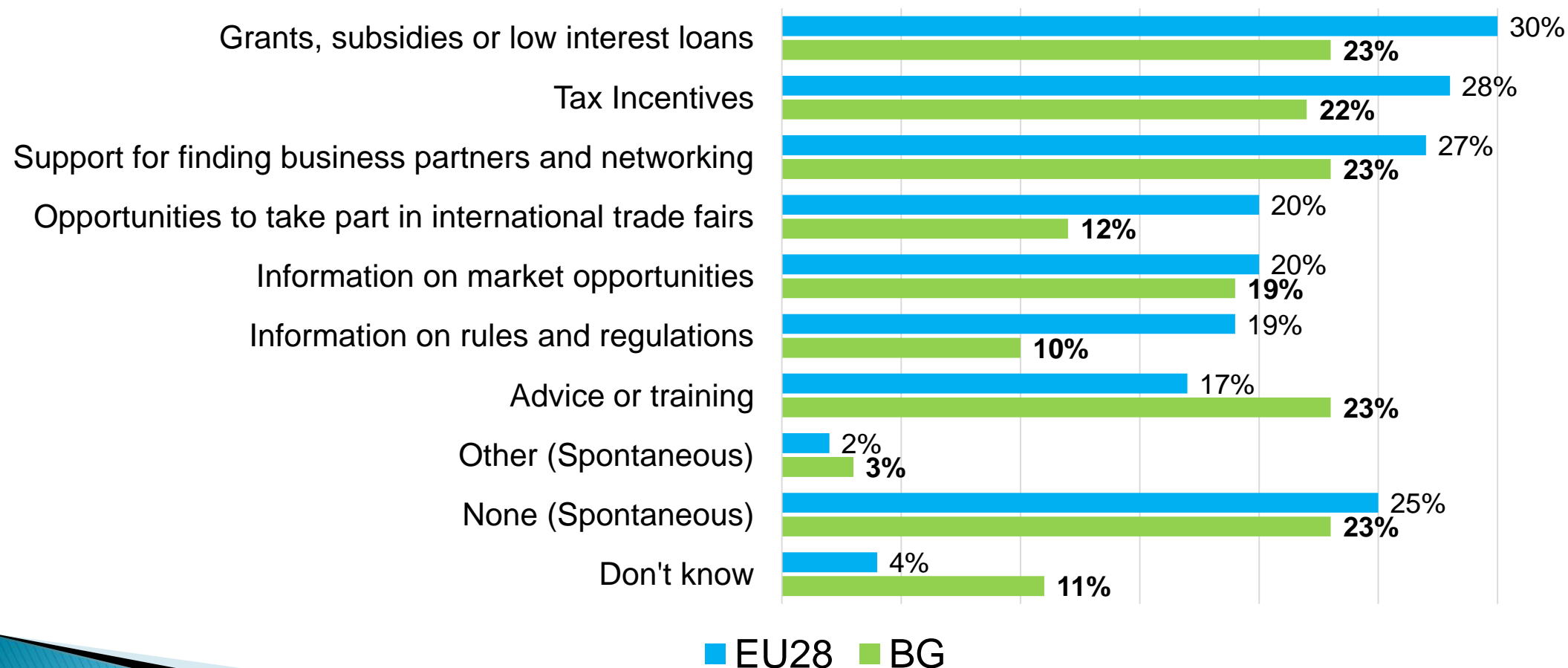


Activity of SMEs outside the EU

SMEs IN BULGARIA: INTERNATIONALIZATION CHALLENGES



SMEs IN BULGARIA: PRO-INTERNATIONALIZATION MEASURES AS SEEN BY SMEs



BULGARIA'S SMALL BUSINESS ACT

With sights on 2020, the act outlines the following targets:

- ✓ **RISE IN THE NUMBER OF SMEs INNOVATING IN-HOUSE TO 45,000 (30% INCREASE)**
- ✓ **INCREASE IN THE NUMBER OF SMEs IMPORTING FROM OUTSIDE THE EU WITH 4,000 (4,99% INCREASE)**
- ✓ **4,500 MORE SMEs EXPORTING OUTSIDE THE EU (3.06% INCREASE)**

The Bulgarian small and medium enterprises promotion agency (**BSMEPA**):

- Established in 2004 under the Ministry of Economy
- Support the entrepreneurship
- Strengthening competitiveness
- Aims to stimulate innovative activity and foster technological processes in SMEs
- Trade capacity building and promotion of SMEs internationalization

THE NATIONAL INNOVATION FUND (NIF)

- Created in 2004; managed by BSMEPA
- Provides SMEs with co-financing to promote R&D and develop innovation or improved products, services & processes.
- Maximum available grant is BGN 500,000 (EUR 255,624) per project.
- Encourages SMEs to co-operate with international partners within the EUREKA framework.

THE NATIONAL INNOVATION FUND (NIF)

The projects applying for a grant must meet the following criteria to be eligible to apply:

Capacity of the applicant and the partners

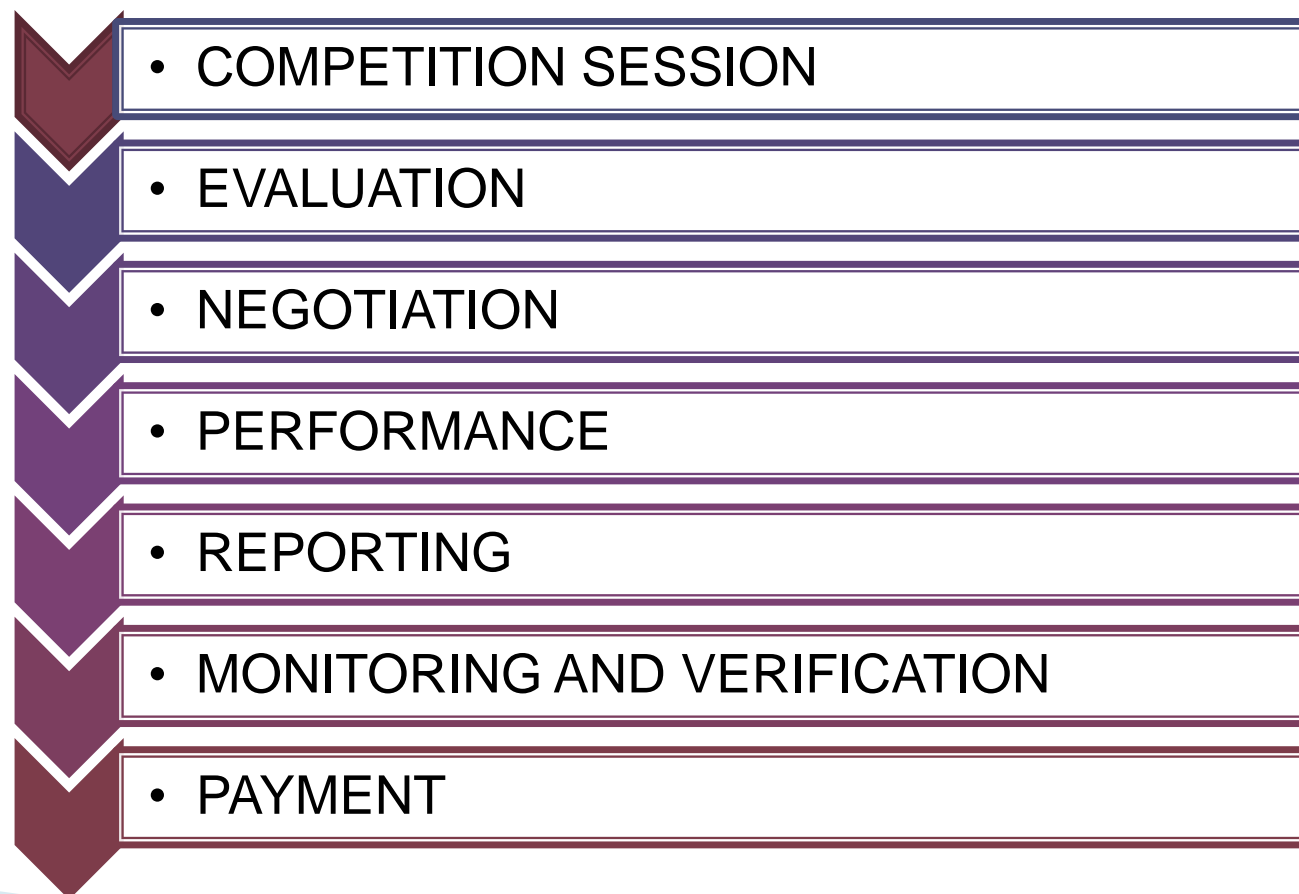
- ✓ The applicant and the partners have the organizational and technical capacity to implement the project activities;
- ✓ The applicant and the partners have suitable equipment to implement the proposed project;
- ✓ The applicant and the partners have the financial capacity to co-finance the project costs. The documents required as a proof of financial capacity and the evaluation criteria are governed by the Rules for Application and Evaluation of Project Proposals;

Eligibility of project idea

- ✓ The project falls within one of the eligible areas for the competition session (Smart Specialisation Strategy)
- ✓ The project activities do not include full development resulting in a market ready product/technology or service;
- ✓ The project description is sufficiently detailed and allow for evaluating the qualities and for monitoring of the project implementation;

THE NATIONAL INNOVATION FUND (NIF)

Application session timeline:






THE NATIONAL INNOVATION FUND (NIF)

Application Session	I (2005)	II (2005)	III (2006)	IV (2006)	V (2008)	VI (2012)	VII (2014)	VIII (2016)	Total
Number of Project Applications	118	120	146	168	123	67	152	191	1086
Number of Signed Contracts	43	67	108	91	60	36	50	TBA	455
Ratio % Contracts – Applications	36	56	74	54	49	54	33	TBA	51
Agreed Subsidy Amount (leva)	6 700 000	8 300 000	16 600 000	16 900 000	12 000 000	9 110 755	9 718 944	TBA	79 329 699
Payed Subsidy Amount (leva)	4 254 634	4 143 267	8 128 018	8 754 447	7 243 842	7 045 253	8 268 638	TBA	47 838 099

THE NATIONAL INNOVATION FUND (NIF)

IMPACT STUDY FROM 2013

The panel followed firms three years after completing their projects:

-  79.3% of participating SMEs had introduced new products to the market
-  68% had increased their profit
-  65.5% had entered new markets

THE NATIONAL INNOVATION FUND (NIF)

MAIN OBSTACLES IDENTIFIED:

- Volume of the financing
- Different scientist used as external experts for different projects – objective criteria for qualification of the projects
- Evaluation of the market potential of the projects
- Monitoring, after the implementation of the project

INTERNATIONALIZATION PROGRAMS

BSMEPA Support

The Bulgarian SME Promotion Agency is providing support for the Internationalization of the Bulgarian SMEs through providing services and implementing instruments for strengthening the companies' international positions, thus by organizing **trade fairs participation, business delegations and trade missions abroad, B2B forums and conferences** in the country and abroad, training seminars and maintaining on a daily basis the National Export web-based portal.




INTERNATIONALIZATION PROGRAMS

PARTICIPATION IN INTERNATIONAL TRADE FAIRS

-  BSMEPA supports the SME participation in International exhibitions and fairs by covering the expenses for: exhibition area; stands construction; furniture and equipment; exhibitors catalogue; registration fees; events participation
-  In the period 2010 – 2016 BSMEPA has supported the participation of 1550 SMEs at 140 National stands in the largest International exhibitions and trade fairs
-  Over 75% of all sponsored SMEs reported to have entered new markets, while 32% reported they introduced an innovative practice in their processes, as a result of their experience abroad

INTERNATIONALIZATION PROGRAMS

TRADE MISSIONS, B2B FORUMS

-  In the period 2010 – 2016 BSMEPA organized 79 trade missions and business delegations in which took part 1236 SMEs
-  Within the same period 63 Bilateral and International Business Forums in Bulgaria have been organized by BSMEPA, which have been attended by over 5000 companies
-  The main purpose of these promotional activities is to help companies to establish business contacts with potential foreign business partners


INTERNATIONALIZATION PROGRAMS

TRAINING SEMINARS


- For the last six years BSMEPA organized 150 export training seminars in which participated 3994 representatives of Bulgarian SMEs held in the 28 regions of the country.
- The events have been focused on:
 - Basic export knowledge
 - Target export markets
 - Specific export marketing approach

INTERNATIONALIZATION PROGRAMS


New Programming period 2014 - 2020



To ensure sustainability in providing services for the SME Internationalisation BSMEPA started to implement three projects funded by the Operational Programme "Innovation and competitiveness" 2014-2020:



"Creating conditions for quality information - communication environment and interoperability of BSMEPA" the purpose is to develop a **Modern Digital Infrastructure** to support the development and the internationalization of the Bulgarian Small and Medium Businesses



"Creating conditions for sustainable development and successful integration of Bulgarian enterprises in the European and international markets by providing support for participation at international trade fairs and conferences"



"Organizing trade missions and forums for Bulgarian producers and foreign buyers"

INTERNATIONALIZATION PROGRAMS

Main obstacles (self-reflection):

- Volume of the programs
- Which measure to use in order to achieve the best expenses/results ratio
- Criterias for qualification to use the services offered by BSMEPA.
- How to choose at which fairs to attend, having in mind the limited finances
- Monitoring of the results
- Promoting the right companies to the right markets

THE WAY AHEAD:

Priority action points resulting from 2016/2017 KSP Project

1. Finalize BSMEPA's Business Matching Service Platform and link to EU Single Digital Market (B2B, B2C, B2G)
 2. Implement an Advanced Technology Appraisal System in NIF
 3. Introduce focused support measures for young (3yr <) growing companies with young (39 yr <) CEOs across programs
 4. Introduce focused internationalization support measures for innovative SMEs
 5. Seek fiscal expansion of successful measures, including regional action
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