



ESSPO
Interreg Europe



European Union
European Regional
Development Fund

Efficient
support services portfolios
for SMEs



EFFECTIVE SME SUPPORT

**ACTION PLAN FOR SMEs
SUPPORT SYSTEM**



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PART I – GENERAL INFORMATION

Project: **PGI00087 ESSPO “Efficient support services portfolios for SMEs”**

Partner: Municipality of Gabrovo

Territory concerned: municipality of Gabrovo

Country: Bulgaria

NUTS2 region: North Central Region

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PART II – POLICY CONTEXT

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: SMEs support system for increase of SMEs competitiveness

Further details on the policy context and the way the action plan should contribute to improve the policy instruments:

The present Action plan is designed for the creation of a new demand oriented SMEs support system based on the experience and identified good practices of ESSPO partners and other existing solutions in Europe. The scope of the System will cover the territory of Gabrovo municipality, Bulgaria, but it will be expended on the regional level later. The main goal is to increase the capacity and competitiveness of SMEs trough provision of expert support for development and implementation of projects in the manufacturing sectors of smart specialization. The competencies on specific products and technologies of the Technical University of Gabrovo, know-how of the innovative companies, business supporting NGOs and other important stakeholders in Gabrovo innovation eco-system, including suppliers in the whole production chain, will be used to increase innovation potential and capacity of SMEs. That will improve the implementation of the Municipal plan of development of Gabrovo municipality 2014 – 2020 and the achievement of Strategic goal 1; Priority 1, Specific goal 1.1 and Priority 3, Specific goal 3.1.



Enhanced innovation capacity of companies in development and implementation of innovative projects will increase the opportunities for internationalization and larger market share of Gabrovo industry.

The main elements of the new economic tool include:

- 1) Introduce new support measures for better communication with local companies through development of a new digital business platform for innovations, based on the identified good practice - BIND 4.0 from ESSPO partner – TECNALIA, Basque country, Spain, including branding of local economy and organization of a campaign for its promotion abroad (participation in trade fairs, advertisement in worldwide famous economic media, participation in innovative pro-EU networks and business platforms).
- 2) Establishment of a new business support structure (a regional innovation center/hub/club etc.) through public-private partnership with broad participation of all interested stakeholders in Gabrovo innovation eco-system (local companies, experts, Technical University of Gabrovo, Chamber of Commerce and Industry, Gradishte Foundation, District Information Center, local and district governments etc.) integrating experience and based on the identified good practice - Lab'O from ESSPO partner - Dev' up agency, Region Central - Val de Loire, France.
- 3) Creation of co-working space for young entrepreneurs and start-ups based on good practices from our ESSPO partners - Dev'up, Region Central Val de Loire - Lab'O and TECNALIA, Basque country – BIND 4.0.

PART III – DETAILS OF THE ACTIONS ENVISAGED

ACTION 1: INTRODUCE NEW SUPPORT MEASURES FOR BETTER COMMUNICATION WITH LOCAL COMPANIES

ESSPO LESSONS LEARNT APPLIED IN THE ACTION

Lesson learnt	Source of the lesson
How to study and improve the innovation potential of SMEs through provision of expertise	
a.	<ul style="list-style-type: none"> Recommendations from the peer review (08 - 11 November 2016) in Gabrovo done by ESSPO Partner - TECNALIA, Spain and the good practice BIND 4.0 of Basque country
b.	<ul style="list-style-type: none"> Tool „Knowledge and Technology Transfer“ (KTT) of ESSPO partner - Hameln-Pyrmont region, Germany

THE POLICY LEARNING PROCESS THAT LED TO THE ACTION

Action 1 is developed based on the recommendations in Peer review report of ESSPO Partner - TECNALIA, Spain, as follows:

- There is an incipient innovation ecosystem, but this Innovative Ecosystem of actors needs to be better connected and structured. There is a lack of intermediary organisations to support R&I actors.
- Innovation is also incipient so it would be recommendable to push an innovation culture especially in companies, in the companies this was already happening, but probably it would be good to extend this practice to other companies.
- To have a common starting point to innovation, a definition on what is innovation to set the context and draft guidelines to. Increase capabilities to think on innovation and in an innovative way would be very beneficial.
- Need to reinforce cooperation among the existing R&I actors: Try also to create some clustering and or networking initiatives in such a way that the companies and stakeholders from the same value chain could better cooperate, reaching a win-win situation. Big companies can take profit from smaller ones and vice versa. Also some cross-cutting activities would be of interest for instance traditional industries work with other ones betting on more innovative sectors that could give added value to those industries.
- Technology transfer should be also promoted and reinforced.
- As regards Clustering as such. Only informal structures exist. Cooperation between clusters and innovation networks generates a high-quality competitive advantage.

- On top of the innovation gap some educational gaps, especially a need of trained human resources for companies. More connection among universities and companies is needed in order to adapt the training programmes to the company's needs, and also increase the innovation capabilities.

This action is also influenced by „Knowledge and Technology Transfer“ (KTT) tool of our ESSPO partner Hameln-Pyrmont, which offers financial support from ERDF and provide expertise during the preparation phase of innovative projects.

Analysis show that local companies have low and limited capacity in development and implementation of innovative projects. The existing national policy is very centralized with limited funding provided mainly by the Operative Program “Innovations and competitiveness” 2014- 2020, NIF and some other programs. There is no local fund to support SMEs and to provide funding of business projects. There isn't an ability to release a municipal fund for this purpose because of the legislation. The link between educational institutions, NGOs and business is weak.

Gabrovo Municipality established a stakeholders' group for innovation, which started regular meetings since the beginning of 2017. Stakeholders' group worked on the development of an online survey on innovation capacity and needs of SMEs. It was done in 2017. According to the results more than 66 companies approved the need of development and implementation of a new business platform for innovations. The platform will support the companies to find appropriate experts for development of their innovative projects. It will also provide information for funding opportunities, successful projects, business information and available training courses. The platform will connect companies with experts and scientists through an open register. Every company and expert can register creating an account into the platform. That will also foster B2B connections. Companies can present their profiles to different experts, business organizations and academia. The concept of the platform is based on three pillars – business, experts and science (PhDs, students and scientists). The different modules will be entirely business oriented and use the already developed economic GIS Layer created during Know-HUB project, funded by Interreg IVC. Using the database, acquired by the National Statistics Institute (NSI), a separate profile will be created for each company on the territory of Gabrovo municipality.

After a long discussions with stakeholders it was also decided a deep study of the innovation potential of companies to be effected. The investigation was executed in November 2017 and final results has been presented in a Report with recommendations. Those recommendations were used for the development of the Action plan.

NATURE OF THE ACTION

This action aims to Introduce new support measures for better communication with local companies through development and implementation of a new digital business platform for innovations – **InnovaGab**.

The main purpose of the platform will be business and economic development with focus on innovative projects, seeking for expertise or already successfully implemented.

The main pillars of the platform are:

- **SMEs register** - each manufacturing company can register an account, in which it can present its profile. The initial data will be based on the information from Gabrovo economic GIS layer (based on information provided by NSI). Companies can also include description of their activities,

products and projects. The main goal of the platform will be to support the development of innovative projects finding appropriate expertise according to SMEs needs.

- **Professional experts' register** - consists detailed information about the expert's background and profile of expertise in different fields, including full contact database. The platform will match companies' needs with experts.
- **A register of scientists, doctors and student** – Gabrovo Technical University will start to fill the data in the beginning, followed by other universities in the region and in the country. The scientists, doctors and students can register and participate also in project development of SMEs. Doctors and students could be attracted and start to work in the companies after the projects implementation.

Another functionality of the platform will be to inform local companies about upcoming meetings, events, trainings, trade missions, webinars, exhibitions and conferences, news about new and business innovative tools. All events, trainings and campaigns will be planned with stakeholders on annual basis according to their business needs. The platform will also include:

- Section dedicated on innovative projects developed by companies in which different external experts can be involved
- Useful information about financial instruments and regulations

STEPS FOR THE IMPLEMENTATION

The concept and the structure of the Platform have been developed together with the stakeholders' group and municipal experts. The development of the platform started during Phase 1 of ESSPO Project. Campaigns for promotion of the platform will be organized after the platform is ready. The Platform will be operated by the Municipality of Gabrovo with the support of the Technical University of Gabrovo.

STAKEHOLDERS INVOLVED

The expertise for the development of the platform was outsourced and paid by the municipal budget. The whole process was supported by stakeholders' group and Gabrovo ESSPO project team. A company from the local IT sector developed the functionalities of the platform. Consultants for the creation and development of the innovative product included experts from local businesses, non-governmental organizations, as well as teachers and students from the Technical University of Gabrovo. The Municipality of Gabrovo attracted external economic analysts. This data analysis will help to turn Gabrovo in the Technological heart of Bulgaria. A deep study and investigation of the innovation potential of companies has been also included in the preparatory phase of Action 1, followed by a development of a new Investment profile of Gabrovo, ordered to an external consultant and paid by Gabrovo Municipality.

TIMEFRAME

The development of the platform started in the middle of 2017. The aim was to complete it by the end of Phase 1 and a testing period to be provided to the companies for at least 6 months. Its promotion, public presentation and implementation will begin in the middle of 2019. The promotion, despite its local origin, is planned to be also at wide regional and national levels because of the product's innovation for Bulgaria.

Finishing the platform – March 2019

Testing the functionalities of the platform and promotion – March – September 2019

Official start of the platform – October - December 2019



COSTS

Expected annual support for administration of the platform– 10 000 EUR/annually

Campaigns – 15 000 EUR/annually

FUNDING SOURCES

Annual support of the administration of the platform will be assured by public – private funding from Gabrovo Municipality and local companies (year subscription / service package)

ACTION 2: ESTABLISHMENT OF A NEW BUSINESS SUPPORT STRUCTURE BASED ON PUBLIC-PRIVATE PARTNERSHIP IN GABROVO INNOVATION ECO-SYSTEM

ESSPO LESSONS LEARNT APPLIED IN THE ACTION

Lesson learnt	Source of the lesson
Better connected and well structures Innovative Ecosystem through intermediary organisations - the best way to support EDP, R&I actors and innovations in the region	
c.	<ul style="list-style-type: none"> • Study visit in region Central Val de Loire, France organized by Dev'up – ESSPO Partner on 12-13th September - identified good practice - Lab'O
d.	
	<ul style="list-style-type: none"> • Study visit, international conference on Industry 4.0 and partner workshop in Bilbao, Spain organized by TECNALIA – ESSPO Partner on 26-28th November 2018 - identified good practice - BIND 4.0

THE POLICY LEARNING PROCESS THAT LED TO THE ACTION

After the peer review of Gabrovo innovation eco-system and the study visit in Central-Val De Loire, the stakeholders' group developed the present action for future economic development of Gabrovo based on innovations. In 2018 the group decided that a new business supporting structure should be created to foster innovations and create better business environment in the region. Establishment of an Innovation center/hub/club/association etc. will bring new opportunity for a more rapid development of the ecosystem and a faster realization of the benefits of the new wave of technology industries. This will effect on the efforts of Gabrovo Municipality to improve service portfolio for business, creating incentives for existing companies, start-ups and entrepreneurs. By this way the implementation of the Municipal plan of development of Gabrovo municipality 2014 – 2020 and the achievement of Strategic goal 1; Priority 1, Specific goal 1.1 and Priority 3, Specific goal 3.1, will be improved.

The identified good practice during the study visits in Central-Val De Loire, Orleans - Lab'O and in Bilbao, Spain – BIND 4.0, will be used for implementation of Action 2.

NATURE OF THE ACTION

Discussions between local authorities, businesses, educational institutions and non-governmental organizations have already begun to set up a new public-private body, composed by different stakeholders, which will serve the strategic development of the region as an investment, hi-tech and innovative destination. The organization will function as a structure based on networking between public and private sectors. It will combine the activities of an accelerator, an incubator and co-working space. The organization will have its own budget, part of which could come from the municipal budget (relocation of revenues collected from local taxes and business taxes), and another part will be from the annual companies' membership fees, and recruited external funds. This is an important step already approved by the stakeholders, and it will provide a new opportunities to brand and internationalize the region, as a technology center. This structure will be independent and will function as a local body (an innovation or industrial center/hub/club etc.).



STAKEHOLDERS INVOLVED

Local companies, NGOs, Technical university - Gabrovo, Gabrovo Municipality – the main role and goal of all players involved in this action is to achieve consensus, common will and confidence in the opportunities for prosperity and development of the city and the region. Involvement in this process and more active involvement of a wide range of industrial producers - both with long presence in the region and new investors - through active cooperation with the educational system, inclusion in the media coverage of the economic development of Gabrovo and the vision for the future of industry in the region.

TIMEFRAME

2019 – 2021 for establishment of the new structure

COSTS

The organization will start first with the common will of all stakeholders. After its establishment a business plan will be developed based on consensus to guarantee its sustainability. Annual budget will be planned according to the needs for implementation of all described actions in the Action plan.

FUNDING SOURCES

Private and public funding + expected grants from Operative Program “Innovations and competitiveness” and other donors

ACTION 3: CREATION OF CO-WORKING SPACE FOR YOUNG ENTREPRENEURS AND START-UPS ESSPO LESSONS LEARNT APPLIED IN THE ACTION

Lesson learnt	Source of the lesson
How to attract and retain talents in the region to integrate new technological solutions for the industry	
e.	<ul style="list-style-type: none"> Study visit in region Central Val de Loire, France organized by Dev'up – ESSPO Partner on 12-13th September - identified good practice - Lab'O
f.	<ul style="list-style-type: none"> Study visit and international conference on Industry 4.0 in Bilbao, Spain organized by TECNALIA – ESSPO Partner on 26th November 2018 - identified good practice - BIND 4.0.

THE POLICY LEARNING PROCESS THAT LED TO THE ACTION

The main goals for economic growth of Gabrovo are: 1. Gabrovo - the birthplace of new global products and solutions in which first applied industrial experiments which are carried out with new technological solutions. 2. To achieve a suitable environment for young people. The environment will attract and retain talents in Gabrovo to try new technological solutions for the industry. Similar to the IT industry's experience, manufacturing industry will promote entrepreneurial ecosystems. In these ecosystems young talents will be free to try their own ideas, to create teams, to offer solutions, to make mistakes, and to learn from their own mistakes. The fourth industrial revolution (Industry 4.0) will bring explosive growth to start-ups and risk financing of technology solutions that add value to traditional industries – factories (not just to companies), banks, schools, hospitals, transport, and even local and national governments. The Bulgarian business environment is changing - new hubs and incubators are getting closer to industry, including geographically. That is what gives Gabrovo a chance for a more rapid development of the ecosystem, which has so far been missing and which is critical for attracting young talents to the city.

The long-term objective of Gabrovo Municipality is to achieve consensus, common will and confidence in the opportunities for prosperity and development of the city and the region. Involvement in this process and more active involvement of a wide range of industrial producers - both with long presence in the region and new investors - through active cooperation with the educational system, inclusion in the media coverage of the economic development of Gabrovo and the vision for the future of industry in the region.

An additional strategic goal is to reverse the demographic trend towards population growth, increasing the number of young people remaining in the city after graduating from high school, attracting talent from other cities and from abroad.

NATURE OF THE ACTION

During the study visit in Central Val de Loire, Orleans, France the good practice of Lab'O was identified. Orleans is not the capital of the country, but a lot of important companies are located there - same as

Gabrovo, there is a need to identify a physical space that will be designed to create a co-working space for young people - a place where they will be free to experiment and develop their own ideas. Gabrovo Municipality in partnership with "Gradishte" Foundation (NGO), has begun the preparation of a space for the realization of a co-working space, which will be a part of the new planned innovation hub. It will be located in the building of the former incubator (municipal property), near the biggest Northern industrial zone.

The Foundation has developed a plan for creating events and seminars for young entrepreneurs. All partners in this action are seeking for financial instruments to start their activities.

The Director of the Foundation was a part of the Bulgarian delegation during the study visit and International Conference in Bilbao, Spain, when he identified as a good practice of Basque Country – BIND 4.0. This acceleration program could be implemented in Gabrovo where big companies can host start-ups for development of new innovative solutions, especially in ICT and digitalization for industrial transformation of traditional sectors of economy.

STAKEHOLDERS INVOLVED

Gabrovo Municipality – provision of a municipal property.

Gradishte Foundation – active participation in the shared space. Providing start-up companies to fill space. Providing lecturers, logistics of events.

Trakia Tech – logistics, expertise in organizing events. Ensuring publicity. Training programs. In the co-working space there is also a potential to develop a strong training program for pupils, children and students.

Local business – provision of expertise in the content of the events and the needs of the private sector, partly financing events.

Technical university Gabrovo – teachers, logistics and publicity.

TIMEFRAME

Indicative:

- Co-working space – till 2020 the project to be developed
- Events and training – ongoing regularly

COSTS

- Co-working space renovation, modernization and equipment – approx. 400 000 EUR
- Events within the area: 30 000 EUR

FUNDING SOURCES

- Co-working space renovation, modernization and equipment – seeking funding
- Events: EU projects (20 000 EUR estimated)/ Public financing (5 000 EUR)/ private financing (5 000 EUR)

COMMITMENT

This Action plan has been developed by the Municipality of Gabrovo together with stakeholders' working group for innovations, who commit themselves implement the actions envisioned within their respective capabilities

Date: 12/07/2019

Name of the organisation: Municipality of Gabrovo

Signatures of the legal representative: Tanya Hristova - Mayor

