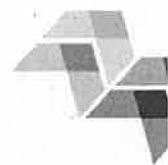




Annex I. Action Plan



Action Plan

**OSS – One Stop Shop towards competitive SMEs,
focusing on the ecosystem for the first line service system**





OSS

Interreg Europe



European Union
European Regional
Development Fund

Content:

I - General Information and Action Plan drafting process.

1. Information about OSS project
2. About this Action Plan
3. Summary

II - Policy context

1. Strategic documents

III - Details of the key actions envisaged.

1. Key Action 1

IV – Validation

* The content of this document is based on collected useful experience and good practices from the Agency for Regional and Economic Development - Vratsa as project partner in the OSS project co-funded by INTERREG Europe. The proposals have been identified as good practices from other partner countries and regions in the project and based on the needs of SMEs in Bulgaria, with focus on ecosystems for the first line service system.

I – General information

Project	OSS – One Stop Shop towards competitive SMEs, focusing on the ecosystem for the first line service system
Partner organisation	Agency for Regional and Economic Development – Vratsa
Other partner organisations involved (if relevant)	N/A
Country	Bulgaria
NUTS2 region	BG31 Northwestern Region(Severozapaden)
Contact person	Mrs. Nesrin Doneva
Email address	arir.vr@gmail.com
phone number	+359 878 598 214

1. About OSS project

According to the statistical data, there is a lower rate of start-ups in Europe compared to other parts of the world (Asia or US). This circumstance underlines the need to create and offer attractive jobs and places to live for young people. Actual conditions cause many youths to leave our regions in the hope for a better life. With this project we want to develop an attractive tailor-made ecosystem for start-ups. Its aim is to improve SMEs growth, entrepreneur skills and to overcome defined barriers. Project partners have defined that commitment and willingness to invest in long-term policy is important to increase the number and quality of start-ups in their region.

The main objective of OSS: One Stop Shop towards competitive SMEs, focusing on the ecosystem for the first line service system project is to improve existing policies for SMEs competitiveness by enhancing advisory support services for first time entrepreneurs. As a result, OSS aims to build a complete ecosystem for entrepreneurs that are starting new business.

To achieve that, every partner will contribute with its expertise and best practices from their first line service (FLS) system. Final output of OSS initiative is the design of a Toolbox of experience and expertise. The consortium will also enhance the advisory support service adapted to the needs of the entrepreneurs. With significant knowledge on national policies and engaging stakeholders from different spheres of competence to support the efforts to influence the policy related to project's main objective, OSS partnership has the ambition to change the different regions' advisory services.

2. About this Action Plan

Action Plan is a document providing details on how the lessons learnt from the cooperation



will be implemented in order to improve the policy instrument that is addressed within the region. It specified the nature of the actions to be implemented, their timeframe, the players involved, the costs (if any), and funding sources (if any).

This Action Plan gives direct recommendations for measures that will significantly boost SMEs competitiveness, enhance business performance in the regions concerned and create a better investment environment. Regional policies should be targeted and accordingly support the dissemination of innovative solutions and new business models that would lead to productivity gains and provide access to new markets. The plan consists of detailed description of 2 key actions and guidance for their practical integration to the policy instrument addressed.

The Action Plan aims to impact:

- | | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | Investment for Growth and Jobs programme |
| <input type="checkbox"/> | European Territorial Cooperation programme |
| <input type="checkbox"/> | Other regional development policy instrument |

3. Summary

ARED - Vratsa presents in this Action Plan a package of measures to promote SMEs competitiveness, with a focus on the first line service system. The Action Plan is developed under the OSS Project, funded by Interreg Europe.

OSS Project was designed to achieve its goals via holding thematic meetings on the following topics: the system of primary services for entrepreneurs as a whole ecosystem; digital opportunities, mentoring and cooperation between start-ups and business, cooperation between different levels of government, access to finance and business incubation.

All project activities were focused on increasing the added value for entrepreneurs and increasing consumer satisfaction with the consulting system in each region. OSS will create change by changing rules and policies in favor of the progress of the regional economy.

Recommendations in this action plan are based on the following project activities performed during Phase 1 of project's duration (1/06/2018 – 31/05/2021):

3.1 Thematic meetings

3.1.1. Kick off meeting – Alesund, Norway, June 2018 - hosted by LP, first meeting was an introduction in the project implementation: presentation of startup services in partners regions, good practices from More and Romsdal -hoppid.no; Norwegian Maritime Competence Center in Alesund; how entrepreneurial ecosystem works- visits and discussions.

3.1.2. Thematic meeting "Digitalization of start-up services", January 2019, hosted by partners from UK partner in Aldeshot Enterprise center, Hampshire

3.1.3 Thematic meeting "Mentoring and facilitating the contact of start-ups with relevant



businesses by region", September 17-18, 2019, hosted by ARED-Vratsa (study visits to Vratsa Software Society and Tech Park-Sofia)

3.1.4. Thematic meeting "Governance of ecosystems for first time start-ups across levels of governance and sectors", hosted by the District Administration of Granada, Spain; 15.5. 2020- on-line

3.1.5. Thematic meeting "Financial instruments to support initial start-up services" (microfunding and crowdfunding) - hosted by the Regional Development Agency, Kranj, Slovenia, 17-18.11. 2020- on-line

3.1.6 Thematic meeting "Business incubation, physical space for new enterprises, an important part of the start-up support system", hosted by the Regional Development Agency, Rzeszow, Poland – May 2021 (or on-line in May 2021)

good practices can be viewed: <https://www.interregeurope.eu/oss/library/>

3.2. Six regular meetings with local stakeholders from Bulgaria

Meetings include representatives of business and business support organizations, local authorities, national institutions, Sofia Tech Park, Bulgarian SME Promotion Agency, BCCI, Vratsa CCI and EEN office-Vratsa, representatives of private and public financial institutions, experts; entrepreneurs, Vratsa Software Community. The meeting were planned for each semester of phase 1 but we also organized individual meetings, or group meetings depending on the topic and also on-line meetings with stakeholders. Representatives of stakeholders were involved in study visits, on-line events and discussions; meetings with beneficiaries and received access to all Good practices shared by project partners. They prepared a Takeaways sheet with most relevant Good practices or elements of good practices, that stakeholders could use in their projects and also could be included in the Action plan measures.

The active participation in identification of good practices by topics from the region and country as a part of preparation for thematic meetings, made our stakeholders to be proactive and we facilitated the contacts with stakeholders from partners' regions.

3.3 Good practices

The learning process started with the kick-off meeting in Alesund, Norway where LP presented their 10 year experience in providing first line services to starting entrepreneurs and SMEs(hoppid.no) and all partners presented their experience as well.

The second thematic workshop with presentation of good practices from partners' regions was in January 2019 in Aldershot, UK, focused on the digitalization of services and digital capabilities. The Good practice Digital Tool "My business", presented by Lead partner inspired us to think about digital platform for supporting services for SMEs and starting entrepreneurs.

During the third thematic meeting in Bulgaria, we have found some important regional Good Practices regarding the subject of mentoring. One of the practices that our stakeholders identified as transferable was the MentorNET, presented by our UK partner WSX enterprise- mentorship is one of services that should be developed in our region and country better.

The fourth thematic meeting gave us knowledge about the importance of governance and cooperation at regional level between stakeholders. It was on-line meeting with presented practices from Spain and Norway. The Hoppid.no partnership agreement, presented by Lead partner and Collaborations with entities through the signing of agreements in favour of the entrepreneurial ecosystem in Granada, University of Granada were the good practices with transferable



elements.

The fifth meeting (on-line) about financial instruments and microfunding schemes was very useful with good practices that made us to choose small grants – voucher system as an example of flexible and effective way for submitting services to SMEs. The Good practice was presented by our Slovenian partner- BSC Kranj.

The sixth thematic meeting – June 2021 to be added!

All practices were discussed with our stakeholders and takeaways were defined. They were the basis for discussion of the actions that are most relevant for including in the Action plan and improve the Policy instrument.

Based on the findings of these activities ARED has prepared this action plan with measures aimed at increasing the promotion of competitiveness of starting entrepreneurs and SMEs in Bulgaria with a focus on ecosystem of first line services.

II. Policy context

Name of the policy instruments addressed in the Action Plan.

Program "Competitiveness and innovation in enterprises" 2021 – 2027

One of the main goals of Action Plan and its implementation is to affect the initially identified policy instrument OP "Innovation and competitiveness" for programme periods 2014 – 2020 and 2021 – 2027. The focus is mainly to improve the access to the entrepreneurship ecosystem. We want to achieve it by supporting financial instruments, promoting equity and quasi-equity investments for start-ups, venture capital funds, private capital or shares. The second one is to promote entrepreneurial ideas in areas related to European and regional challenges.

The targeted policy instrument in the Application form is as follows:

Operational Program "Innovation and Competitiveness" 2014-2020

Priority Axis 2: Entrepreneurship and capacity to support SMEs

Thematic objective 3, investment priority 3 "a" is envisaged to support the promotion of entrepreneurship and facilitate access to finance for businesses.

Specific objective 2.1: Improving the survival rate of SMEs, incl. by promoting entrepreneurship

During the project implementation and towards the end of Phase 1 we have identified that The Program "Competitiveness and innovation in enterprises" 2021 - 2027, which is the new name of Operational Program "Innovation and Competitiveness" for new programme period 2021 – 2027 is more suitable for the actions proposed in the current Action Plan.

The current draft of the Program "Competitiveness and innovation in enterprises" for new programme period 2021 – 2027 plans to tackle one stop shop towards competitive SMEs, focusing on the ecosystem for the first line service system is 2.1.1. Specific objective "Enhancing the growth and competitiveness of SMEs, including through productive investment"

For this specific purpose, the following indicative groups of activities are envisaged for



implementation within the Policy instrument, that are directly linked to OSS project:

1. Support for productive investments in enterprises with growth potential, incl. fast-growing enterprises.
2. Encouraging entrepreneurial activity - support for the creation of new and development of start-ups.
3. Support for the development of the entrepreneurial ecosystem, promotion of internationalization and attraction of foreign investments: provision of complex services in support of SMEs:

- consultations, trainings and information for development of business plans, determination of value of products, access to markets and financing, financial instruments, etc. in favor of SMEs on a one-stop shop basis:

- support for the participation of Bulgarian SMEs in promotional activities in the country and abroad, incl. connecting Bulgarian companies with foreign partners to improve their export potential;

- implementation of activities for implementation of proactive investment marketing, provision of mechanisms for providing services to potential investors; organizing and conducting events / events abroad in order to attract investors;

- support for the participation of companies in various European international networks;

4. Support for growth and competitiveness of SMEs within new/existing industrial parks, incl. construction of production infrastructure.

Support for SMEs will be organized according to the priority economic activities identified and implemented in the National Strategy for SME's 2021-2027 and according to the needs and potential for specialization in each separate field at NUTS 3 level, identified in National Strategy for SME's 2021-2027.

One of the main directions is to improve access to the entrepreneurial ecosystem by supporting financial instruments; promotion of capital and quasi-capital investments for start-ups; venture capital funds, private capital, shares. The second is the promotion of entrepreneurial ideas in areas related to European and regional challenges. It also provides support for ideas to be implemented by the following categories of entrepreneurs: start-up women, people under 29 and people over 50 who are starting their own business.

Why to improve policy?

Even though the Policy instrument consist of measures targeted to improve start-up ecosystem and provide one stop shop services, improvements proposed in the current action plan shall target specific needs of the start-ups especially in regions with less developed economic like Northwest Region of Bulgaria.

Responsible body for the policy instrument: Ministry of Economy

Directorate-General for European Funds and Competitiveness

How to improve the policy instrument?

Through new projects:



Find more effective solutions for the implementation of the system of first line services (FLS) to support start-ups. Encourage start-ups and ensure their survival by introducing an improved ecosystem for the FLS system

Innovative measures to improve the services for start-ups in the Operational Program-

Through improved management:

Improving the process of monitoring and managing the implementation of the Policy Instrument

Improving communication and coordination between key players in the ecosystem for start-ups

One option for direct involvement in the process of Policy instrument improvement is the participation in the consulting process under the Program "Competitiveness and innovation in enterprises" 2021 – 2027– an innovative measure to support first-line services for start-ups. Currently the new Program "Competitiveness and innovation in enterprises" 2021 – 2027 has been drafted and is in consultation phase. The Action Plan and the envisioned actions shall be communicated with Managing Authority of Program "Competitiveness and innovation in enterprises" 2021 – 2027 even at this early consultation stage.

The following organizations have been identified within the project as stakeholders relevant and able to influence the operational program at national level:

-  Ministry of Economy, DG "EFC" - MA of OPIC 2014 - 2020;
-  Ministry of Economy, Economic Policy Directorate;
-  The Executive Agency for Promotion of Small and Medium Enterprises (BSMEPA);
-  Organizations in support of business (Bulgarian Chamber of Commerce and Industry);
-  The Confederation of Employers and Industrialists in Bulgaria (CEIBG), the Bulgarian Industry Chamber (BIC);
-  Regional Development Council - North-West Planning Region;
-  The Bulgarian Association of European Program Consultants (BAKEP);
-  Sofia Tech Park AD;
-  Bulgarian Association of Regional Development Agencies and Business Centers (BARDA);
-  Other organizations related to the operational program and relevant policies

At regional level actively were involved CCI-Vratsa, EEN office-Vratsa, Vratsa Software community, individual experts, startup community.

The stakeholder group in the first phase of the project took an active part in the policy study process in the different regions, through field visits, seminars, studies and partner meetings. Stakeholder representatives are also participated in discussions, evaluation of the conclusions and lessons learned from the on-site visits, receiving and analyzing feedback from companies regarding the operational program.

The main role of stakeholders was to participate in the process of drafting an Action Plan to improve the operational program, as a tool for implementing policies to encourage start-ups.

The policy will be improved to provide more support for underdeveloped regions, especially by fostering start-ups and facilitating their survival.

The Action plan is designed to find solutions to make first line services better, what helps start-ups to be established more efficiently. Introducing of the ecosystem for FLS system will encourage to start new businesses and will ensure its survival.

By realisation and implementation of the OSS project, the aim is to improve the management and monitoring process for implementation of the policy instrument. Changes in that policy would cause the improvement of communication and coordination between key actors in the start-ups ecosystem.

1. Strategic documents

To conduct a comprehensive analysis and present extensive, realistic and adequate actions, the work on this Action Plan includes detailed research that includes as a basis the following strategic documents:



III. Details of the actions envisaged.

When designing and communicating the Action Plan ARED originally envisioned to include 2 actions:

Key Action 1 - Digital platform for supporting services for start-ups and SMEs.

Key Action 2 - Voucher grant scheme for SMEs and starting entrepreneurs for first line services

The key Action 1 was identified to be applicable and transferable as a direct result from a good practice of the LP -Møre and Romsdal County - Digital tool for supporting startups presented during the thematic workshop, held in Norway and uploaded on the OSS Project Website. The Digital Platform for Supporting Services for Start-ups and SMEs was envisioned to be created within the European Digital Innovation Hubs. The funding for the Digital Platform would come from the Program "Competitiveness and innovation in enterprises" 2021 – 2027, via a dedicated measure "Creating Digital Platforms for Supporting Services for Start-ups and SMEs in European Digital Hubs" with a call for projects for preselected applicants – the European Digital Innovation Hubs in Bulgaria. However, after discussion with stakeholders and considering the following timing factors:

- Applications for creating European Digital Innovation Hubs – deadline in Fall time 2021;
- Establishing for the European Digital Innovation Hubs – after Fall time 2021; possibly beginning of 2022;
- Launching a call for preselected applicants "Creating Digital Platforms for Supporting Services for Start-ups and SMEs in European Digital Hubs", within Program "Competitiveness and innovation in enterprises" 2021 – 2027 – mid to end of 2022;

It was clear to see that including such an action in the Action Plan and its monitoring might become impossible within the timeframe of Phase 2 of OSS Project. Although the 2 Actions initially proposed are logically connected, the present uncertainty of when the new European Digital Hubs shall be fully operational to accommodate the Digital Platform for supporting services for start-ups and SMEs has led the decision this action to be pursued outside of the present Action Plan.

The current OSS Project Action Plan is envisioning 1 Key Action as follows.

Key Action 1:

PROVIDING COMPLEX SERVICES FOR PROMOTION OF AN ENTREPRENEUR ECOSYSTEM AND SMEs DEVELOPMENT



Context of the proposal

This action was identified to be applicable and transferable as a direct result from a good practice Small Grants for SMEs – Slovenian Voucher System - BSC Kranj, presented during Thematic workshop Slovenia – held online on 17-18 November 2020 with a topic “Financial instruments and finances (including micro-funding and crowdfunding) in support of entrepreneurship”, that includes schemes for different type of services incl. for digitization of SMEs, internationalization, quality assurance etc.

The Action and its relevance were consulted during Individual talks with main project stakeholder - Sofia Tech Park regarding the possibility to apply voucher scheme for access to quality services for start-ups. Parallel to this a discussion with business support organizations about vouchers being a powerful tool for effective utilization of public funds for start-ups and SMEs services (CCI-Vratsa, EEN, Vratsa Software community) was carried out.

Long-term goal of the action- next programming period of Program “Competitiveness and innovation in enterprises” 2021 – 2027/National Plan for Recovery and Resilience (Program for Economic Transformation)

Consultations with Bulgarian Agency for Promotion of SMEs show the need of such voucher scheme, structured in a similar way as in Slovenia – voucher scheme for SMEs services. The current practices and operating voucher schemes (mainly for digitalization of SME's – creating websites etc) show insufficient support for start-ups and support of SME's. This action shall complement and fortify practices and measures for digitization of SMEs for the next programming period -2021 – 2027.



Why is this Key action needed?

There is a relatively small infrastructure in terms of the public system for primary services for start-ups and SMEs and it is poorly developed in Bulgaria and in North-West Region in particular. In some of the large regional centers such opportunities are developed, mainly in Sofia, where more efforts are made by the Sofia Municipality, as well as all other conditions for the development of the respective ecosystem - availability of universities, research institutes, innovation centers, access to funding; Sofia Tech Park, incubators, accelerators, shared spaces.

There are also serious efforts by the different business support organizations and mainly the Bulgarian start-up association (BESCO) to change the legislation for start-ups, to create favourable business environment and some incentives - so far not very successful. The proposals are included in the Strategy for SME 2021-2027.

These efforts show how important this Action is. The Inclusion in the Strategy for SME 2021 – 2027 lays the foundation for such action to be included in the National Plan for Recovery and Resilience and Operational Programme "Innovations and Competitiveness" 2021-2027. The proposed Action is envisioned to fall under Objective 1 "A smarter Europe by promoting innovation and a smart economic transition " Priority 1 "Innovation and Growth" of the Innovation Program and competitiveness 2021-2027.

In addition, other Interreg Europe Projects from 1st and 2nd call (STOB project and INNOGROW project) that include Bulgarian partners, also included voucher scheme in their Action Plan but due to the COVID-19 situation, the schemes were not implemented) all available funds in the national Operational Programmes, no spent, were reallocated to anti COVID measures).

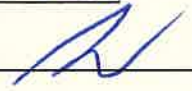
Improving to the access for funding of larger scope of services for SMEs, incl. digitization, will improve their competitiveness and assist the emerging of the SME ecosystem. It will be an essential opportunity for development of measures for SMEs support in the next period and improvement of the identified Policy Instrument.



Key action proposal	<p>Small value incentives /vouchers/ for micro, small and medium-sized enterprises with focus on improving of the ecosystem towards more support to fostering SMEs and start-ups and facilitating their survival. The Action shall provide:</p> <ul style="list-style-type: none"> - access to co-financing of individual services for strengthening start-ups and SMEs competitiveness and competencies. - easy application; - quick approval process; - co-financing for operating SMEs in the amount of 60%; - from EUR 2,500 per voucher; - the total amount of vouchers that the company can use is up to 10,000 EUR / year - digital application (through well-established national system for management and monitoring of EU funds in Bulgaria);
Stakeholders involved	Ministry of Economy, Bulgarian Agency for Promotion of SMEs
Timeframe	2021 – 2027
Costs	500 000 EUR for a pilot voucher scheme
Funding	National Plan for Recovery and Resilience/Program "Competitiveness and innovation in enterprises" 2021 – 2027
Expected Impact	Improving towards more support to fostering start-ups and SMEs and facilitating their survival.
Next steps	<p>1) Initiate meetings with responsible institutions and stakeholders on the target funding framework.</p> <p>2) Defining a specific framework, conditions for application and conditions of implementation of the targeted financing measure.</p>
KPI's	<ul style="list-style-type: none"> - Number of vouchers schemes; - Number of SMEs applications; - Total amount of funds absorbed;

IV. Validation

Date: 10.08.2021

Signature: 

Ms. Iliyana Ilieva, General Director, GD "European Funds and Competitiveness", Ministry of Economy

Stamp of the organisation (if available): _____



