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## **E-LEARNING FOR IMPROVING ACCESS TO INFORMATION SOCIETY FOR SMEs IN THE SEE AREA**

### **Work Package 6:**

### ***ICT TRAINING STRATEGIES***

### **Action 6.1:**

### ***National-level ICT training strategy reports***

### **Deliverable 1.:**

Provision of information from existing national reports and policy documents (stakeholder analysis) as well as recommendations on policies and guidelines on national SME initiatives and the digital economy.

#### **Description**

The creation of 4 National Level Training Strategy Reports will be based on:

- the e-Europe 2005 recommendations
- Best practices in Europe as selected by DG Enterprise, eBSN, e-business watch etc.
- the existing national initiatives concerning SMEs and digital economy and recommendations thereof
- local business mentality
- local structure of business organizations and representatives

#### **Activity breakdown**

- identification of local structure of business organizations, representatives and existing national initiatives concerning SMEs and digital economy,
- recommendations on policies and guidelines

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## CONTENT

Part 1: IDENTIFICATION SHEET.....	5
Part 2: EXECUTIVE SUMMARY.....	7
EXISTING POLICY MEASURES AND DOCUMENTS ON SME INITIATIVES AND THE DIGITAL ECONOMY .....	10
Policy recommendations & Guidelines.....	12
Part 3: National-Level ICT Training Strategy Report.....	15
3.1. INTRODUCTION.....	15
3.2. BACKGROUND.....	16
3.2.1. ADOPTION OF ICT BY ENTERPRISES .....	16
3.2.2. LEGAL FRAMEWORK.....	19
3.2.3. INITIATIVES FOR DEVELOPMENT OF DIGITAL ECONOMY AND E-BUSINESS IN BULGARIA.....	22
3.3. EXISTING POLICY MEASURES AND DOCUMENTS ON SME INITIATIVES AND THE DIGITAL ECONOMY.....	30
3.4. STAKEHOLDER ANALYSIS .....	47
3.4.1. STAKEHOLDER ANALYSIS MATRIX.....	47
3.5. POLICY RECOMMENDATIONS & GUIDELINES .....	49
3.5.1. SME ICT training in BULGARIA.....	52
3.6. SWOT ANALYSIS.....	54
3.6.1. Strengths .....	54
3.6.2. Weaknesses .....	55
3.6.3. Opportunities.....	55
3.6.4. Threats.....	55
3.7. CONCLUSION .....	56



## Part 1:

## IDENTIFICATION SHEET

## Part 1: IDENTIFICATION SHEET

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<b>Keywords</b>	SME initiatives; digital economy; Recommendation
<b>Abstract (for dissemination)</b>	The project aimed improving understanding, skilled and practical experience among SMEs on the advantages offered by ICT and electronic administrative services which is of major importance for the successful adoption and use of ICT by the business. Main result will be the facilitation and automation of work processes in business organizations.



## **Part 2:**

## **EXECUTIVE SUMMARY**

## Part 2: EXECUTIVE SUMMARY

Information technologies and Internet offer a variety of opportunities for optimizing the organization structure and business activities of Bulgarian companies. Many analyses, however, indicate that only a small part of Bulgarian Small and Medium sized Enterprises (SMEs) takes advantage of the opportunities offered by the World Wide Web for optimizing their activities, in most cases due to lack of financial resources, and in others - due to lack of awareness about the real potential of the information and communication technologies (ICT).

### Background

#### **Adoption of ICT by enterprises**

In 2006, all Bulgarian enterprises with more than 10 employees already had at least one computer. 28 % of the enterprises with less than 10 employees had no computer. Those are typically micro-family businesses with low added value and a market limited to the local community, which are a kind of self-employment or are positioned in underdeveloped regions of the country.

**The share of employees using a computer** at their workplace in Bulgarian enterprises increased by 6 % annually over the period 2000 – 2005 but it was **unevenly distributed** and at a **comparatively low level** – below 30 % in 2006.

In some 60 % of the enterprises and mostly in SMEs computers and the available information technologies facilitate primarily secretarial work, document registration and accounting activities, while only 10 % of the enterprises use management information systems, production automation systems or client relation management systems. Only 6.6% of the enterprises use electronic resource planning systems. This development is largely determined by the prevalence of low-tech industries and the specialization in the lowertech segments of high-tech sectors in Bulgaria. Bulgarian enterprises have not been integrated in the international knowledge production networks yet, as these networks require creative use of ICT rather than applying ICT only as a cost reduction tool.

Not long ago, the successful implementation of modern information and communication technologies (ICT) was to a substantial extent impeded by the prevailingly slow Internet access. After the liberalization of the telecommunications market, since 1<sup>st</sup> January 2003, followed by the penetration of alternative telecom operators, there are more and cheaper broadband services offered on the market, which creates favourable conditions to rapidly overcome the lagging behind in the introduction and use of ICT in SMEs.

The year 2007 is expected to see a breakthrough in the development and growth of online services and businesses. **The growth rate of the Internet penetration will reach its upper limit in 2007, i.e. about 90 % of the computers and 90 % of the enterprises.** In the beginning of 2006, some 70 % to 82 % of the enterprises were connected to the Internet, thus enabling 21 % to 30 % of the employees to have access to the Internet from their workplace.

The next few years are expected to see **further penetration of conventional offline enterprises into the online space.** The mushrooming of small innovative online-based companies will surpass 50 % of the enterprises with more than ten employees with own websites at the end of 2007 or the beginning of 2008.

### **Legal Framework**

The modern legal framework reflecting the needs of production and use of ICT plays a major role for the economic development of Bulgaria

**The Law on Electronic Document and Electronic Signature** (LEDES follows the principles and provisions laid down in Directive 1999/93/EC on a Community framework for electronic signatures. This law settles the authorization and application of the electronic signature in the sphere of the legal private relationships and in the public sector.

The **Law on Access to Public Information** provisions a free and non restricted access to public information and specifies the procedures for access to such information and the authorities responsible for its availability.



The **Law on Personal Information Protection** (LPIP) strictly follows the European directives on data protection. The law sets forth the general framework for collection, utilization and commissioning of personal identification information.

With the **amendments of the Criminal Code**, a proper legal framework allowing for prosecution of cyber crimes was put in place. The current Bulgarian criminal law incriminates the major violations related to unauthorized access to computer resources, spread of viruses through the network, illegal corruption or destruction of software and so on.

**The Law on Electronic Commerce** regulates the obligations of the suppliers of information services related to electronic commerce, including the notification of terms and conditions of the electronic contracts. It also envisions specific rulings providing for the right or obligation to be conveyed immediately after the acceptance of an order. A special chapter is dealing with the cases where the goods or services are supplied by foreign legal entities.

The software programs are explicitly specified as a protected subject enforced by the **Law on Copyright and Neighboring Rights**. The law provides detailed regulations regarding the protection of the copyright, prevention against unauthorized usage, dissemination, import and export of musical, audiovisual and software products subject to copyright and related rights.

According to the e **Law on Administrative Servicing of Citizens and Legal Entities**, each administration is to designate a department “responsible for handling the requests for administrative services”. This model was further promoted with the **Law on Reduction of Administrative Regulation and Control on Economic Activities**; this act introduces an obligation for the administration bodies to “*organize their activities so to provide services to citizens and businesses from a single administrative location*”.

### **Government to Business e-services**

The following Government to business e-services are being provided through the National e-Government portal:

- Social security and health insurance information

- Public procurement
- Corporate taxes
- Customs declarations
- VAT
- Registration of Legal Entity
- Submission of tax declarations
- Submission of data to the National Statistical Institute

In addition a number of various e-services are being provided by the line ministries. The practice of “one stop service” was introduced by many municipalities via the establishment of special departments for “brought out” administrative services, often called “Centers for Services and Information”. In Bulgaria, such centers operate in 78 municipalities and in 3 districts of big towns.

### **E-banking**

Most of the banks in Bulgaria offer e-banking and other on-line services. The services are offered for corporate clients, including SMEs, and for individuals. **GSM Banking** – offers bank services and information, through mobile phone with WAP protocol.

**ePay.bg** ([www.epay.bg](http://www.epay.bg)) is the Bulgarian Internet payment system for payments of goods and services by bank cards over the Internet. Users are able to pay to dealers/organizations, registered in the ePay system, for goods and services, utility bills (central heating, electric power, phone subscriptions, etc.) and taxes to the government.

## **EXISTING POLICY MEASURES AND DOCUMENTS ON SME INITIATIVES AND THE DIGITAL ECONOMY**

There is number of strategies and policy documents which are related to the SMEs and which concern different aspect of the SMEs issues and particularly the adoption and use of ICT and their integration to the digital economy. Among them are:

- The **e-Government Strategy** which envisions, as a first stage, the implementation of a set of on-line administrative services (indicative services). This indicative group specifies 12 services for individuals and 8 for the business.

- **The National Strategy for Encouragement of SMEs Development, 2002 – 2006** with the objective is to create favorable environment for the start up and development of small and medium-sized enterprises capable of coping with the competitive pressure of the market forces in the Single European Market.
- The **Bulgarian National Innovation Strategy** is aiming at increasing the competitiveness of Bulgarian industry, through the introduction of new knowledge-based products, materials technologies for producing, management and services.
- **The National Investment Promotion Strategy, 2005-2010** which contains measures, aiming at improving the business climate in Bulgaria and providing better conditions for foreign investors.

**In line with the above mentioned strategies was prepared and adopted in 2006 the Operational Programme “Development of the Competitiveness of the Bulgarian Economy” 2007-2013.** The programme is based on five priority axes for the 2007-2013 programming period.

- Priority Axis 1 “Development of a knowledge-based economy and innovation activities”, focused on assisting the development of R&D activities by enterprises, aiming at strengthening their innovation potential and establishing a suitable pro-innovative business infrastructure, which shall strengthen the science-business relationship.
- Priority Axis 2 “Increasing efficiency of enterprises and promoting a supportive business environment” aims to support of micro-, small and medium-sized enterprises with a development potential in the modernisation of technologies and quality management, to improve the consultancy and information services offered to business, to improve energy efficiency of enterprises and to encourage business co-operation and networking.
- Priority Axis 3 “Financial Resources for Developing Enterprises” aims at improving the access to development capital for enterprises.
- Priority Axis 4 “Strengthening the international market positions of Bulgarian economy” aims to support the promotion of FDI through provision of

comprehensive information services to investors, improving the export potential of the national economy, and support for the national quality infrastructure.

- Priority Axis 5 “Technical assistance” will provide support for the management, implementation, monitoring and control of OP “Competitiveness” activities.

## Policy recommendations & Guidelines

To stimulate the adoption and utilization of ICT by SMEs different government institutions have pursued a wide range of policies, and have launched many different projects. What is currently required is a coherent and comprehensive concept of e-strategies that are both practical and relevant, and that consist of actions, priorities, implementation, and resources that operate on a cross-sectoral basis. In line with this, there are three key essential recommendations to be taken into consideration while developing initiatives to encourage the adoption of ICT by SMEs:

- Raise awareness among SMEs of the benefits of ICT;
- Strengthen ICT literacy and build capacity in the alignment of business and ICT strategies; and
- Create enabling environments for the adoption and growth of ICT firms.

Building on the findings and the experience gained from the ELISA project we recommend the initiation of a general concept for a national ICT training and consultancy programme for the needs of SMES based on an e-learning platform and a national web-portal. The programme may be implemented through a portfolio of projects based on public-private partnerships between the relevant government institutions, universities, SME branch organisations and NGOs. It may attract substantial public funding from the structural funds through the Competitiveness Operational Programme

The programme should provide:

- Information regarding the benefits and costs of adoption of ICTs, for example on services of the e-Government provided for the business and citizens, case studies and good practice demonstrations, opportunities offered by the national and Community programmes for research, technological development and innovation in the field of ICT:

- E-learning courses that are flexible and tailored to specific ICT skills industries, employees' position and role, or software/hardware applications;
- WEB based consultancy and advice in adopting ICT applications new business processes and business models based on ICT, including e-commerce and e-business;
- WEB-based resource center for SME relevant digital content in Bulgarian and in other languages;

The Project team is aspired to transfer EU best practice training know-how in accordance with the national training strategies to improve the business for better adaptation in the EU Markets. The main aim is to make the Bulgarian SME's more competitive to the companies of the EU by accessing the knowledge given by the information society and through close cooperation of academic and business communities at a transnational level.



## **Part 3:**

National-level ICT training strategy report for

**Bulgaria**

## Part 3: National-Level

# ICT Training Strategy Report

### 3.1. INTRODUCTION

The potential benefits of information and communication technologies (ICTs) to small- and medium-sized enterprises (SMEs) are well known. ICTs enhance SME efficiency, reduce costs, and broaden market reach, both locally and globally. Since the SME sector plays a major role in national economies, these benefits to individual SMEs collectively translate into positive results in the form of job creation, revenue generation and overall country competitiveness. Governments, therefore, have an interest in the promotion of access to, and use of, ICTs by SMEs.

The "i2010 – A European Information Society for growth and employment" initiative was launched by the Commission on 1 June 2005 as a framework for addressing the main challenges and developments in the information society and media sectors up to 2010. It promotes an open and competitive digital economy and emphasises ICT as a driver of inclusion and quality of life. The initiative contains a range of EU policy instruments to encourage the development of the digital economy such as regulatory instruments, research and partnerships with stakeholders. Promoting SME to use of ICT is one of priority themes in the i2010 initiative.

As a member of the European Union Bulgaria has to substantially improve its political framework in the field of SME and to implement a coherent approach for promotion of the wide adoption and use of ICT in SMEs.

This National-Level ICT Training Strategy Report is prepared in the frame of the ELISA (e-learning for improving access to Information Society for SMEs in the SEE Area) is an INTERREG IIIB CADSES funded project that aims at improving the access to knowledge and the information society of SMEs in South-East Europe, through close cooperation of academic and business communities at a transnational level. This scope will be achieved by transferring EU best practice training know-how and by developing national training strategies.

The Report analyses the current state of the process of adoption and use of ICT by SMEs, summarises the existing policy measures and initiatives and elaborates some policy recommendations.

## 3.2. BACKGROUND

### 3.2.1. ADOPTION OF ICT BY ENTERPRISES

Information and communication technologies are rapidly entering into Bulgarian companies but currently the installed capacity is not fully utilized, especially in the micro-enterprises in the traditional sectors of the economy. The process of introduction of ICT solutions in enterprises is largely determined by administrative and evolutionary factors. The data below is extracted from the Innovation Report 2007 prepared by Arc Fund <http://www.arc.online.bg/>.

In 2006, all Bulgarian enterprises with more than 10 employees already had at least one computer. 28 % of the enterprises with less than 10 employees had no computer. Those are typically micro-family businesses with low added value and a market limited to the local community, which are a kind of self-employment or are positioned in underdeveloped regions of the country. **The process of computerization of Bulgarian enterprises is evolutionary and administratively determined rather than an element of their proactive innovation promotion strategy.** Only in microenterprises the higher computerization of workplaces is a factor for greater innovation. They are most likely representatives of the sector of R&D-intensive services such as consultancy, architecture, engineering services, design, etc.

**The share of employees using a computer** at their workplace in Bulgarian enterprises increased by 6 % annually over the period 2000 – 2005 but it was **unevenly distributed** and at a **comparatively low level** – below 30 % in 2006. In some 60 % of the enterprises computers and the available information technologies facilitate primarily secretarial work, document registration and accounting activities, while only 10 % of the enterprises use management information systems, production automation systems or client relation management systems. Only 6.6% of the enterprises use electronic resource planning systems. This development is largely determined by the prevalence



of low-tech industries and the specialization in the lowertech segments of high-tech sectors in Bulgaria. Bulgarian enterprises have not been integrated in the international knowledge production networks yet, as these networks require creative use of ICT rather than applying ICT only as a cost reduction tool.

93,5 % of business computers in Bulgaria have Microsoft operational systems installed on them and 2,6 % use Linux<sup>82</sup>. The market share of office packages and applications in the open-source alternatives accounts already for some 15 % of the jobs and 7 % of the enterprises. The introduction of free software is usually associated with the need to minimize costs but an equally important reason is innovation, the desire to be in a constant beta-state. The enterprises using office packages alternative to Microsoft are more innovative) than those using Microsoft.

As a rule, any enterprise which has equipped its office with computers since 2000 has access to the Internet. Exceptions are the companies motivated to purchase computers only for warehouse and accounting records and issuance of computerbased receipts, where the use of computers does not require access to the Internet (employees have only face-to-face contact with the customers).

The year 2007 is expected to see a breakthrough in the development and growth of online services and businesses. **The growth rate of the Internet penetration will reach its upper limit in 2007, i.e. about 90 % of the computers and 90 % of the enterprises.** In the beginning of 2006, some 70 % to 82 % of the enterprises were connected to the Internet, thus enabling 21 % to 30 % of the employees to have access to the Internet from their workplace. There are huge variations in the frequency and purpose of the Internet usage among the users at their workplace. Only 2 % of the employees are fully online, while more people (11 %) use the Internet occasionally in their work, typically up to one hour a day, mainly for correspondence, music and news. Although it has shorter time for work on the Internet, this group of people is more active than the rest (using the Internet longer hours) and accommodates more distance learning courses related to their work or to the upgrading of their skills. The number of remote workplaces (both temporary and permanent) is growing.

The increased percentage of Internet users (32 % of the working population with a forecast to reach 44 % in 2007) makes companies adjust and seek special strategies to reach their users on the basis of the Internet, as well as develop their distinctive advantages based on web technologies. The first distinctive feature is the address of the site. The beginning of the period was characterized by a shift in the ratio between own and outsourced domains in favour of the former. The choice of companies is primarily .com domains – 56 % of all sites are located there, while .bg sites in the Bulgarian space account for 35 %.

Secondly, after the occasional investment in Internet-based advertising prior to 2002, most of the bigger companies in Bulgaria have paid more serious attention to the marketing planning in the web space for the last two or three years. This calls also for a more professional attitude to the development of the website. 43.4 % of the operational corporate sites have been designed by providers specialized in this sphere. However, companies still fail to pay sufficient attention to the Internet exposure of their sites.

The next few years are expected to see **further penetration of conventional offline enterprises into the online space**. The mushrooming of small innovative online-based companies will surpass 50 % of the enterprises with more than ten employees with own websites at the end of 2007 or the beginning of 2008.

Websites and the opportunities for placing orders and paying online belong to the portfolio of **enterprise marketing innovations**. During the second quarter of 2006, 21 % of the enterprises in Bulgaria had an operational website and another 2.5 % had a site which, for some reasons was inactive for the period April – June 2006. More often than not, online companies are "service superstructures" of existing enterprises which are slower or maintain partnerships with these small enterprises until the market is developed (e.g. home shopping offered by big store chains). **Small companies** are subject to greater competition for their survival and therefore they are **more adaptive and more inclined to offer opportunities for online placement of orders**. 17 % of micro-enterprises (below 10 employees) with websites of their own offer such an opportunity as compared to the national average of 11 %. They seem to be also the most

aggressively exposed sites with the highest average forecast GooglePage Rank. Growth of Google Page Rank is forecasted only in 7.5 % of the enterprises. There is an average of five links per corporate site, mainly free catalogues, while some 4 % of all enterprises use advertising banners. Banners are estimated to generate about 70 % of the revenues from advertising and the other 30 % are equally split among sponsorship, context advertising and the groups of advertising via the e-mail, announcements, etc.

### 3.2.2. LEGAL FRAMEWORK

The legal framework of the ICT Sector in Bulgaria is outlined and driven up by the recent EU accession (January 2007) and by the participation in the World Trade Organization (WTO) since 1996. Bulgaria, as a country having ratified the Information Technologies Agreement between WTO countries, has completely eliminated duties on IT products covered by the Agreement, excluding the 20% VAT on the import and on the locally produced products, which is due in compliance with the Value Added Tax Act (VATA) of 1998. Zero equal duty rates, in accordance with VATA, is applied on the exports of software. According to VATA, "export of software" is every transfer of rights on software products, where the place of consumption, respectively taxation, is outside the territory of Republic of Bulgaria and the realised export is paid in full by the receiver via a local bank. Bulgarian legislation relating to VAT in many aspects follows the EU Sixth VAT Directive 77/388/EEC of 17 May 1977 on the harmonisation of the laws of the Member States relating to turnover taxes - Common system of value-added tax: uniform basis of assessment.

The putting in place of a modern legal framework reflecting the needs of production and use of new Information technologies, including telecommunications, plays a major role for the economic development of Bulgaria and for its EU membership.

**The Law on Electronic Document and Electronic Signature (LEDES)**, <http://www.mi.government.bg/norm/laws.html?id=23237>, adopted in March 2001, follows the principles and provisions laid down in Directive 1999/93/EC on a Community framework for electronic signatures. This law settles the authorization and application of the electronic signature not only in the sphere of the legal private relationships, but also in the public sector. Binding to the necessity of maximum security when using an

electronic signature and the EC provisions, LEDES envisions duly registration for the electronic signatures certification authorities. The latter, according to law provisions, should be legal entities, authorized to issue certificates for electronic signatures, to keep a register of electronic signatures, as well as to ensure access to third parties to the published certificates. The registration procedure is delegated to the **Communications Regulation Commission** ([www.crc.bg](http://www.crc.bg)) - the independent state authority in charge of the regulation and control over certification services. Despite the harmonization with the EU legislation, Bulgaria, however, still lags behind in the application of the electronic signature as compared to the world trends. This still remains a big not fully exploited niche. The efforts of the two companies offering the universal signature service - "Information Services" ([www.is-bg.net](http://www.is-bg.net)) and "Bankservice" ([www.bsbg.net](http://www.bsbg.net)), have not yet received the full support from the business.

The **Law on Access to Public Information**, <http://www.paragraf22.com/pravo/zakoni/zakoni-d/36100.html>, adopted in July 2000, provisions a free and non restricted access to public information and specifies the procedures for access to such information and the authorities responsible for its availability. In December 2001 the **Law on Personal Information Protection** (LPIP) was adopted, <http://privacy.gateway.bg/htmls/page.php?category=99>. It strictly follows the European directives on data protection. The law sets forth the general framework for collection, utilization and commissioning of personal identification information. The main objective of LPIP is to guarantee the main human rights to inviolability of individual and to personal life by provision of protection for the persons against illegal treatment of their personal data.

With the **amendments of the Criminal Code**, <http://www.paragraf22.com/pravo/kodeksi/nk.htm>, adopted in 2002, a proper legal framework allowing for prosecution of cyber crimes was put in place. The current Bulgarian criminal law incriminates the major violations related to unauthorized access to computer resources, spread of viruses through the network, illegal corruption or destruction of software and so on. The prosecutions foreseen by law vary from levy of a fine to imprisonment depending on the significance of the criminal act.

**The Law on Electronic Commerce** strictly follows the major principles laid down in the legislation of the European countries. Most of the rulings are not restrictive but rather in disposition in compliance with the general regulation of the IT sector. The Law regulates the obligations of the suppliers of information services related to electronic commerce, including the notification of terms and conditions of the electronic contracts. It also envisions specific rulings providing for the right or obligation to be conveyed immediately after the acceptance of an order. A special chapter is dealing with the cases where the goods or services are supplied by foreign legal entities.

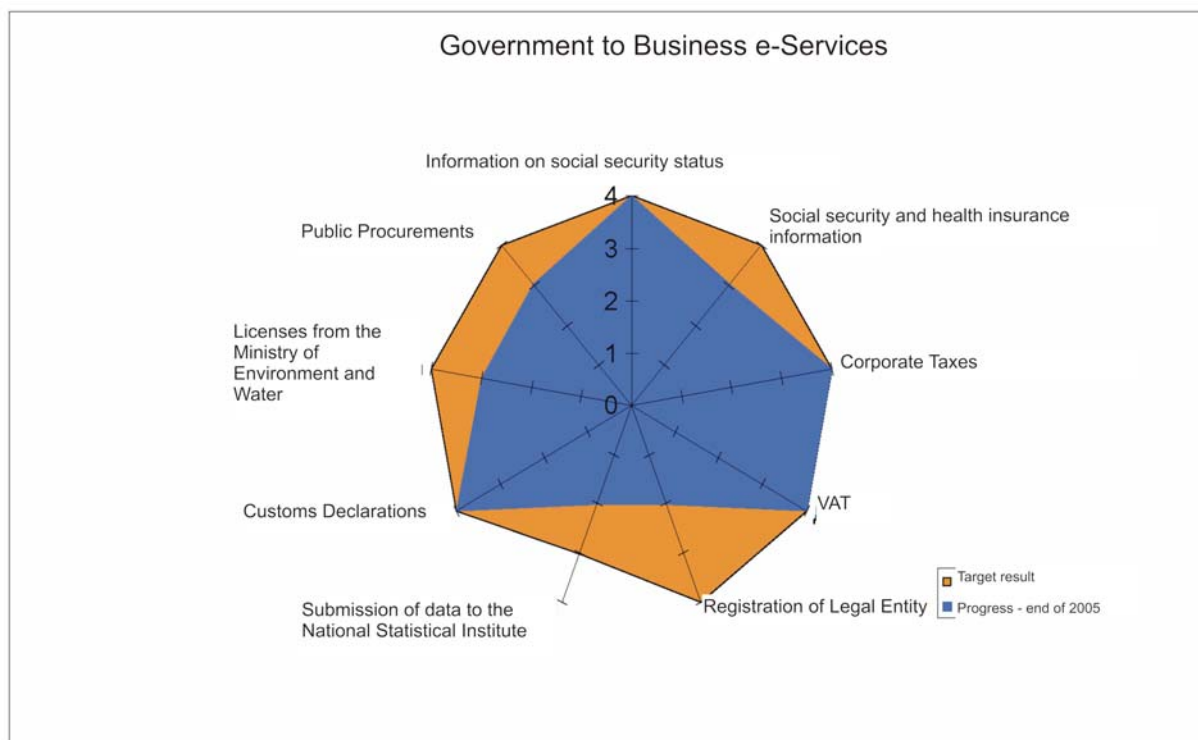
The software programs are explicitly specified as a protected subject enforced by the **Law on Copyright and Neighboring Rights** (adopted in 1993), <http://lex.bg/laws/ldoc.php?IDNA=2133094401>. The law provides detailed regulations regarding the protection of the copyright, prevention against unauthorized usage, dissemination, import and export of musical, audiovisual and software products subject to copyright and related rights. Should a person break a copyright or related rights regulations, according to law, he/she will be charged with compensation for losses caused to the person legally holding that rights. All disputes are settled down by the relevant municipality court – the appeal body.

The policy for improving the administrative services by introducing the “one-stop administrative service” model started being actively implemented at national level with the adoption of the **Law on Administrative Servicing of Citizens and Legal Entities**, <http://www.mi.government.bg/norm/laws.html?id=24127>, enforced in 1999. Pursuant to this act, each administration is to designate a department “responsible for handling the requests for administrative services”. This model was further promoted with the **Law on Reduction of Administrative Regulation and Control on Economic Activities**, <http://lex.bg/laws/ldoc.php?IDNA=2135468357>, adopted in 2003. This act introduces an obligation for the administration bodies to “*organize their activities so to provide services to citizens from a single administrative location*”.

The Top-Level Internet Domain name (TLD) for Bulgaria is **.bg**. Similar to other top-level domains, the support and administration of TLD .bg is implemented by the Bulgarian company Register.BG Ltd (Registry). The Registry has developed policies and procedures based on Internet standards, discussions with Internet Service Providers

and network experts, both in Bulgaria and abroad and on gained experience. Policies, procedures and required legal documents for the registration of a domain in TLD **.bg** are specified in detail at the web-site of Register.BG Ltd: [www.register.bg](http://www.register.bg).

### 3.2.3. INITIATIVES FOR DEVELOPMENT OF DIGITAL ECONOMY AND E-BUSINESS IN BULGARIA



#### Development stage of the Government to Business e-services in Bulgaria

*The information is from the Annual report of Coordination Center for Information Communication and Management Technologies (CCICMT) – E-Government 2005*

The Central Authorities have developed additional on-line services for individuals and business.

- **Registry Agency to the Ministry of Justice** — Registration in the BULSTAT Registry, registration of real estate properties; data exchange with other Central Authorities (Regional Police Departments, National Revenues Agency etc.);

- **Ministry of Defense** – information on public procurements, complains and requests, journalist accreditation.
- **Ministry of Economy and Energy** – information on public procurements;
- **Ministry of Education and Science** - Electronic Register of the schools in Bulgaria; Electronic Register of the Universities; Information system of the geographic structure of the education;
- **Ministry of Justice** - certificates showing no previous conviction;
- **Ministry of Labour and Social Policy** - Submission of requests, complaints and access to public information.
- **Agency for Social Assistance** - Submission of requests, complaints and access to public information. Social services; Family allowance services, related to children
- **General Labour Inspectorate** - declarations, requests, complaints, licenses according to article 302, 303 and 333 of the Labour Code;
- **National Employment Agency** - services to job seekers;

The development of IT and electronic services at regional level – by **municipalities and regional administrations**, plays a major role for the success of the e-Government as a whole, as most of the administrative processes and services depend on the activities deployed on regional level.

The development of ICT has enabled many new channels for provision of administrative services, like the “one-stop administrative services” model. The essence of this model is the creation of a single “input” and “output” point for public document exchange, integrating the request with the delivery of a public service and, as a final result, obtaining of the necessary document. The “one-stop administrative services” model allows access to service from a single place through various access channels – web-page, e-mail, fixed and mobile phones.

This practice was first introduced by the municipalities via the establishment of special departments for “brought out” administrative services, often called “Centers for Services and Information for citizens” or “Centers for Information and Administrative Services to Citizens”. In Bulgaria, such centers operate in *78 municipalities (and in 3 districts of big towns)*. About half of them (48%) are built with the financial contribution of the United

States Agency for International Development (USAID) and the Foundation for Local Government Reform (FLGR).

Municipalities are available on the Internet mainly by their own web-pages and in some cases via the web-pages of the city councils. Individual web-pages of the city districts or directorates of the municipality administrations are also offered in some of the big cities.

In the beginning of 2005, 60% of the municipalities had their own web-sites, including municipalities with over 75 000 population. 80% of the remaining municipalities were available on the Internet via the web-sites of the Municipalities' Associations.

Several projects on e-Government and electronic administrative service offerings were successfully implemented in regional and municipal centers like Varna, Stara Zagora, Dobrich, Gabrovo, Yambol and others. Their experience may be used as an example and the best practices can be transposed to other regions in Bulgaria.

Under a pilot project, part of the e-Government Strategy, an information system was put into operation on the territory of municipality and region Varna ([www.vn.government.bg](http://www.vn.government.bg)). The system, besides the services and information related to the governance of Municipality of Varna, incorporates services and data provided under the authority of the central government administration. The project expertise can be successfully transposed to other regions and/or municipalities. This expertise includes a pilot implementation of electronic document flow management system, technologies for real-time access to registers and databases with public information, and information system for quick legal procedures based on databases of related juridical institutions. As a result of this project, structures of the governmental and judiciary power, as well as local governance structures are sharing a joined information resource.

The pilot project on electronic region and municipality implemented in Stara Zagora ([www.city.starazagora.net](http://www.city.starazagora.net)) is an example of a success story. The information portal, created within the framework of this project, in addition to access to electronic administrative services like issuance of copies of birth certificates, construction licences, request forms for public information etc., provides opportunities to electronically send signals, make complaints or proposals to the Stara Zagora Regional Police Directorate.

Other good examples of local implementation that are worth mentioning are:



- e-Regions Gabrovo ([www.gb.government.bg/gb/phare\\_programme.htm](http://www.gb.government.bg/gb/phare_programme.htm)) and Yambol ([www.yambol.government.bg](http://www.yambol.government.bg));
- electronic one-stop administrative service of Plovdiv region ([www.pd.government.bg](http://www.pd.government.bg));
- electronic administrative service of Municipality of Dobrich ([www.dobrich.org](http://www.dobrich.org));
- First pilot project in South-East Bulgaria on local e-Government, initiated by the United Nations Development Programme – Bulgaria and Internet Society of Bulgaria (ISOC-Bulgaria). The project uses Free Open Source Software (FOSS) in an attempt to make governance more transparent and to increase the access of citizens to municipal services. In 2005, within the framework of the project, the web-sites of the municipal administrations of Kardjali ([www.kardjali.bg](http://www.kardjali.bg)) and Vratza ([www.vratza.bg](http://www.vratza.bg)) were developed.

***Municipalities ranking for 2005 based on the assessment of their web-sites:***

General Indicator	Municipalities with highest ranking
Utilisation	Sofia, Rousse and Dobrich
Policy-making	Sofia, Rousse and Dobrich, Pleven, Straldja and Radnevo
Information	Sofia, Dobrich, Svishtov, Belene and Loukovit
Ranking according to aggregate overall assessment	Sofia, Dobrich, Rousse

*Source: E-Municipality Annual Report of the CCICMT, 2005*

## E-Banking

The bank sector is one of the steadily developing sectors in Bulgaria. The modernization of the financial system is rapidly expanding, since the penetration of some of the leading international banks and financial institutions. They introduced on the Bulgarian market the information systems used in their head offices. Leading banks in Bulgaria are spending more and more resources on the establishment of modern information

systems, making them uninterruptible and much more secure. With a view to the synchronization of the legal framework with the European Union directives in the field, the government is working on the development of legal acts, concerning e-banking.

**ePay.bg** ([www.epay.bg](http://www.epay.bg)) is the Bulgarian Internet payment system for payments of goods and services by bank cards over the Internet. Users are able to pay to dealers/organizations, registered in the ePay system, for goods and services, utility bills (central heating, electric power, phone subscriptions, etc.) and taxes to the government. The **ePayVoice** system allows every user, having a digital fixed phone or mobile phone, to receive information about current utility bills and to pay them with a bank card. The system supports payments to the mobile operators – M-tel, Globul and Vivatel, cable TV providers, Internet service providers, providers of VoIP services, insurance companies, payment of utility bills (central heating, electric power, fixed phone subscriptions etc.). In addition, vouchers for prepaid mobile services can be recharged.

**E-banking** – Most of the banks in Bulgaria offer e-banking and other on-line services. The services are offered for corporate clients, including SMEs, and for individuals.

Through the e-bank systems you can:

*Receive information for:*

- accounts balance and flow;
- electronic payment orders status;
- currency exchange rates;
- credit status of customers
- banks and bank branches offering e-services

*Carry out bank operations like:*

- internal bank transactions in BGN (local currency) and in other currencies
- transactions between banks in local and in other currencies
- open new accounts
- payment orders
- direct debit orders
- payments through RINGS

**GSM Banking** – offers bank services and information, through mobile phone with WAP protocol. By GSM Banking gives access to financial assets worldwide, independently of location of the bank offices and the daytime. Information about accounts, instructions and confirmations for bank transactions are accessible through mobile phones. Services like account status information, financial transactions and operations, currency exchange rate information, payment orders, etc. can be obtained via GSM Banking.

Below you can find information about banks in Bulgaria, offering e-banking services.

- **Allianz Bulgaria** (<http://bank.allianz.bg/>) offers through its “E-banking” service: money transfers in the country and abroad; reviewing statements of accounts balance and flow; buy and sell foreign currency and securities; direct access to the bank quotations. The payment documents are signed with a digital certificate (signature).
- **HVB Bank Biochim** (<http://www.biochim.com/default.htm>) offers the *MultiCash* e-bank service. The service requires a personal computer and a modem. In the system you can execute the following operations: review information for bank accounts in BGN and foreign currency, make payment orders, encashment requests, automated execution of periodic payments, etc.
- **DSK Bank** (<http://www.dskbank.bg/>) introduced the *Dimension* information system that allows real time transactions. In addition the bank offers *MultiCash* system for electronic transactions to the corporate clients.
- **Bulbank** (<http://www.bulbank.bg/bb/>) provides its clients with a remote access to a wide range of e-bank services. Bulbank offers 3 electronic banking systems – *TeleBANK*, *PhoneBANK* and *BulBANK online*.
- **DZI Bank** (<http://www.dzibank.bg/>) – provides remote access to a variety of services. E-bank services are set forth as a priority of the bank.
- **Hebros Bank** (<http://www.hebros.bg>) offers electronic transactions in BGN (payment orders, encashment requests), customers’ information (account status), transactions via RINGS and information on currency exchange rates, taxes, etc. In order to use the service the customers must have a bank account and to

submit an on-line request for e-banking. They receive a digital certificate from the bank, equivalent to an electronic signature.

- **Bulgarian-American Credit Bank** (<http://www.bacb.bg/bg/>) offers free of charge installation of the e-banking software on a client's computer. The bank offers real time information for accounts status and transactions, register of contractors, forms for payments orders, etc.
- **Piraeus Eurobank** (<http://www.eurobank.bg/>) offers e remote banking system, called *HomeBanking*, providing the customers with options for bank transactions in BGN and foreign currency and account status monitoring. The bank offers training for customers and free of charge software installation.
- **Investbank** (<http://www.ibank.bg/>) – provides e-banking via the *HomeBanking* system, as well as payments through the *ePay.bg* system. The services offered include account monitoring, creation of time deposits, payment orders, requests for bank cards, financial information, etc.
- **ING Bank** (<http://www.ing.bg/>) – offers online banking for individuals and business clients. For online transaction, a digital certificate, issued by ING Bank or authorized institutions, is needed. The *MultiCash* e-banking system, used by the bank, provides the users with a set of useful instruments for national and international transactions, deposit confirmation, account monitoring tools. The use of online banking gives the customers a 50% discount of bank fees for transactions.
- **International Asset Bank** (<http://www.iabank.bg/>) provides customers with two ways for e-banking: internet banking and mobile banking (integrated e-banking solution for mobile phones with WAP support).
- **Corporate Commercial Bank** (<http://www.corpbank.bg/>) offers solutions for individuals (*Home RemoteBank*) and business (*Corporate RemoteBank*) clients. The system provides information for currency exchange rates, interest rates, fees and commissions, emissions of state securities, bank account and deposit status, excerpts, transactions, etc.

- **Encouragement Bank** (<http://www.nasbank.bg>) offers an integrated solution for secure Internet banking. For corporate clients the *MultiCash@Office* e-banking system provides opportunities for online transactions, payments and balance information.
- **United Bulgarian Bank** (<http://www.ubb.bg/>) offers a variety of bank operations via the virtual bank branch *U-HomeLine* (<https://ebb.ubb.bg/>). The bank offers phone banking, PC banking, e-mail information and GSM banking as well.
- **Postbank** (<http://www.postbank.bg/>) provides e-bank services for individuals and corporate customers like: track on all accounts – interest rates, credit schemes, deposits, information on transactions over a defined period, etc. The systems supports real time transfers in local and foreign currency in the country and abroad. The service is accessible worldwide.
- **First Investment Bank** (<http://www.fibank.bg/>) – A Virtual Bank Branch is available to present and future customers. The services available to customers through the virtual branch are: opening payment accounts in local and foreign currency; opening and closing term deposits; issuance of debit cards; real-time transfers within FIBank's system; initiation of instant encashment requests; currency exchange; information on the interest rates, charges, commission fees and currency exchange rates; real-time information on customers' accounts. An option for paying utility bills via the phone banking system *ePayVoice* is also available.
- **Raiffeisen Bank** (<http://www.raiffeisen.bg/>) offers online information on accounts balance and transactions. The e-banking system uses the software platform *ELBA International (MultiCash 2.12)*. The bank customers have permanent access to information on their accounts and the data is updated several times a day. The platform is available in Bulgarian and in English.

### 3.3. EXISTING POLICY MEASURES AND DOCUMENTS ON SME INITIATIVES AND THE DIGITAL ECONOMY

#### National e-Government Strategy

The e-Government strategy envisions, as a first stage, the implementation of a set of on-line administrative services (indicative services). This indicative group specifies 12 services for individuals and 8 for the business.

<b>Fully established and available on-line administrative services</b>	
<b>For individuals</b>	
Income taxes	<a href="http://www.nap.bg">www.nap.bg</a>
Social security taxes	<a href="http://www.egateway.government.bg">www.egateway.government.bg</a>
Request forms addressed to Police Authorities	<a href="http://www.dnsp.mvr.bg">www.dnsp.mvr.bg</a>
Change of residential address Form	<a href="http://www.egateway.government.bg">www.egateway.government.bg</a>
Job offers	<a href="http://www.egateway.government.bg">www.egateway.government.bg</a>
<b>For Business</b>	
Information on social security status of the employees	<a href="http://www.egateway.government.bg">www.egateway.government.bg</a>
Corporate taxes	<a href="http://www.nap.bg/e-services/corporate.htm">www.nap.bg/e-services/corporate.htm</a>
VAT related services	<a href="http://www.nap.bg/e-services/corporate.htm">www.nap.bg/e-services/corporate.htm</a>
Customs Declarations	<a href="http://www.customs.bg/index_bg">http://www.customs.bg/index_bg</a>
<b>On-line administrative services under construction</b>	
<b>For individuals</b>	
Family allowance related to children	<a href="http://www.mlsp.government.bg/bg/public/child.htm">http://www.mlsp.government.bg/bg/public/child.htm</a>
Students Grants	<a href="http://www.minedu.government.bg">www.minedu.government.bg</a>
ID Cards, Passports	<a href="http://www.pasporti.mvr.bg">www.pasporti.mvr.bg</a>

Driving Licenses	<a href="http://www.kat.mvr.bg">www.kat.mvr.bg</a>
ID cards and Driving Licenses validity check	<a href="http://www.nbds.mvr.bg">www.nbds.mvr.bg</a>
Registration of Vehicles	<a href="http://www.kat.mvr.bg">www.kat.mvr.bg</a>
Construction Licenses	<a href="http://www.dnsk.mrrb.government.bg">www.dnsk.mrrb.government.bg</a> <a href="http://www.egateway.government.bg">www.egateway.government.bg</a>
Public Libraries	<a href="http://www.egateway.government.bg">www.egateway.government.bg</a>
Certificates (for marriage, birth, etc.)	<a href="http://www.egateway.sz.government.bg">www.egateway.sz.government.bg</a> - pilot project
Diplomas	<a href="http://www.minedu.government.bg">www.minedu.government.bg</a>
Health Insurance	<a href="http://www.mh.government.bg/administrative_serve.php">http://www.mh.government.bg/administrative_serve.php</a>
Health services	<a href="http://www.mh.government.bg/">http://www.mh.government.bg/</a> , <a href="http://www.noi.bg">www.noi.bg</a>
<b>For Business</b>	
Social Security and Health Insurance data	<a href="http://www.noi.bg">www.noi.bg</a>
Registration of new legal entity	
Submission of data to the National Statistical Institute	<a href="http://www.nsi.bg">www.nsi.bg</a>
Ecological Licenses	<a href="http://www.moew.government.bg/index.html">http://www.moew.government.bg/index.html</a>
Public Procurement	<a href="http://www.aop.bg">www.aop.bg</a>

Currently, the following administrative services to business are available on-line:

1. Information on social security status of the employees – for further information and online access to the service please visit <http://egateway.government.bg>.
2. Corporate taxes – submission of declarations and notifications regarding corporate taxes:

In order to submit an on-line form for corporate taxes you need a universal electronic signature. For further information and online access to the service please visit <http://www.nap.bg/e-services/corporate.htm>.

3. Submission of declarations on VAT – the service “VAT over Internet” enables all VAT registered companies in Bulgaria to submit declaration forms and VAT ledgers to the National Revenue Agency over the Internet. In order to use the service, the companies need access to Internet, electronic signature, and a request for electronic submission of tax declarations and forms should be submitted to the regional office of the National Revenue Agency. For further information and online access to the service please visit <http://www.nap.bg/e-services/corporate.htm>.

4. Online submission of Customs Declarations - For further information and online access to services please visit [http://www.customs.bg/index\\_bg](http://www.customs.bg/index_bg).

The following Government to Business indicative e-services, envisaged in the E-Government Strategy, are accessible but not fully deployed:

1. Submission of information about social security and health insurance over Internet – for additional information please visit the web-page of the National Social Security Institute [www.noi.bg](http://www.noi.bg).

2. Submission of data to the National Statistical Institute – for additional information please visit <http://www.nsi.bg/Forms/Forms.htm>.

3. Submission of documents and requests for licenses to the Ministry of Environment and Water – <http://www.moew.government.bg/index.html>

4. Public Procurement – electronic register of the announced public procurement tenders in Bulgaria - [www.aop.bg](http://www.aop.bg)



5. Registration of new legal entities – this service is still under construction and is not available at the moment.

## **NATIONAL STRATEGY FOR ENCOURAGEMENT OF SMES DEVELOPMENT, 2002 – 2006**

Bulgaria has the important task to continue its efforts towards improving the parameters of the business environment and the development conditions for entrepreneurship. Along these lines is also the implemented government policy for SMEs. The government policy for SMEs is in line with the EU requirements in the field. This policy finds concentrated expression in the NATIONAL STRATEGY FOR ENCOURAGEMENT OF SMEs DEVELOPMENT, 2002 - 2006.

The main objective of the **National Strategy** is to create a favorable environment for the growth of a competitive SME sector which will accelerate national economic development and maintain the macroeconomic stability. One asset of the Strategy is that it defines clearly seven key priority spheres of government support. The objective is to create favorable environment for the start up and development of small and medium-sized enterprises capable of coping with the competitive pressure of the market forces in the Single European Market. Strategy's priorities reflecting the problems in the SME sector include:

- Simplification of administrative and legislative environment for SMEs;
- Financial environment improvement;
- Innovations and technological development support;
- SME europeization and internationalization;
- Improvement of the access to information and services;
- Provision of conditions for SME development in regional aspect;
- Encouragement of the entrepreneur spirit and skills.

The focus of the Strategy is on the role of institutions. Creating favorable environment for SMEs is a responsibility of the state, the non-governmental

organizations and the whole society. An integral part of the Strategy is the Work Program for its Implementation which formulates short-term (till end of 2002), mid-term (2003–2004) and long-term (2005–2006) initiatives in line with the priorities. Specific measures and actions for attaining the objectives of the National Strategy, as well as the institutions responsible for their implementation, have been specified.

The National Strategy contains clearly formulated priorities which substantially reflect the current situation and the major problems of the Bulgarian SME sector. The analysis of Strategy's implementation shows many positive changes but also a lot of problems which still impede SME development.

Government support for the SME sector is associated with renewal of the activity of the **Bulgarian SME Promotion Agency** (BSMEPA) which was institutionalized in September 2004. It consolidates the previous Agency for Small and Medium sized Enterprises and the Executive Agency for Trade. The major functions of the Agency are:

- information and consulting services,
- support to innovative projects and new technologies,
- assistance of Bulgarian companies in growing and entering into the foreign markets,
- Managers training and transfer of experience through the implementation of international projects.

Important is the harmonization of Bulgarian with the European legislation on entrepreneurship regulation and SME promotion. In June 2006 the National Assembly passed a Law on Amendments and Supplements to the Law on Small and Medium-sized Enterprises. It introduces new definitions of micro-, small and medium-sized enterprises in line with the corresponding definition under Recommendation 2003/361/EC, as required under Chapter 16, Small and Medium Enterprises, of the negotiations for Bulgaria's accession to the EU. For the Member States the definition took effect from 1 January 2005. Although it is not compulsory for the Member States, Bulgaria was recommended to adopt in full European Commission's definition and it fulfilled the recommendation.

There is a need to achieve greater progress in the further implementation of an integrated approach in the enterprise policy. This means intensified involvement of private sector representatives in the discussions on SME policy measures; improved efficiency of the administrative and the judicial system; support for export-oriented SMEs; strengthening the capacity of the public administration to implement large-scale programs in support of SMEs; notable improvement of the business environment by optimizing the regulatory regimes; accelerating the start up of new business, etc.

## **NATIONAL INNOVATION STRATEGY**

On the 8-th of September 2004 THE NATIONAL INNOVATION STRATEGY OF BULGARIA and the measures for its implementation were adopted with Decision № 723 of the Council of Ministers. The Bulgarian innovation strategy is aiming at increasing the competitiveness of Bulgarian industry, through the introduction of new knowledge-based products, materials technologies for producing, management and services. The Strategy is directed towards:

- development of competitive knowledge-based industry through new mechanisms for promotion of applied research, high technologies and innovations;
- Encouraging the inside and outside integration between the research bodies and their co-operation with the business;
- Development of new mechanisms for promotion of applied research and their introduction in industry and for the attraction of private investments to finance market-oriented applied research products.

The Strategy makes a SWOT analysis of the National Innovation System, revealing the weak points and possibilities for improvement. The measures, envisaged in the Strategy, are: support to innovation and technology-oriented projects, promoting employment of young specialists in SMEs, building or optimising technology centres, and improving the relation “science-technology-innovation”. The Strategy also proposes creation of clusters, entrepreneurship training, attraction of foreign investments in R&D activities, and establishment of entrepreneurial centres in the Universities.

According to the strategy the financial instrument for its implementation will be a National Innovation Fund. On 15 March 2005 the Fund started functioning as it opened a call for proposals.

The strategic goals of the Fund are to increase the competitiveness of the Bulgarian economy through the encouragement of market-oriented applied research for the needs of industry as well to create the necessary background for public investments in innovations according to the Innovation Strategy of Bulgaria.

The operational goals of the fund are:

- To subsidize part of the costs for market-oriented applied research, R&D projects intended to be implemented in the industry.
- Fulfill the measurements stated in the Innovation strategy
- To make use of the opportunities which are provided in the Bulgarian Law on State Aid to support the innovative companies

The Bulgarian Small and Medium Enterprises Promotion Agency (BSMEPA) is engaged in the whole activity related to the administration of the Fund. Two kinds of projects eligible to apply for the fund are:

- Scientific applied research project
- Feasibility studies

For the subsidy may apply all legal entities registered under the Bulgarian Commercial Law in case they realize their project in the country alone or in partnership with other entities registered by the trade Law, Universities, Bulgarian Academy of Science, scientific organizations and teams. The annual budget of the Innovation Fund is 5 mln. BGN.

Another financial mechanism promoting scientific and entrepreneurial activities, highlighted in the Strategy, is the [National Science Fund](#) (established in compliance with the Law for Promotion of Scientific Research, 17.10.2003). The Fund provides financing for scientific research projects

## **NATIONAL INVESTMENT PROMOTION STRATEGY, 2005-2010**

**The National Investment Promotion Strategy, 2005-2010** is a horizontal strategy, involving all the relevant ministries. In its elaboration participated experts from the relevant ministries and from institutes and NGO's under the coordination of the Ministry of Economy. Although it is not a national industrialization strategy, it is developed in line with the major priorities from the National Plan for Economic Development (up to the year of 2006) and the National Plan for Development (2007 - 2013). The NIPS contains measures, which are grouped in seven lines, each of them aiming at improving the business climate in Bulgaria and providing better conditions for foreign investors:

- Improvement of the general administrative and legal environment;
- Development of the infrastructure;
- Labour quality improvement;
- Regional investment promotion policy;
- Support for investments in innovations and hi-technologies;
- Investment marketing;
- Improvement of the financial environment for the investors.

## **OPERATIONAL PROGRAMME “DEVELOPMENT OF THE COMPETITIVENESS OF THE BULGARIAN ECONOMY” 2007-2013**

This **Operational Programme** also provides good development opportunities for the SME sector. The **OP** is one of the six operational programmes under the National Strategic Reference Framework for the period 2007-2013, elaborated in accordance with Chapter 21 “Regional policy and coordination of the Structural Funds instruments” arrangements. The Ministry of Economy and Energy has been working recently on a program for presenting OP “Competitiveness” to the business, in particular to SMEs in all Bulgarian regions. Analyses show that serious measures need to be taken to improve entrepreneurs' capacity to draw successfully money from the EU Structural Funds.

The general objective of the operational programme shall be implemented through two specific objectives that cover both aspects of competitiveness – the preparedness of Bulgarian enterprises for the Common European Market and for the fast changing

conditions on international markets, as well as the condition of the environment in which they function.

The first specific objective is:

**Encouraging innovations and increasing the efficiency of enterprises.**

Innovations contribute to the dynamics of economy, and efficiency is directly related to the cost of production and to competitiveness. Encouraging innovation shall strengthen the connection between science and business; it will increase investments of enterprises in R&D activities and will raise the value added of services and goods, offered by them. Decreasing the consumption of energy and resources through modernizing the equipment, the technologies and the production processes shall contribute to increasing the productivity of labour and the efficiency of labour as a whole.

The second specific objective is:

**Improving the business environment.**

Business environment is significantly important for the development of micro, small and medium-sized enterprises, because they do not have the ability and capacity to establish specialised inter-company units and rely on the informational and consultancy services, offered on the market. Micro, small and medium-sized enterprises are mostly dependant also on the quickness and quality of receiving services from the administration, as well as from the existing regulating and administrative environment. Because of its limited capital and access to information, micro, small and medium-sized enterprises rely for the development of their businesses on getting timely and reliable information from state and local authorities. Furthermore, the participation of enterprises in international business networks and their presence at the international markets depends on easing the non-tax limitations, which is directly related to the access to certification, standardisation and metrological services. The quicker handling of business by the administration will contribute to a more dynamic economy, and the easier-to-access and better quality consultancy, informational, standardisation, certification and metrological services – to an improved competitiveness of economy.

Operational Programme “Development of the Competitiveness of the Bulgarian Economy” is based on five priority axes for the 2007-2013 programming period.

Priority Axis 1 “Development of a knowledge-based economy and innovation activities”, which is focused on assisting the development of R&D activities by enterprises, aiming at strengthening their innovation potential and establishing a suitable pro-innovative business infrastructure, which shall strengthen the science-business relationship.

Priority Axis 2 “Increasing efficiency of enterprises and promoting a supportive business environment” is focused on the support of micro-, small and medium-sized enterprises with a development potential, where the modernisation of technologies and quality management will be assisted, as well as improvement of the consultancy and information services offered to business, improving energy efficiency of enterprises and encouraging business co-operation and networking.

Priority Axis 3 “Financial Resources for Developing Enterprises” aims at improving the access to development capital for enterprises.

Priority Axis 4 “Strengthening the international market positions of Bulgarian economy” aims to support the promotion of FDI through provision of comprehensive information services to investors, improving the export potential of the national economy, and support for the national quality infrastructure.

Priority Axis 5 “Technical assistance” will provide support for the management, implementation, monitoring and control of OP “Competitiveness” activities, as well as support for the work of the OP Monitoring Committee, including for researches and studies necessary for the implementation and evaluation of the OP as well as for the information and publicity measures ensuring the transparency of the OP’s activities.

Operational Programme “Development of the Competitiveness of the Bulgarian Economy” will be funded by the European Regional Development Fund and co-financed from the national budget. The Operational Programme is in line with the main strategic and programme documents of the EU, being in conformity with the Union’s policies and the national policies.

### **Link with the National Innovation Strategy**

The main objective of the National Innovation Strategy is to achieve competitive advantages in industry through the means of creation, introduction and dissemination of innovations, which to ensure leading competitive positions at the international markets.

Priority Axis 1 “Development of knowledge-based economy and innovation activities” of the operational programme corresponds to the fields of interventions and objectives of the Strategy. The fields of interventions under the Priority Axis are focused on supporting the development of research and development activities by enterprises, which is in compliance with the Strategy’s priorities as:

- Building-up and promoting knowledge-based industries through encouraging of applied researches, high technologies and innovations;
- Encouraging internal and external integration of the scientific institutions and their relations with business;
- Elaboration of new mechanism aimed at promoting the implementation of enterprise-level scientific research and development work and at attracting private capital for the financing of market-oriented scientific products;
- Promoting the creation of clusters;
- Optimizing the "Science – Technologies – Innovations" system through an active dialogue between the stakeholders in the system, through policy coordination in the spheres of science, applied research and innovations, and through attracting foreign experts;
- Attracting foreign investments in applied research and development activities and encouraging the transfer of technologies in order to enable the full use of the capacity of existing scientific and research units.

For the realization of the goals set, the Strategy will have annual subsidy from the state budget (5mln BGN for 2005), as well as financial support from other external sources – the EU pre-accession instruments and the EU Structural funds, bilateral international programs, donor programs, etc.

### **Link with the Investment promotion strategy**

The strategy will be implemented during the period 2005-2010 and envisages specific measures and activities in seven priority directions: improvement of the general administrative and regulatory environment; development of the technical infrastructure;



enhancement of the quality of the labour force; improvement of the financial environment from the investors' perspective; investment marketing; providing support for investment in innovations; developing the regional investment promotion policies; regional policy for integrated promotion of investments and employment in the underdeveloped regions and improvement of the business infrastructure.

The main goal and timeline of the Investment promotion strategy are in line with the goal of the Lisbon Agenda and aims to increase the competitiveness of the Bulgarian economy and to achieve a stable and steady economic growth through investment promotion. OP "Competitiveness" envisages interventions, which are in conformity with some of the objectives set in the Strategy. Fields of intervention "Support for attracting investors" under Priority Axis 4 "Strengthening the international market positions of the Bulgarian economy" is in full compliance with the general concept of the Investment Promotion Strategy and the following activities, namely:

- decentralization and improvement of the opportunities for investments attraction on regional and local level
- development and modernization of elements of the infrastructure systems, aiming to establish favourable environment and quality of the services offered for investment attraction;
- promoting Bulgaria as an investments destination and increasing the general knowledge about Bulgaria, through introduction of a national approach in the marketing of Bulgarian products and services;
- achieving real equality between domestic and foreign investors, and improvement of the competition conditions;
- provision of the infrastructure condition necessary for Bulgaria's opening for the global services and goods market;
- Provision of infrastructure services, corresponding to the European quality standards.

Part of the fields of interventions under other priorities are also in compliance with the Strategy's measures: fields of intervention under Priority Axis 1 "Development of

knowledge-based economy and innovation activities” support the realization of the following objectives:

- Increasing the general share of innovation and high tech activities in the structure of the Bulgarian economy;
- Competitiveness promotion, based on the increase of the investments for research and development activities and innovations.

The implementation of the measures and the activities of the Strategy is financed by annual subsidy from the state budget in accordance with the Law on Investment Promotion (15mln BGN for 2005) and other related laws and programmes providing incentives, as well as financial support from other external sources – the EU pre-accession instruments and the EU Structural funds, bilateral and international programs, donor programs, etc. The Operational Programme as an instrument for real support would assist the realization of the objectives of the Strategy following the principle of complementarity.

### **Link with the Strategy for SMEs development promotion 2002-2006**

The main objective of the National Promotion strategy for the development of small and medium-sized enterprises 2002-2006 is the creation of a favourable environment and conditions for the development of a competitive sector of small and medium-sized enterprises (SMEs) that will accelerate the economic growth of the country, while preserving the macroeconomic stability.

Despite of the different time period, the Operational Programme “Development of the competitiveness of the Bulgarian economy 2007-2013” envisages number of measures and projects, which correspond to the priorities laid down in the Strategy for SMEs Promotion. In this context, the Strategy for support of innovations and technological development is in compliance with Priority Axis 1 “Development of knowledge-based economy and innovation activities”, while the encouragement of entrepreneurship and skills is fulfilled by the interventions under Priority Axis 2 “Increasing efficiency of enterprises and promoting supportive business environment”. Improvement of the

financial environment is one of the Strategy's objectives and at the same time one of the problems aimed under Priority Axis 3 "Financial resources for developing enterprises".

### **National Strategy for Cluster Development**

Based on the research undertaken by PHARE project: "Introduction of a Cluster Approach and Establishment of a Pilot Cluster Model" and previous PHARE/USAID work undertaken on both SME and sectoral development, there is wide-scale acceptance and support for this approach. Within the context of the current PHARE project over 100 concentrations of industry have been identified and 40+ potential clusters been encouraged and stimulated.

This Strategy attempts to place a Clusters Strategy within a systematic approach to industry modernisation, SME intervention and market development for sectors, sub-sectors and clusters within both an EU and global context.

### Strategy Objective

The main objective is to increase the competitiveness of Bulgarian SMEs in key sectors (and sub-sectors) through the spread of cluster-based activities, techniques and collaboration. The period of this strategy is to match the first Operational Programme time period of anticipated accession to the European Union by the state of Bulgaria.

### Priorities

- Increase the number of cluster groups supported over the period 2006-2011 from two pilot clusters in 2006 up to 30 cluster groupings by 2011.
- Organise SME service delivery to address clusters firms' needs collectively.
- Integrate Clusters Strategy to SME Strategy by setting clear targets for SME involvement in clusters
- Use existing incubators and regional engagement with clusters as a way of setting up mini-hubs for cluster development:
- Increase internationalisation by using cluster groupings as 'pioneers' for trade development.
- Focus a percentage of cross-border and inter-regional (INTER-REG) activity through the trade expansion activities (and Action Plans) of cluster groupings

- Encourage cluster communication channels with ‘benchmark’ clusters in other EU countries, especially Italy, Germany, Slovenia, Austria and Hungary
- Facilitate external linkages, eg through international benchmarking, study tours, global professional organisations.
- Introduction of a sturdy monitoring and evaluation regime for sponsored / part - funded clusters.
- Use the cluster groupings as a collective source of innovation and entrepreneurship.
- Productivity awards, specifically targeted at those conducted and achieved by small clusters of SMEs. Mid-term 2008-10
- The use of clusters as ‘demonstration vehicles’ for the spread of environmental best practice. Short-term to mid-term 2006-8
- As a graduate recruitment incentive – supporting grants for cluster companies which take on graduates for innovation disciplines (R&D, design, e-business, environmental etc). Mid-term 2008-10
- Accentuate competitiveness solutions throughout the period by giving extra weighting to ‘horizontal’ or ‘cross-cutting’ themes such as IT, environmental, equality, etc.
- National management. A ‘Clusters Futures’ group should be formed – consisting of key national representatives to track the results of this ambitious strategy.

### **Strategy for improvement of the quality of infrastructure**

The Strategy has as an overall objective to establish adequate quality infrastructure and to create preconditions for increasing the competitiveness of the Bulgarian economy through development of the national standardization, metrology and accreditation policies, the national systems for assessment and control of the industrial products market. The strategic goals of the quality policy are:

- Removal of the non-tariff barriers to the free movement of Bulgarian goods and services

- Sustainable development of the quality infrastructure through structural and legislative changes
- Increasing the information of the Bulgarian producer for the quality philosophy
- Improving the access to standardized products
- Admission of the examining, calibration, certification and control results
- Development of a national compliance assessment system
- Equal participation of all parties interested in quality activities
- Efficient control of the market to ensure consumers' protection

Operational Programme “Development of the competitiveness of the Bulgarian economy” envisages implementation of interventions for support of quality infrastructure under Priority Axis 4 “Strengthening the international market positions of Bulgarian economy”, which interventions would assist the measures under the Strategy.

#### **Link with the National energy-saving program for the period 2004 – 2014 and Sectoral short- term programme for energy efficiency 2005 -2007**

The Program covers 70 % of the end-user energy consumption of the country and is expected to lead to a 30 % reduction of energy intensity per unit of GDP produced. The development of sectoral subprograms has been initiated with particular focusing on the industrial sector. The top-priority objective of the program is increasing the competitiveness of Bulgarian enterprises through the application of energy-saving promotion measures and the introduction of energy-efficient technologies. This will support the implementation of the strategic priorities enumerated above and in parallel with this, the energy intensity of the economy will be reduced and its competitiveness will be improved.

Operational Programme “Development of the competitiveness of the Bulgarian economy” envisages the realization of fields of intervention “Support for introduction of energy saving technologies and utilisation of renewable energy resources” under Priority Axis 2 “Increasing efficiency of enterprises and promoting supportive business environment”, which to assist the implementation of the objectives set out in the national strategy.

### **Link with the National Environment Strategy 2005-2014**

National Environment Strategy covers the period 2005-2014. The Strategy strives to balance the direct requirements connected to the accession process with more strategic goals and aspirations of the country. Its' overall objective is to present the activities which have to be implemented in the next few years to protect the environment and to ensure sustainable utilization of the resources. The overall long-run strategic goal is improvement of the quality of life of the population through ensuring healthy and favourable environment and protection of the rich natural heritage on the basis of sustainable environment management.

The fields of intervention aimed at technology development and modernization for enterprises under Priority Axis 2 "Increasing efficiency of enterprises and promoting supportive business environment" and interventions for introduction of energy saving technologies and utilisation of renewable energy resources envisage support to introduce new and environmentally friendly technologies in order to help them comply with the international arrangements Bulgaria has undertaken. This intervention is directly connected to the achievement of some of the strategic objectives of the National Environmental Strategy, namely:

- Integration of the ecological policy in the economic sectors and regions development policies;
- Efficient environment management;
- Fulfilment of the Bulgarian commitments for global ecologic problems settlement.

For more information the following links can be used:

National Innovation Fund - <http://www.sme.government.bg/en/innovation.asp>

National Strategy for Encouragement of the SMEs Development 2002-2006 - <http://www.mi.government.bg/eng/ind/econ/docs.html?id=144158>

Annual Report on the SMEs in Bulgaria -

<http://www.mi.government.bg/eng/ind/econ/docs.html?id=162491>

Innovation Strategy of Republic of Bulgaria and Measures for its Implementation -

<http://www.arc.online.bg/artShow.php?id=5650>

### 3.4. STAKEHOLDER ANALYSIS

1. The development of IT and electronic services at governmental and regional level – by **municipalities and regional administrations**, plays a major role for the success of the e-Government as a whole, as most of the administrative processes and services depend on the activities deployed on regional level. The development of e-Bank and the introducing of electronic signature leads the enhancement of the competitiveness of The Bulgarian SME's.
2. The Chief Executives and also the employers of the biggest part of The SME's in Bulgaria are interested of improving communication and cooperation between the SME's and government services on local and global level. Improvement of both governance and corporate performance using the feedback of the information society. The association of new Bulgarian SME's in the information society will enlarge the potential. It will be easier to share how-to and know-how.
3. The national ICT trainings & seminars implemented for the influence of product market competition on SME's performance.

#### 3.4.1. STAKEHOLDER ANALYSIS MATRIX

No	Stakeholder Category & Basic Characteristics	Interests and How Affected by ELISA	Capacity and Motivation to Bring About Change	Possible Actions to Address Stakeholders Interests
1.	<b>Bulgarian Ministries:</b> Ministry of Regional Development And Public Works, State Agency For Information Technologies And Communications	<ul style="list-style-type: none"> <li>• Develop policies and interventions for SMEs</li> <li>• Implement currently Horizontal Operational Programmes (e-Europe, etc.) targeting SMEs (co-funded by other Funds)</li> <li>• The regional/national ICT training Strategies &amp; Operational reports delivered by ELISA fall into their area of jurisdiction</li> </ul>	<ul style="list-style-type: none"> <li>• Political Influence</li> <li>• Decision-making power</li> <li>• Financial resources</li> </ul>	<ul style="list-style-type: none"> <li>• Raise their awareness through seminars, and publications, bilateral meetings etc.</li> <li>• Mobilize SMEs unions and other business organizations and representatives to influence them</li> </ul>

2.	Municipalities and regional administrations	<ul style="list-style-type: none"> <li>Municipalities and regional administrations, plays a major role for the success of the e-Government as a whole, as most of the administrative processes and services depend on the activities deployed on regional level.</li> </ul>	<ul style="list-style-type: none"> <li>Limited current motivation to change due to no or inflexible Funds available (difficulties in changing the content of already approved plans)</li> </ul>	<ul style="list-style-type: none"> <li>With the implementation of e-services the work of municipalities staff is expected to be improved</li> <li>Members of Electronic secretariat in the Municipality of Sofia will be involved as trainers</li> </ul>
3.	Banks	<ul style="list-style-type: none"> <li>Most of the banks in Bulgaria offer e-banking and other on-line services.</li> <li>The services are offered for corporate clients, including SMEs, and for individuals.</li> </ul>	<ul style="list-style-type: none"> <li>Limited relation with SME's]</li> <li>Relatively new and not well known e-banking services for SME's</li> </ul>	<ul style="list-style-type: none"> <li>Improving public awareness in general providing public consultations, articles etc.</li> </ul>
4.	SME's	<ul style="list-style-type: none"> <li>SMEs in Bulgaria are main target group</li> </ul>	<ul style="list-style-type: none"> <li>Small &amp; Medium Enterprises in Bulgaria are expected to be interested to participate in ICT seminars organized by SAITC under ELISA project. The aim of the project is to assist small-medium sized enterprises (SMEs) in Bulgaria gaining access to e-banking, e-government, e-pay, etc</li> </ul>	<ul style="list-style-type: none"> <li>Project team already has developed a strategy for motivation SME representatives for active participation during project implementation.</li> </ul>



### 3.5. POLICY RECOMMENDATIONS & GUIDELINES

It is in the interest of Bulgarian government to fully ensure the relevant adoption of ICT within their SME sectors to both increase their internal efficiency and productivity, as well as facilitate their entry into the global marketplace. The obvious benefits of increased job creation, public revenue, and a general rise in the standard of living provides enormous opportunities to narrow social and economic inequalities, thus helping to achieve broader national development goals.

To stimulate the adoption and utilization of ICT by SMEs different government institutions have pursued a wide range of policies, and have launched many different projects. What is currently required is a coherent and comprehensive concept of e-strategies that are both practical and relevant, and that consist of actions, priorities, implementation, and resources that operate on a cross-sectoral basis. It is without a doubt that the harmonizing of these ICT and SME strategies and initiatives within a larger cross-sectoral economic development would be one of the biggest challenges the government will continue to face in its effort to promote the development of digital economy.

In line with this, there are three key essential recommendations to be taken into consideration while developing initiatives to encourage the adoption of ICT by SMEs:

- Raise awareness among SMEs of the benefits of ICT;
- Strengthen ICT literacy and build capacity in the alignment of business and ICT strategies; and
- Create enabling environments for the adoption and growth of ICT firms.

#### **Raise awareness of the benefits of ICT.**

One of the key problems is the fact that many SMEs are not aware of the benefits and the direct financial gains to be attained by adopting ICT. A weak understanding of the potential integration of ICT solutions within business models also leads to a great degree of inefficiency. Another problem is the availability of a large number of competitive ICT

products and services on the market, which causes a great deal of confusion to companies with limited ICT literacy and capacities. In addition, the high cost of acquiring and maintaining ICT solutions further creates barriers to their adoption. Government could assist in creating awareness and reducing the psychological barriers to ICT acquisition by showcasing SME success stories, best practices, and benefits gained through ICT adoption. By clearly demonstrating the modern systems approaches to ICT/business integration, the failure rate of ICT adoption by SMEs can be reduced.

Specific actions that government could undertake are:

- Providing financial or non-financial support to business organizations that promote best practices in the field of ICT/business integration;
- Organizing annual Business-Technology Alignment Award programmes;
- Generating and promoting SME success stories, emphasizing benefits gained from ICT adoption and integration; and
- Providing financial and non-financial support to software service providers that give SMEs access to latest software without incurring high up-front capital costs.

### **Strengthen ICT literacy and build capacity in the alignment of business and ICT strategies.**

The lack of or insufficient ICT literacy is a major problem affecting SMEs. When business and technology are managed on two different tracks, companies do not spend enough in technology, and even if they do so, most of them are not satisfied with the return on their investment. Such failures lead many of them to question whether ICT can produce a competitive advantage. While any business today should take full account of the impact of advances in ICT, the SME's ICT strategy should be dominated by its business vision and strategic direction. Business principles, from which ICT implications can be drawn, should form the basis of the organization's ICT policies and investment guidelines.

And may attract substantial public funding from the structural funds through the Competitiveness and Human Resources Operational Programmes. Governments could assist by organizing capacity building initiatives targeted to SMEs and focusing on the following:

- Ensuring that ICT investments focus on the real needs of the business;
- Enabling more effective communication between business and ICT functions at a strategic level;
- Ensuring that the ICT function plays an appropriate role in creating value within the business; and
- Establishing an Internet-based advisory or e-coaching service on advanced ICT solutions, ICT/business integration practices, establishment of virtual offices, and virtual business units.

### **Create enabling environments for the adoption and growth of ICT firms.**

The third and final recommendation concerns the role for government to create enabling environment for the adoption and growth of ICT firms. Such firms would be able to develop and design customized software and services that respond to the specific needs and requirements of SMEs. As the marketplace is a highly competitive area, possible actions to reduce market-entry barriers for start-up ICT firms could include:

- Establishing and supporting business incubators that specialize in growing ICT firms;
- Establishing business parks for ICT firms;
- Providing financial and non-financial incentives to start-up ICT firms; and
- Providing tax incentives to SMEs that buy ICT products and services from local firms.

Building on the findings and the experience gained from the ELISA project we recommend the initiation of a general concept for a national ICT training and consultancy programme for the needs of SMES based on an e-learning platform and a national web-portal. The programme may be implemented through a portfolio of projects based on public-private partnerships between the relevant government institutions, universities, SME branch organisations and NGOs. It may attract substantial public funding from the structural funds through the Competitiveness Operational Programme. The programme should provide:

- Information regarding the benefits and costs of adoption of ICTs, for example on services of the e-Government provided for the business and citizens, case studies and good practice demonstrations, opportunities offered by the national

and Community programmes for research, technological development and innovation in the field of ICT:

- E-learning courses that are flexible and tailored to specific ICT skills industries, employees' position and role, or software/hardware applications;
- WEB based consultancy and advice in adopting ICT applications new business processes and business models based on ICT, including e-commerce and e-business;
- WEB-based resource center for SME relevant digital content in Bulgarian and in other languages;

### **3.5.1. SME ICT training in BULGARIA**

The Communication with the SME's who will participate at the training and seminars on digital economy and send invitations to the interested SME's.

The Training of the SME's in Bulgaria will be conducted as scheduled at 19-20 .02.2007 in Sofia.

In Bulgaria without global conception during the last 3-4 years a lot of ICT trainings for SME's were conducted. The initiative has been taken by local institutions.

Since 2004 good practices were found.

In these cases there has been developed or there is in a process of development a new infrastructure and a suitable platform and program for ICT training of the SME's has been created.

In the framework of T-Centres Project were implemented trainings in the ICT field for the Small and Medium Enterprises. The 5 Pilot telecentres officially opened in June 2004 and a month later, the entrepreneurs in the small towns looked for telecentres' help in order to increase the qualification of their employees.

T-Centres Project is using Microsoft "Unlimited Potential" as a basic curriculum. For the specific needs of the separated enterprises, the Project has developed several different training programs (Respectively: with a different accent in the content.). The training courses are grouped according to the following: Office applications; Internet, e-mail and

communications; refreshing and development of IT Business Skills (to people who are self-trained and need a shorter course); trainings and instructions for certifying tests (T-centres Project are accredited to present IT Card certifying tests and ECDL.)

With the telecentres' network expansion the amount of the offered courses to the Small and Medium Enterprises increased. Now T-Centres Project offers language trainings, business correspondence, entrepreneurship, decision-making.

Project: Construction of an Information Center for the Introduction of Information and Communications Technologies in the Small and Medium-sized Enterprises

In 2006 the State Agency for Information Technology and Communications contracted the implementation of a project for the Construction of an Information Center for the Introduction of ICT in the Small and Medium-sized Enterprises. The contractors were the Bulgarian Industrial Capital Association (BICA) and Innovatix EOOD.

The project resulted in the creation of a network of study labs equipped with computer, peripheral and communications devices. The largest study lab is situated in the administrative building of Intransmash at 40A Bukston Brothers Blvd., Sofia – the lab has been equipped with portable computers with a WiFi Internet connection. The portable computers will also be used by the mobile training center, which will provide training on the spot in SMEs offices.

Partners were attracted from the fields of science and technology – the Federation of Science and Technology Unions in Bulgaria, chaired by Academician Sgruev, and the Institute of Telematics (Bulgarian Academy of Sciences), whose Director is Assoc. Prof. Radoslav Ioshinov. The Federation of Science and Technology Unions in Bulgaria has been licensed to provide ICT training and issue EDSL certificates.

The partners from the private ICT sector are the Bulgarian companies - CAD R&D Center "PROGESS" Ltd. and Contrax Ltd.

The project partners will provide premises and equipment for ICT training, including a VPN server for every study lab. Through this server the trainees in different labs will be able to communicate online. This type of training (e-learning) also offers a system of web applications for distance learning. The currently existing study labs are in the

following towns: Sofia, Bourgas, Varna, Veliko Tarnovo, Vratsa, Stara Zagora and Shabla.

Applied Research and Communications Fund offers wide range of practical trainings, oriented towards Bulgarian small and medium enterprises and research and development organizations in the field of ICT.

The trainings encompass the following topics/themes:

- European policies for encouraging of the Information society;
- Innovation and scientific research;
- European Framework Programmes for research and development;
- Interrelations between innovation and ICT utilisation;
- Open source software utilization.

The clients of ARC Fund receive practical consultations and advise on the rules and opportunities for participation in the call for proposals under the Framework Programmes of EU. They are trained on project proposal preparation; project management; inclusion in the European networks of researchers and finding partners for joint technological projects.

Thematic sessions are being organised on financial issues for support of research and development activities and intellectual property rights; internationalisation; strategic management; migration to open source software; technology watch etc.

The ELISA Project will organise the previous efforts made in a clear conception for development of the process of ICT training of SME's in Bulgaria.

## **3.6. SWOT ANALYSIS**

### **3.6.1. Strengths**

All the working personnel are highly motivated to succeed. The right people are chosen for the team. The tutors are well trined and ready to lead the tainings and the seminars. The beneficiaries are found and all the work is made in their interest. The partners of the

program are looking forward for the enhancement of the information society. The know-how of the Bulgarian SME's will give innovative ideas on the market. The trained SME's will increase the growth of their total productivity and will be competitive with the SME's all over the world.

### **3.6.2. Weaknesses**

A lot of the Bulgarian SME's are not well informed about the project or some of them don't see the opportunity in participating in the project. They don't understand the general benefit for them if they participate.

### **3.6.3. Opportunities**

As full-righted member of The EU Bulgaria will give the benefits of the Information society (feedback, Know-how etc.), the number of partners and participating agents will be increased and their competitiveness will enhance. The Tutors will show to the SME's during the trainings and IT Seminars, the advantage of being part of the information society.

### **3.6.4. Threats**

If the learning programme is leaded by force and not because the SME's have seen the advantages given by the Information Society, the programme may not be able to attract them in the IS and they will fear to access in it in the future.

### 3.7. CONCLUSION

The Project team is aspired to transfer EU best practice training know-how in accordance with the national training strategies to improve the business for better adaptation in the EU Markets. The main aim is to make the Bulgarian SME's more competitive to the companies of the EU by accessing the knowledge given by the information society and through close cooperation of academic and business communities at a transnational level.

It is need to stress the analyses findings that training efforts was mainly undertaken by some State Institutions and Branch organizations (Bulgarian Industrial Capital Association) and many NGO's.

Number of training programs have been used, some of them under EU approval, but they are not linked with a global national conception.

The existing training is insufficient which is inadmissible regarding the considered importance of the SME's in the frame of national economy.

Because of insufficient financial resources provided for training a diversification of efforts the public awareness about importance of ICT is still limited.

We think that this project can create very good opportunities for building a clear concept for one effective process of ICT training of the SME's, which will be in agreement with the operating program and strategies presented in this report.